**From:** Muhammad Asim <muhammad.asim@mcbah.com>
**Sent:** 04 February 2021 19:20
**To:** Nasim Beg <nasimbeg@arifhabib.com.pk>; Ahmed Jahangir <ajelahi@nishatmills.com>; Saqib Saleem <saqib.saleem@mcbah.com>
**Subject:** Request for Investment Approval in K-electric CP

Dear Sir

Request approval for investment in 6months Commercial Paper (CP) from K-Electric for Sharia Compliant Funds. Issue size is 4.5bn and we request approval for investment upto 1.7bn. Rate is 6 Months Kibor plus 40 bps. The coupon rate of the TFC on current 6 months KIBOR would come somewhere near 7.96%, which is fairly attractive compare to yields of other debt instruments of similar nature.

KEL has been regular issuer and are highly oversubscribed. In the previous issue, while we had received approval from the committee but due to heavy oversubscription we could not get any allocation.

Two major improvements that can improve the company's cashflows is the planned increase in electricity tariffs and partial payment to IPPs in lieu of MOUs with government. Working Capital continues to remain a challenge but analysis suggest the company would be able to generate sufficient cash flows to manage commitments. Additionally, low debt levels provide the entity enough room to cover cash shortfalls through borrowings. Credit profiling suggest short term credit lending to K-Electric Limited.

A detailed credit review is attached.

Regards
Asim

Muhammad Asim, CFA
CIO
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