Auditor-General of Pakistan

February, 2026

AUDIT REPORT

ON

FAISALABAD ELETRIC SUPPLY COMPANY (FESCO)

Report No: DGA POWER 25-004

Audit Year 2025-26

Financial Year 2024-25

PREFACE

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 7 to 15 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, require the Auditor-General of Pakistan to conduct audit of receipts and expenditure of the Federation and the Provinces or the accounts of any authority or Body established by or under the control of the federal or a Provincial government.

This report is based on audit of Faisalabad Electric Supply Company, Faisalabad for the financial year 2024-25. The Directorate General Audit Power conducted audit during Audit Year 2025-26 on a test check basis with a view to make an independent assessment of the entity and provide reliable information to the stakeholders for making sound decision making. The report also aims at improving the internal controls of the entity, thereby allowing the management to take corrective action and improve operational efficiency.

The Audit Report includes key facts about the entity, audit snapshot, findings on systemic issues, conclusion and recommendations for executive action. Audit findings indicate a number of matters related to stated roles & responsibilities of the entity, financial management, human resource management, procurement, operational processes, achievements of targets/KPI.

The report was shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The report was discussed in Departmental Accounts Committee (DAC) meeting held on February 9-10, 2026 and the outcome of the meeting has been incorporated in the report.

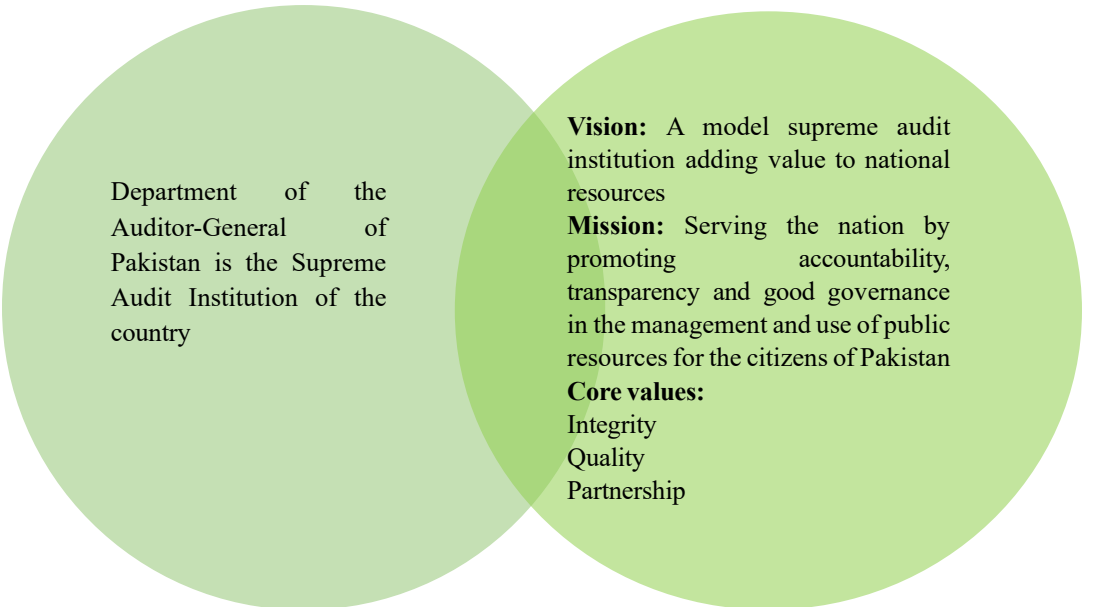
The Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Sd/-

Islamabad
Dated: 24 February, 2026

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Department of the Auditor-General of Pakistan



The Auditor General's organization is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste and fraud.

The Auditor-General of Pakistan is appointed under the Constitution of the Islamic Republic of Pakistan. His reports are laid before the legislature and discussed in the Public Accounts Committees of the respective legislative Assemblies. His mandate enables him to strengthen the legislative oversight by providing an independent and objective assessment of the process of governance at the federal, provincial and local level.

Highlights

AUDIT SNAPSHOT

Audit Report on Faisalabad Electric Supply Company (FESCO)

DGA-25-004 **February, 2026**

Why did we do this audit?

Audit was conducted to examine whether the services provided by FESCO are transparent, fair, and accountable. With a consumer base of 5,745,762 [1] , FESCO holds a significant responsibility to deliver electricity services efficiently, economically, and in accordance with approved laws, rules, and policies. The audit was conducted to ensure public resources are being utilized properly and that consumers are charged correctly for the services they receive.

Key assessment

Financial position of FESCO is as under:

- Financial sustainability: Moderately satisfactory
- FESCO earned a Net Profit After Tax of Rs. 9,432.94 [2]million in FY 2024-25, compared to a Net Profit of Rs. 998.29 million in FY 2023-24.
- FESCO's receivables decreased to Rs. 82.08[3] billion in June 2025, compared to Rs. 86.12 billion in July 2024.

What did we find?

- Weak Board oversight, absence of internal audit function resulted in delayed achievement of strategic targets.
- Weak financial control, inadequate revaluation of assets, HR governance lapses, and repeated violations of PPRA rules in procurement were observed.
- Unauthorized load extensions & unregulated tariff practices

What did we recommend?

- Proactive role of BoD to improve planning and monitoring to ensure timely completion of all SRM targets
- Ensure strenuous efforts are made for load balancing, voltage regulation, controlling electricity theft, replacing defective or sluggish meters, and implementing power factor correction
- Regularize the illegally extended load as per SOP besides assuring the recovery

[1] MIS Report 11B
[2] Financial Statement FY 2024-25
[3] PPMC DISCO's performance statistic FY 2024-25

Highlights

DGA-25-004 **February, 2026**

Entity Summary Sheet

Description	Details
Legal Framework of Entity	FESCO is a state-owned enterprise under SOE Act, 2023. Incorporated on March 21, 1998 and registered under Companies Ordinance, 1984, started its operations as a Public Limited Company. The registered office of the Company is situated in Faisalabad (Punjab).
Key Responsibilities/Mandate and Objectives	FESCO is mandated to ensure reliable, safe, and efficient distribution of electricity within its jurisdiction by operating and maintaining the power distribution system. Its core objectives include minimizing technical and commercial losses, ensuring quality power supply, expanding the distribution network, and providing prompt customer services in accordance with NEPRA regulations and government policies.
Total Assets • Current Assets • Non-Current Assets	**Rs. 410,326.379 million as of June 30, 2025** Rs. 171,751.063 million as of June 30, 2025 Rs. 238,575.316 million as of June 30, 2025
Total Liabilities • Current Liabilities • Non-Current Liabilities	**Rs. 347,356.421 million as of June 30, 2025** Rs. 129,741.43 million as of June 30, 2025 Rs. 217,614.98 million as of June 30, 2025
• Revenue & Receipt • Other Income • Net Profit	Rs. 470,120.19 million as of June 30, 2025 Rs. 11,927.938 million as of June 30, 2025 Rs. 9,432.92 million as of June 30, 2025
Government Grants	Nil
Total Expenditure	**Rs. 475,395.21 million as of June 30, 2025**
Cash Balances	Rs.10,970.925 million as of June 30, 2025
Total Investments (Security Deposit)	Rs.15,000.00 million
Funding Sources	FESCO is self-sustained generating revenues and cash flows through sale of electricity.
Accounting policy	Adopted accounting policies in accordance with International Accounting & Financial Reporting Standards applicable in Pakistan.
Status of financial statements	Finalized for the FYs 2020-21 to 2024-25
Compliance Status of audit recommendations	Follow up of DAC directives dated February 9-10, 2026 will be ensured.

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ABBREVIATIONS AND ACRONYMS

AGP	Auditor-General of Pakistan
AMI	Advanced Metering Infrastructure
AMIS	Audit Management Information System
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CCMS	Customer Complaint Management System
CIA	Chief Internal Auditor
CMU	Central Monitoring Unit
CP	Commercial Procedure
CPPA-G	Central Power Purchasing Agency (Guarantee)
CSM	Consumer Service Manual
CSD	Customer Service Directorate
DIIP	Distribution Integrated Investment Plan
DISCO / DISCOs	Distribution Company / Companies
ELR	Energy Loss Reduction
EPP	Energy Purchase Price (EPP)
ERO	Equipment Removal Order
FBR	Federal Board of Revenue
FY	Financial Year
GRN	Goods Receipt Note
GSC	Grid Systems Construction
GST	General Sales Tax
HSE	Health, Safety and Environment
HT	High Tension
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPI(s)	Key Performance Indicator(s)
kV	Kilovolt
kWh	Kilowatt-hour
LPS	Late Payment Surcharge
LT	Low Tension
MEPCO	Multan Electric Power Company
MIS	Management Information System
MKWh	Million Kilowatt-hours

MOU	Memorandum of Understanding
MVA	Megavolt-Ampere
MW	Megawatt
MYT	Multi-Year-Tariff
NEPRA	National Electric Power Regulatory Authority
NTDC	National Transmission and Despatch Company
P&D	Planning and Development
PC-1	Planning Commission-1 (Proforma for Development Projects)
PCC	Pre-stressed Concrete Cement
PEPCO	Pakistan Electric Power Company
PMU	Project Management Unit
PPE	Personal Protective Equipment.
PO	Purchase Order
PPA	Power Purchase Agreement
PPMC	Power Planning & Monitoring Company
PPRA	Public Procurement Regulatory Authority
RO	Revenue Officer
RST	Retailer Sale Tax
IPPs	Independent Power Producers
SAP	Systems, Applications and Products
SDO	Sub-Divisional Officer
SLA	Service Level Agreement
SOE(s)	State-Owned Enterprise(s)
SOP(s)	Standard Operating Procedure(s)
SRO	Statutory Regulatory Order
S&I	System & Inspection
TDS	Tariff Differential Subsidy
T&D	Transmission and Distribution Losses
WAPDA	Water and Power Development Authority

GLOSSARY

This annexure presents definitions of technical, financial, contractual and operational terms used in the Audit Report on Faisalabad Electric Supply Company (FESCO).

i) Technical/Financial Terms & CP Forms

Sr. No.	Technical Term	Definition
1	ABC – Ariel Bundle Cable	A type of electrical cable used for overhead power distribution.
2	Capacity Transfer Price (CTP)	Charges payable to CPPA-G when allocated electricity capacity is not fully utilized by DISCOs.
3	Capital Cost (New Connections)	The cost recoverable from consumers by DISCOs for infrastructure required to provide new electricity connections, including transformers, service lines, and meters.
4	Circular Debt	Accumulated unpaid financial obligations within the power sector supply chain due to losses, subsidies, inefficiencies, and delayed recoveries.
5	Connected Load	Total electrical load physically connected at consumer premises, which may differ from sanctioned load.
6	Defective Meter	A meter declared faulty due to incorrect recording of consumption, requiring replacement or billing on average basis.
7	Departmental Accounts Committee (DAC)	Committee responsible for discussing audit observations and ensuring corrective action by management.
8	Detection Bill	A penal bill issued by DISCOs upon detection of theft, meter tampering, or misuse of electricity.
9	Distribution Companies (DISCOs)	Public sector entities responsible for distribution and sale of electricity to consumers.
10	Energy Charges	Variable charges based on actual electricity units consumed by a consumer, typically measured in kilowatt-hours (kWh).
11	Energy Purchase Price (EPP)	Variable cost of electricity based on actual energy generated, including fuel and variable O&M costs.
12	Extension of Load	An increase in sanctioned load provided to a consumer by DISCOs, requiring approval, security deposit adjustment, and infrastructure assessment.

13	Extension of Time (EOT)	Approval allowing contractors additional time beyond the original project completion date.
14	Feeder	An electrical line emanating from a grid station supplying electricity to a defined area under a DISCO.
15	Feeder-wise Losses	Losses calculated by DISCOs for each feeder to identify high-loss and theft-prone areas.
16	Fuel Price Adjustment (FPA)	Tariff adjustment reflecting changes in fuel costs for power generation.
17	Fuel Price Adjustment (FPA)	A tariff adjustment reflecting variations in fuel cost incurred for electricity generation, passed on to consumers as notified.
18	HT / LT Network (High Tension / Low Tension Network)	Distribution voltage levels operated by DISCOs for supplying electricity to industrial, commercial, and domestic consumers.
19	Independent Power Producers (IPPs)	Private entities generating electricity and selling it to the government under PPAs.
20	Installed Capacity	Maximum rated output of a power plant under ideal conditions.
21	Late Payment Surcharge (LPS)	Penalty charged for delayed payments under Power Purchase Agreements.
22	Line Losses	Loss of electrical energy occurring in DISCO distribution networks due to resistance, overloading, ageing infrastructure, and poor maintenance.
23	Load Factor	The ratio of actual energy consumed over a period to the maximum possible energy that could have been consumed at peak demand during the same period, indicating utilization efficiency.
24	Load Management / Load Shedding	Planned reduction or suspension of electricity supply to manage demand or losses.
25	MDI (Maximum Demand Indicator)	A meter parameter used by DISCOs to record the highest electricity demand of a consumer for billing and tariff application.
26	Meter Reading Cycle	The periodic schedule followed by DISCOs for recording electricity consumption.
27	Metering & Testing (M&T)	Functions performed by DISCOs to install, test, verify and maintain electricity meters to ensure accurate billing.
28	Multi-Year Tariff (MYT)	Tariff framework approved for multiple years to ensure predictability and performance incentives.
29	National Electric Power Regulatory Authority (NEPRA)	Statutory regulator responsible for licensing, tariff determination, and performance standards.

30	NEPRA Performance Targets	Benchmarks set by NEPRA for DISCOs relating to T&D losses, recovery rates, service quality and operational efficiency.
31	Permanently Disconnected (P-Disc.) Consumer	A consumer whose electricity connection has been permanently disconnected by DISCOs due to prolonged default or illegal use.
32	Power Factor	The ratio of active power (kW) to apparent power (kVA), representing efficiency of electricity usage by a consumer.
33	Power Purchase Agreement (PPA)	Contract defining terms for purchase of electricity between power producer and CPPA-G.
34	Power Purchase Price (PPP)	Total cost of electricity comprising EPP and CPP.
35	Recovery Rate	The percentage of billed revenue actually collected by DISCOs from consumers within a billing period.
36	Rehabilitation Charges	Charges recoverable by DISCOs from consumers for restoration or upgradation of distribution infrastructure damaged or overloaded due to consumer actions.
37	Sanctioned Load	The approved electricity load assigned by DISCOs to a consumer, forming the basis for billing and infrastructure planning.
38	Security Deposit	An amount collected by DISCOs from consumers to safeguard against payment default, adjustable against future liabilities.
39	Service Connection Charges	Charges payable by consumers to DISCOs for provision of new electricity connections.
40	Supplemental Charges	These charges typically include, but are not limited to, late payment surcharges, markup on outstanding payables, prior-period adjustments, financing cost recoveries, and other pass-through items, which are billed by CPPA-G to DISCOs and subsequently passed on to consumers, subject to regulatory approval.
	Total Owning Cost (TOC)	TOC=Quoted Price + (KI x Iron Losses) + (K2 x Copper Losses)
41	Tariff Differential Subsidy (TDS)	A subsidy provided by the Government to DISCOs to bridge the gap between cost-reflective tariffs and consumer-end tariffs.
42	Time of Use (TOU) Meter	A meter recording electricity consumption separately for peak and off-peak hours.
43	Transmission & Distribution (T&D) Losses	Electricity losses occurring during transmission and distribution.

44	Under-utilized Capacity	Generation capacity paid for but not used due to low demand or load management.
45	Voltage Fluctuation	Variations in supply voltage experienced at consumer premises due to DISCO network conditions.
46	Wrong / Excess Billing	Billing discrepancies by DISCOs arising from incorrect meter readings, wrong tariff application, or system errors.
47	Wrong Tariff Application	Application of an incorrect tariff category by DISCOs, resulting in billing discrepancies.

Sr. No.	Financial Term	Definition
1	Accumulated Losses	Cumulative net losses of a company over time that have not been offset by profits, reducing shareholders' equity.
2	Actuarial Gains / Losses	Changes in the present value of defined benefit obligations due to changes in actuarial assumptions or experience.
3	Assets	Economic resources owned or controlled by the Company expected to provide future economic benefits.
4	Basis of Preparation	Accounting framework and standards under which financial statements are prepared.
5	Capital Expenditure (CapEx)	Funds used to acquire, upgrade, or maintain long-term assets.
6	Capital Structure	Composition of a company's financing, including equity and liabilities.
7	Cash and Cash Equivalents	Highly liquid assets readily convertible into known amounts of cash.
8	Collection Cycle / Debtor Days	Average number of days taken to collect cash from customers.
9	Cost of Sales (Cost of Electricity)	Direct costs incurred in the purchase and supply of electricity.
10	Creditor Days	Average number of days taken to settle obligations with suppliers.
11	Current Assets	Assets expected to be realized or consumed within one year.
12	Current Liabilities	Obligations expected to be settled within one year.
13	Current Ratio	Liquidity ratio measuring ability to meet short-term obligations.
14	Defined Benefit Obligation (DBO)	Present value of expected future employee benefit payments.
15	Equity	Residual interest in assets after deducting liabilities.
16	Financing Activities	Cash flows related to changes in equity and borrowings.

17	Gross Profit	Revenue minus cost of sales.
18	Gross Profit Ratio	Gross profit expressed as a percentage of revenue.
19	Investing Activities	Cash flows related to acquisition or disposal of long-term assets.
20	Liquidity	Ability of the Company to meet short-term financial obligations.
21	Net Cash Flow	Overall increase or decrease in cash during a period.
22	Net Defined Benefit Liability	Excess of defined benefit obligations over plan assets.
23	Net Profit / Net Loss	Residual income or loss after all expenses.
24	Net Profit Ratio	Net profit or loss expressed as a percentage of revenue.
25	Operating Cash Flows	Cash generated from core business operations.
26	Other Comprehensive Income (OCI)	Income and expenses not recognized in profit or loss.
27	Payables	Amounts owed to suppliers and power purchasing agencies.
28	Plan Assets	Assets held to meet employee benefit obligations.
29	Quick Ratio	Liquidity ratio excluding inventories from current assets.
30	Receivables (Trade Debts)	Amounts due from consumers for electricity supplied.
31	Return on Assets (ROA)	Net profit relative to total assets.
32	Return on Capital Employed (ROCE)	Operating profit relative to capital employed.
33	Revenue (Sales)	Income generated from sale of electricity and services.
34	Settlement Cycle	Average time taken to pay suppliers.
35	Statement of Cash Flows	Financial statement showing cash inflows and outflows.
36	Statement of Changes in Equity	Statement showing movements in equity during the year.
37	Subsidy Receivable	Amounts due from Government against notified subsidy schemes.
38	Total Assets	Aggregate value of all assets owned by the Company.
39	Total Liabilities	Aggregate obligations of the Company.
40	Working Capital	Difference between current assets and current liabilities.

CP Form No.	**Definition / Form Title**
CP-22	Line Losses, Billing and Arrears Analysis
CP-22A	Feeder Wise Line Losses Analysis
CP-22B	11 kV Feeder Wise Units Sent Out
CP-22C	Grid Station Meter Change Statement

CP-22D	Feeder Wise Units Taken/Transferred Statement
CP-22E	Statement showing Bundled Feeders / Load Shifted
CP-34C	Billing Sheet of consumer
CP-41	Return of Consumers Billing and Collection
CP-49	Collection and Remittance Summary
CP-52	Bill Adjustment Note
CP-58	Rise and Fall Register
CP-58A	Discrepancy Report
CP-61	List of Permanently Disconnected Defaulters
CP-75	Bill Adjustment Note Register
CP-88	Bill Register
CP-88A	Billing Assessment
CP-88L	Ledger Posting
CP-90	List of Estimated Meter Readings
CP-100	Daily Cash Posting List
CP-107	Unidentified Cash List
CP-114	List of Outstanding Disconnection Orders
CP-114A	Outstanding Disconnection Orders (Aging)
CP-120A	Energy Debtors Arrears Analysis
CP-139	Unidentified Cash/Debtor's Adjustment Form
CP-156	Application for Extension of Load

OVERVIEW OF THE ENTITY

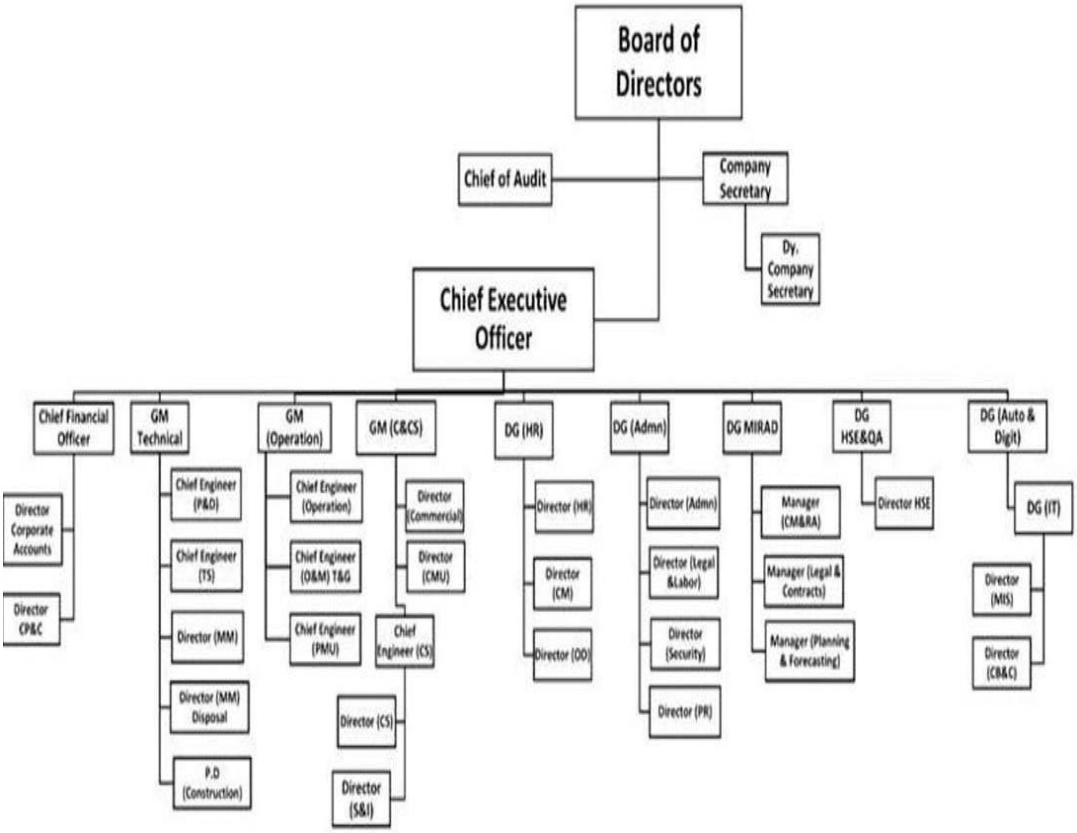
Faisalabad Electric Supply Company (FESCO) was incorporated as a non-listed public limited Company under Companies Ordinance, 1984 on March 21, 1998. (now Companies Act 2017). The operational structure of Faisalabad Electric Supply Company (FESCO) is organized in a hierarchical and decentralized manner to efficiently manage electricity distribution across its service territory. The Board of Directors (BoD) is responsible for policy and strategic oversight, which is assisted by five committees.

The Chief Executive Officer (CEO) heads overall operations and oversees the company in coordination with General Managers and Chief Engineers. FESCO's service area is divided into six Operation Circles, each headed by a Superintending Engineer (SE) and twenty-nine (29) Divisions, managed by Executive Engineers (XENs).



Faisalabad Electric Supply Company (FESCO) is a major public sector electricity distribution utility in Pakistan responsible for supplying and managing power delivery to 5,745,762 consumers across Faisalabad and surrounding districts like Faisalabad, Jhang, Chiniot, Toba Tek Singh, Bhakkar, Mianwali, Khushab and Sargodha. FESCO jurisdiction covers approximately 44,247 Sq. KM area of these Districts. FESCO's core mission is to provide reliable, safe, and affordable electric power while maintaining the financial viability of its operations through enhanced recovery efficiency and reduced transmission losses. The FESCO Board of Directors has taken a new initiative for the installation of transformer scanning/ Advanced Metering Infrastructure (AMI) meters in the FESCO region. The AMI scanning meter will provide complete data of the transformer, i.e., complete phase-wise reading, voltage, consumption, etc., as well as monitor real-time energy usage, tracking, and reduction in admin losses as well as damage of transformers. However, AMI meter implementation at Transformers fell significantly short (only 564 achieved against the target of 3,124) during the year 2024-25.

Organizational Structure of FESCO



ANALYSIS ON FINANCIAL STATEMENTS

This section provides a brief overview of the financial operations of Faisalabad Electric Supply Company Limited (FESCO) in light of its audited financial statements. The analysis has been carried out for the last five financial years, with primary focus on the year under audit review, i.e., FY 2024-25. The Company has accumulated losses which, in FY 2024-25, stood at Rs. 83,327.14 million. During the year under review, the Company reported a net profit of Rs. 9,432.91 million, with a net profit ratio of 2.01% in FY 2024-25, compared to a marginal net profit ratio of 0.22% in FY 2023–24. Earlier, the Company incurred net losses in FY 2022-23 and FY 2021-22, with net loss ratios of (3.13%) and (0.59%), respectively, while a relatively strong net profit ratio of 7.51% was recorded in FY 2020-21, reflecting significant fluctuations in operational performance over the review period.

Liquidity indicators showed comparatively stable but moderately constrained trends over time, with the current ratio standing at 1.32 in FY 2024-25, as against 1.24 in FY 2023-24. Under non-current liabilities, staff retirement benefits amounted to Rs. 122,849.21 million in FY 2024-25 and represented the most significant component of the Company's long-term liabilities.

BASIS OF PREPARATION

As disclosed by the financial auditor, the financial statements 2024-25 were prepared in accordance with the accounting and reporting standards applicable in Pakistan.

The financial auditors had indicated in the subject financial statements that "Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed." However, no disclosure highlighting any such variance from IFRS, due to compliance with Companies Act 2017, has been given in the financial statements.

PROFITABILITY ANALYSIS

Table-01: Profitability Ratios

Ratios	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Gross Profit Ratio	14.45%	7.90%	5.32%	6.45%	16.73%
Net Profit Ratio	2.01%	0.22%	(3.13%)	(0.59%)	7.51%
Return on Assets (ROA)	2.30%	0.25%	(3.73%)	(0.64%)	6.52%
ROCE (%)	5.31%	0.60	(5.83)	0.93	13.26

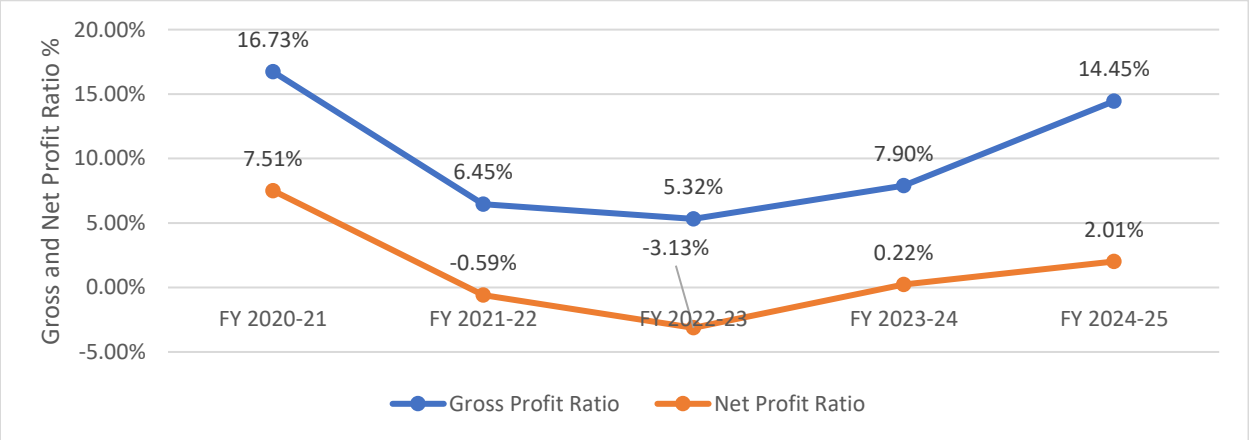
(Source: Financial Statements of FESCO FYs 2020-21 to 2024-25)

The above ratios indicate that FESCO's profitability exhibited marked volatility over the five-year period from FY 2020-21 to FY 2024-25. The Company demonstrated a cyclical earnings pattern rather than sustained profitability. In FY 2024-25, FESCO reported a net profit margin of 2.01%, compared to a marginal net profit margin of 0.22% in FY 2023-24. Earlier, the Company incurred net losses in FY 2022-23 and FY 2021-22, with net loss margins of (3.13%) and (0.59%), respectively. In contrast, FY 2020-21 reflected a comparatively strong net profit margin of 7.51%, highlighting significant fluctuations in bottom-line performance during the review period.

Analysis of gross profitability reveals similar instability. Gross profit stood at Rs. 38,770.15 million in FY 2020-21, declined to Rs. 21,772.21 million in FY 2021-22, and further to Rs. 20,264.71 million in FY 2022-23. It improved to Rs. 36,435.65 million in FY 2023-24 and increased substantially to Rs. 67,951.97 million in FY 2024-25. Correspondingly, the gross profit ratio fluctuated significantly-16.73% in FY 2020-21, 6.45% in FY 2021-22, 5.32% in FY 2022-23, 7.90% in FY 2023-24, and 14.45% in FY 2024-25 demonstrating instability in operating margins, primarily influenced by variations in revenue levels and cost of electricity.

The bottom-line results further reinforce this volatility. The Company earned a net profit of Rs. 17,402.20 million in FY 2020-21, followed by a net loss of Rs. 1,984.84 million in FY 2021-22 and a deeper loss of Rs. 11,906.52 million in FY 2022-23. Performance recovered in FY 2023-24 with a net profit of Rs. 998.29 million and improved further in FY 2024-25 to Rs. 9,432.91 million. This pattern suggests that profitability is sensitive to operational cost dynamics and tariff adjustments rather than reflecting a structurally stable earnings base.

Figure 01- Gross & Net Profit Ratio



(Source: Financial Statements of FESCO FYs 2020-21 to 2024-25)

Return on Capital Employed (ROCE) also reflected marked variability during the review period. The ratio stood at 13.26% in FY 2020–21, declined significantly to 0.93%

in FY 2021-22, and turned negative (5.83%) in FY 2022–23 owing to operating losses. It improved marginally to 0.60% in FY 2023-24 and strengthened to 5.31% in FY 2024-25. These movements indicated fluctuating efficiency in the utilization of the Company's capital base, with operating returns closely aligned to earnings volatility and changes in the level of capital employed over the period.

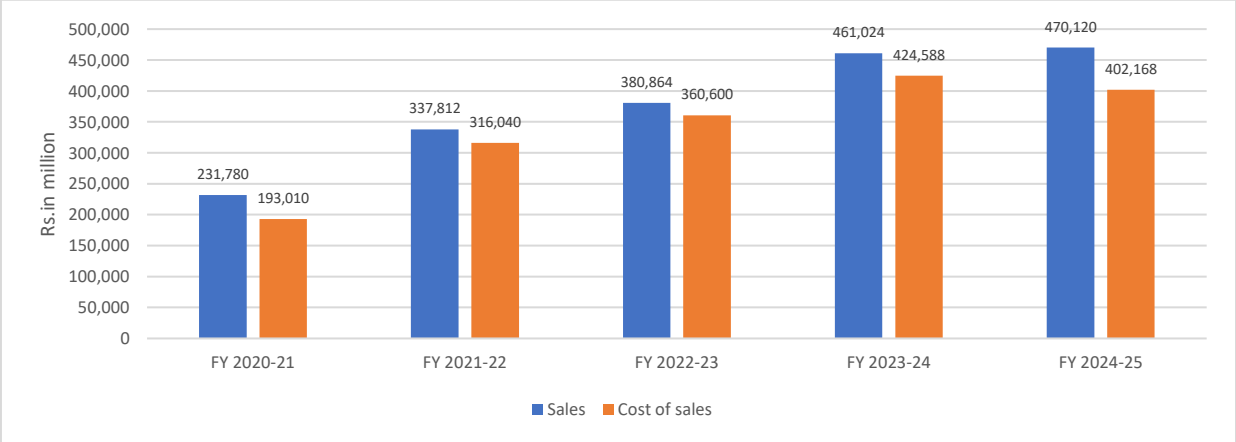
SALES & COST OF SALES

During the financial year 2024-25, FESCO generated total sales revenue of Rs. 470,120 million, reflecting an increase of Rs. 9,096 million compared to Rs. 461,024 million in FY 2023-24. Over the five-year period from FY 2020-21 to FY 2024-25, the Company demonstrated a consistent upward trajectory in revenue, increasing from Rs. 231,780 million in FY 2020-21 to Rs. 470,120 million in FY 2024-25, representing cumulative growth of approximately 102.84%. The trend indicated sustained expansion in billed revenue, particularly significant growth between FY 2020-21 and FY 2021-22, followed by steady increases in subsequent years.

Cost of sales (Cost of Electricity) during FY 2024-25 amounted to Rs. 402,168 million, showing a decrease of Rs. 22,420 million from Rs. 424,588 million recorded in FY 2023–24. Over the five-year period, cost of sales increased from Rs. 193,010 million in FY 2020-21 to Rs. 402,168 million in FY 2024-25, reflecting an overall rise of approximately 108.36%. The upward movement from Rs. 316,040 million in FY 2021-22 to Rs. 424,588 million in FY 2023-24, followed by a reduction in FY 2024-25, indicated volatility in power purchase prices and energy procurement costs.

The sustained increase in cost of electricity, although partially moderated in FY 2024-25, alongside the growth in revenue, materially influenced gross margins and overall profitability during the review period.

Figure 02: Sales & Cost of Sales



(Source: Financial Statements of FESCO FYs 2020-21 to 2024-25)

RECEIVABLES AND PAYABLES

Table-02: Efficiency and Liquidity Ratios

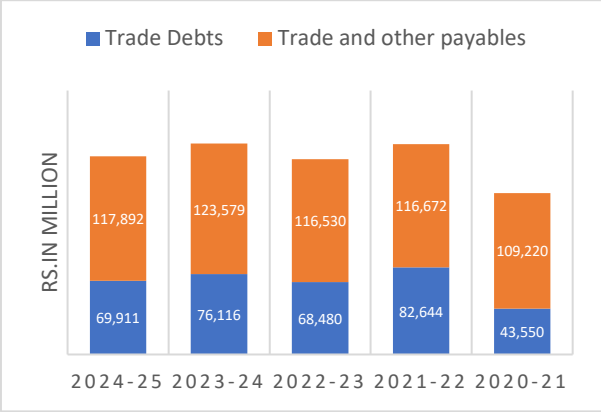
Ratio Category	Ratio	2024-25	2023-24	2022-23	2021-22	2020-21
Efficiency	Debtor Turnover (Days)	65	64	76	108	92
	Creditor Turnover (Days)	107	106	118	135	207
Liquidity	Current ratio	1.32	1.24	1.26	1.34	1.17

(Source: financial ratios calculated based on financial statements of FESCO from FYs 2020-21 to 2024-25)

Trade debts, primarily comprising unpaid energy bills from consumers, showed fluctuation over the review period as reflected in the debtor turnover cycle. Debtor days stood at 108 days in FY 2021-22 and 92 days in FY 2020-21, indicating comparatively slower recoveries in those years. Thereafter, a consistent improvement was observed, with debtor days reducing to 76 days in FY 2022-23, 64 days in FY 2023-24, and further to 65 days in FY 2024-25. This overall downward trend signifies enhanced billing efficiency and improved cash conversion during the later years under review, although the marginal increase from 64 to 65 days in FY 2024-25 reflects a slight deceleration compared to the preceding year. Collection efficiency, measured through debtor turnover (days), therefore improved substantially from 108 days in FY 2021-22 to 65 days in FY 2024-25, demonstrating strengthened recovery performance and comparatively better management of receivables. On the liabilities side, creditor turnover days exhibited a declining trend over the five-year period. Creditor days were significantly high at 207 days in FY 2020-21 and reduced to 135 days in FY 2021-22, 118 days in FY 2022-23, and 106 days in FY 2023-24, before slightly increasing to 107 days in FY 2024-25. The overall reduction indicates relatively faster settlement of obligations in recent years compared to FY 2020-21.

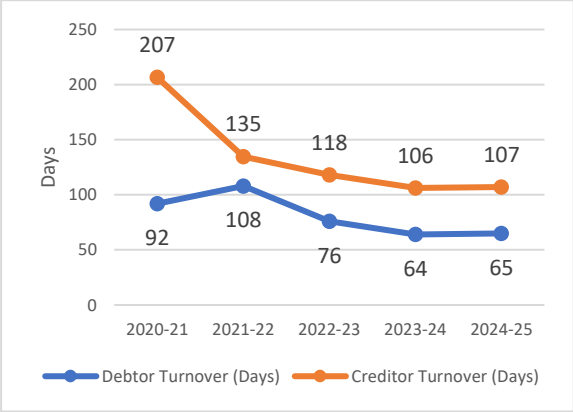
However, creditor days consistently remained higher than debtor days throughout the review period (e.g., 107 days versus 65 days in FY 2024-25), indicating continued reliance on extended supplier credit to bridge working capital requirements. While this differential supports short-term liquidity management, it also reflects structural dependence on payables financing, which may exert pressure on liquidity if supplier credit terms are tightened.

Figure 03: Trade debtor and Creditor



(Source: Financial Statements of FESCO FYs 2020-21 to 2024-25)

Figure04: Debtor and Creditor collection period



(Source: Financial Statements of FESCO FYs 2020-21 to 2024-25)

NO INDEPENDENT GENERAL PROVIDENT FUND

FESCO did not create an independent provident fund in line with clause 218 of the Companies Act 2017. The financial auditors of the company had also in the financial statements for the FY 2024-25 that "For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deduction from salaries of the employees and remits these amounts to the funds established by WAPDA. The provident fund related disclosure required by the Companies Act, 2017 is not shown in these financial statements as General / Employees' Provident Fund established by WAPDA includes the employees of other power distribution and generation companies and the Company's share cannot be segregated from the whole General / Employees' Provident Fund".

STAFF RETIREMENT BENEFITS

The net defined benefit liability of FESCO exhibited a consistent upward trend over the five-year period under review. The net liability stood at Rs. 88.92 billion as at June 30, 2021 and increased to Rs. 100.30 billion in FY 2021-22, Rs. 109.95 billion in FY 2022-23, Rs. 122.34 billion in FY 2023-24, and further to Rs. 122.85 billion in FY 2024-25. The marginal increase in FY 2024-25 was primarily attributable to growth in pension obligations and actuarial remeasurements, partly offset by contributions and benefits paid during the year. Overall movements during the period were mainly driven by recurring service cost, interest cost, actuarial assumptions (discount rate and inflation), and periodic settlement of benefits.

The present value of defined benefit obligations increased significantly from Rs. 88.92 billion in FY 2020-21 to Rs. 100.30 billion in FY 2021-22 and further to Rs. 109.95 billion in FY 2022-23. The upward trajectory continued, reaching Rs. 152.09 billion in FY 2023-24 and Rs. 169.62 billion in FY 2024-25. This increase reflects the

impact of discount rate adjustments, inflationary pressures, salary growth assumptions, and benefit indexation, particularly in respect of pension and post-retirement medical benefits.

Plan assets, although increasing over the period, remained substantially lower than the corresponding obligations. As at June 30, 2025, the fair value of plan assets aggregated to Rs. 46.77 billion, compared to total obligations of Rs. 169.62 billion, resulting in a significant net unfunded liability of Rs. 122.85 billion. Despite growth in plan assets through employer contributions and investment returns, the funding gap remains material, thereby posing long-term fiscal and liquidity implications for the Company.

Table-3: Staff retirement benefits as % of total sales (including Tariff Differential Subsidy)

FY	2020–21	2021–22	2022–23	2023–24	2024–25
Staff retirement benefits Liability (Rs. billion)	88.92	100.30	109.95	122.34	122.85
Total Revenue (Rs. billion)	231.78	337.81	380.86	461.02	470.12
% of Liability to Total Sales	38.4%	29.7%	28.9%	26.5%	26.1%

(Source: Financial Statements of FESCO FYs 2020–21 to FY 2024–25)

The staff retirement benefits represent a substantial but gradually declining proportion of revenue over the review period. The ratio decreased from 38.4% in FY 2020-21 to 26.1% in FY 2024-25, indicating improvement in revenue capacity relative to long-term employee benefit obligations.

The downward trend reflects stronger growth in total sales (particularly due to higher tariff adjustments and subsidy recognition) compared to the incremental rise in defined benefit liabilities. Total sales more than doubled from Rs. 231.78 billion in FY 2020-21 to Rs. 470.12 billion in FY 2024-25, while the liability increased at a comparatively slower pace.

Although the ratio shows improvement, the liability still constitutes over one-fourth of annual revenue, which remains financially material. This level of exposure underscores continuing actuarial risk and long-term funding pressure, particularly in the context of pension and post-retirement medical obligations.

SUBSIDY RECEIVABLES FROM GOVERNMENT OF PAKISTAN

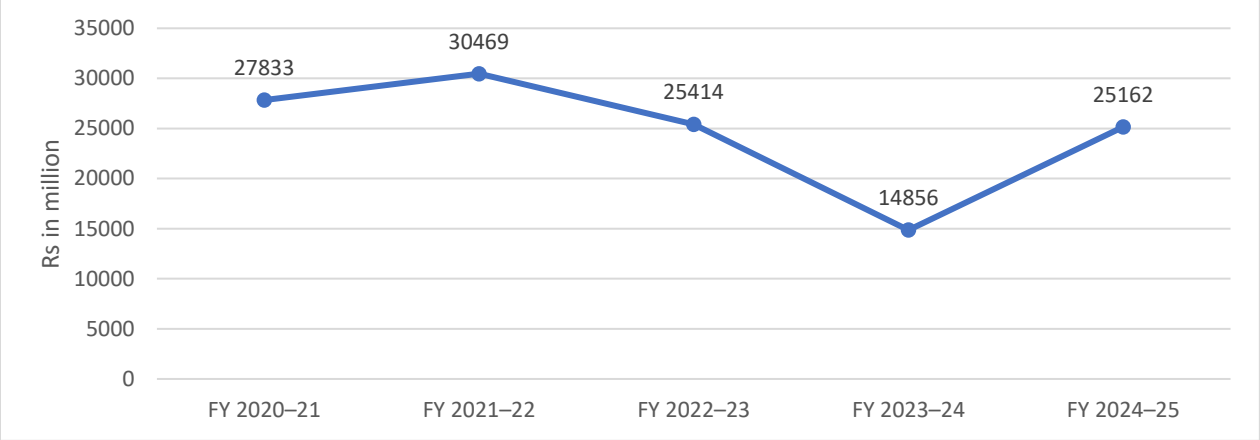
Subsidy receivable from the Government of Pakistan comprised amounts recoverable mainly against Tariff Differential Subsidy (TDS) and other notified subsidy packages, including adjustments through tariff rationalization surcharge and credit notes issued by CPPA-G.

The closing receivable position stood at Rs. 33.61 billion in FY 2020-21, which declined sharply to Rs. 6.97 billion in FY 2021-22, primarily due to substantial adjustments against tariff rationalization surcharge and higher recoveries during the year. The balance remained relatively stable at Rs. 6.53 billion in FY 2022-23, reflecting near alignment between subsidy recognized and adjustments made.

Thereafter, the receivable increased significantly to Rs. 14.86 billion in FY 2023-24 and further to Rs. 25.16 billion in FY 2024-25. The increase during FY 2024-25 was mainly due to higher subsidy recognition of Rs. 79.49 billion during the year (compared to Rs. 26.25 billion in FY 2023-24), partially offset by adjustments of Rs. 69.18 billion against tariff rationalization surcharge and CPPA-G credit notes.

The overall trend indicates volatility in subsidy flows, largely dependent on the timing of recognition, settlement through surcharge adjustments, and fiscal releases by the Government. Although significant recoveries were made in FY 2021-22 and FY 2022-23, the buildup in FY 2023-24 and FY 2024-25 suggests renewed accumulation of receivables, thereby increasing working capital exposure to government settlement timelines.

Figure 05: Subsidy receivable from Government of Pakistan



(Source: Financial Statements of FESCO FYs 2022-23 to 2024-25)

The above graph illustrated that the subsidy receivables were decreasing from FY 2020-21 to FY 2022-24 and then showed increasing trend till FY 2024-25.

STATEMENT OF CASH FLOWS

Table-04: Summary of Cash Flows **(Rs. in million)**

Particulars	FY 2020–21	FY 2021–22	FY 2022–23	FY 2023–24	FY 2024–25
Net cash from operating activities	3,590	1,975	2,904	5,609	15,053
Net cash (used in) investing activities	(8,259)	(11,927)	(18,934)	(16,326)	(36,145)
Net cash from financing activities	6,740	12,538	10,974	8,054	9,312
Net (decrease)/increase in cash & cash equivalents	2,072	2,586	(5,056)	(2,663)	(11,780)
Cash & cash equivalents at year end	27,883	30,469	25,414	22,751	10,971

(Source: Financial Statements of FESCO FYs 2020–21 to 2024–25)

A review of cash flow performance from FY 2020-21 to FY 2024-25 indicates that although the Company consistently generated positive operating cash flows, overall liquidity remained under pressure due to substantial capital expenditure and investment outflows.

Operating cash flows remained positive throughout the period, though fluctuating in magnitude. Cash generated from operations declined from Rs. 3.59 billion in FY 2020-21 to Rs. 1.97 billion in FY 2021-22, before improving to Rs. 2.90 billion in FY 2022-23 and Rs. 5.61 billion in FY 2023-24. A significant strengthening was observed in FY 2024-25, where operating inflows increased sharply to Rs. 15.05 billion, primarily driven by higher cash generated from operations.

Investing activities reflected consistently high cash outflows, mainly on account of capital expenditure on property, plant and equipment and short-term investments. Outflows increased from Rs. 8.26 billion in FY 2020-21 to Rs. 36.15 billion in FY 2024-25, with FY 2024-25 recording the highest level of investment spending. The expansion in capital expenditure significantly exceeded operating cash generation and constituted the principal source of liquidity strain.

Financing activities provided recurring inflows, largely representing long-term security deposits and receipts against deposit works. Net inflows ranged from Rs. 6.74 billion in FY 2020–21 to Rs. 12.54 billion in FY 2021-22, and remained positive at Rs. 9.31 billion in FY 2024-25. These inflows partially offset the funding gap arising from heavy investment expenditure.

As a consequence of these movements, cash and cash equivalents increased during FY 2020-21 and FY 2021-22, declined significantly in FY 2022-23 and FY 2023-24, and further decreased in FY 2024-25 by Rs. 11.78 billion. The year-end cash balance reduced from Rs. 27.88 billion in FY 2020-21 to Rs. 10.97 billion in FY 2024-25, indicating tightening short-term liquidity and heightened dependence on sustained operating performance and external inflows to support capital expansion.

PROPERTY, PLANT AND EQUIPEMENT

Surplus on revaluation of property, plant and equipment (net of deferred tax) showed significant fluctuation over the review period. The balance as at July 01, 2024 stood at Rs. 95,025.049 million[4]. During FY 2024-25, deductions were recorded on account of incremental depreciation transferred to accumulated loss (Rs. 730.573 million[5]), adjustment on transfer of property, plant and equipment (Rs. 1,846,613,124), and remeasurement of deferred tax liability (Rs. 3,257.089 million[6] Consequently, the closing balance as at June 30, 2025 was reduced to Rs. 89,190.77 million, reflecting a net decrease of Rs. 5,834.27 million during the year.[7]

In contrast, FY 2023-24 witnessed a substantial upward movement due to

[4] Note 5 of financial statements for the FY 2024-25
[5] Note 5 of financial statements for the FY 2024-25
[6] Note 5 of financial statements for the FY 2024-25
[7] Note 5 of financial statements for the FY 2024-25

recognition of revaluation surplus of Rs. 49,748.36 million, resulting in an increase in balance from Rs. 46,005.09 million (July 01, 2023) to Rs. 95,025.04 million (June 30, 2024).[8]

Significant portion of this revaluation (Rs.41.809 billion) related to freehold land. The company's (land) assets were largely restricted or under third-party control. Under agreements with Power Holding Limited and Meezan Bank, lands having combined area of 4,646 Kanals and 6 marlas, valued at PKR 9,389.915 million,[9] had been pledged as security for the issuance of 10-year Sukuk certificates, while the company retained title only as a title agent. Additionally, lands worth PKR 46.632 billion were under the possession of the company but titled to third parties, primarily WAPDA, limiting the company's direct ownership rights. Furthermore, the title of land valuing Rs.17.915 billion had neither been transferred to WAPDA nor in the name of the Company.[10]

⇄ STATEMENT OF CHANGES IN EQUITY

The issued, subscribed and paid-up share capital remained nominal at Rs. 10,000 up to FY 2023-24. During FY 2024-25, it was substantially increased to Rs. 3,749.43 million through issuance of ordinary shares against deposit for shares. This conversion represents a major capital restructuring measure undertaken during the year under review, formalizing previously parked deposits into paid-up capital.

Accumulated losses exhibited considerable fluctuation over the period. The balance stood at Rs. (63,938.06) million as at 30 June 2021 and increased to Rs. (77,474.99) million as at 30 June 2022, and further to Rs. (96,762.69) million as at June 30, 2023 reflecting recurring losses and adverse other comprehensive income. Improvement was observed in FY 2023-24, where accumulated losses reduced to Rs. (91,604.74) million due to net profit of Rs. 998.29 million and significant revaluation surplus recognized through other comprehensive income. A more pronounced recovery occurred in FY 2024-25, with accumulated losses decreasing to Rs. (83,327.14) million, driven by net profit of Rs. 9,432.91 million, partially offset by other comprehensive loss during the year.

Total equity remained negative during FY 2020-21 and FY 2022-23, standing at Rs. (862.47) million and Rs. (9,200.93) million, respectively. However, it increased to Rs. 62,969.96[11] million as at June 30, 2025. The financial auditors had attributed this change to profitability during the year, capitalization of deposits into share capital and sustained revaluation surplus.

[8] Note 5 of financial statements for the FY 2023-24
[9] Note 15.1.3 of financial statements for FY 2023-24
[10] Note 15.1.2 of financial statements for FY 2023-24
[11] Statement of changes in equity FY 2024-25

FINDINGS

1. Financial Management

This section exhibits weaknesses in financial controls, particularly in fixed asset valuation and asset register management. The revaluation process relied on subjective methods and incomplete asset data, creating a risk of material misstatement in the financial statements. Strengthened asset tagging, reconciliation, and use of standardized, verifiable valuation practices are essential to improve financial reporting reliability.

1.1 Inadequate revaluation of fixed assets

According to para 31 of IAS-16 (Property, plant and equipment), after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

During the audit of FESCO for the financial year 2024-25, it was observed that the net book value of fixed assets as at June,2023 stood at Rs. 135,871.99 million. During the financial year 2023-24, the company engaged M/s SKF Builders as an independent valuer for revaluation of its fixed assets, as a result of which the carrying amount increased to Rs. 199,361.81 million as at June 2024. Consequently, a revaluation surplus amounting to Rs. 52,990.951 million was recognized and recorded in the financial statements for the financial year 2023-24. Audit scrutiny of the valuation methodology revealed that the valuer adopted a subjective and non-verifiable approach. The valuation of land was primarily based on verbal information obtained from local property dealers and residents without reliance on documented market transactions, official valuation benchmarks, or authenticated data sources. Likewise, buildings and structures were assessed using descriptive and non-quantitative factors rather than standardized replacement cost methods, engineering assessments, or recognized construction cost indices. Furthermore, no independent technical surveys, measurement sheets, or third-party evidence were available on record to substantiate the revised figures.

Table:05 Net Book value of fixed asset in financial statements 2023-24

(Rs in million)

Financial year	Land	Building on land	Feeder (up to 11 kv)	Grids and equipment	Vehicles	Furniture, fixtures and office equipment	Total
Jun,2023	31,246.17	4,199.65	66,068.51	33,180.87	732.76	444.03	135,871.99
June,2024	73,055.77	4,753.92	78,633.09	41,500.15	817.00	601.88	199,361.81

(Source: financial statements of FESCO FY 2023-24)

The recognition of a substantial revaluation surplus of Rs. 52,990.951 million, based on a valuation methodology lacking objective and verifiable

evidence, raises significant concerns regarding the reliability, transparency, and fair presentation of property, plant and equipment in the financial statements.

Audit further observed that, during the 50th/14th PSM&RM meeting held on June 11, 2025, it was highlighted that discrepancies existed between the asset register and the actual physical quantities of assets, however, physical verification and asset tagging by FESCO had not yet been carried out. Despite this acknowledged gap, the revaluation exercise was undertaken on incomplete and unreliable asset data, employing non-standard valuation methods and without adequate independent validation or effective management oversight. Given that FESCO is preparing for early privatization, accurate, complete, and standards-compliant asset valuation is critical for the fair determination of enterprise value.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that the valuation had been carried out in compliance with International Valuation Standards (IVS) and IAS-16. Land values had been assessed after due consideration of D.C. rates issued by the Government of Pakistan, supplemented by prevailing market rates. The valuation methodology duly accounted for critical location-specific factors, including the property's location, accessibility, width of the frontage road, plot dimensions, and recent sale and purchase transactions in the immediate vicinity. However, the useful life of all plant and equipment had been determined using recognized valuation practices. Furthermore, the process of physical verification and tagging of FESCO's Fixed Assets has been initiated by M/s UHY Hassan Naeem & CO. Chartered Accountants and results thereof would be accounted for accordingly in Fixed Assets Register. The management reply was not tenable, as the revaluation lacked verifiable evidence and standardized methods, and post-facto asset tagging cannot remedy these deficiencies particularly critical given FESCO's impending privatization, where accurate valuation is essential for fair enterprise value determination.

The DAC, in its meeting held on February 9-10, 2026, directed the management to look into the matter and take appropriate measures to ensure transparency in the revaluation process, along with a clearly defined way forward. DAC further directed the management to review the revaluation process in accordance with the physical verification and tagging of fixed assets and intimate the updated status to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1600/2025-26/AMIS 2025_COM0000000145_F01842)

2. Stated Mandate, Role and Responsibilities

The governance framework establishes the system of rules, roles, and accountability mechanisms through which an organization is directed, controlled, and monitored. It defines the distribution of authority and responsibilities among governing bodies, management, and operational units to ensure transparency, compliance and effective decision-making. A sound governance framework promotes integrity, risk management and efficient use of resources in achieving organizational objectives.

2.1 Review of BoDs' monitoring against Strategic Road Map Targets (SRM) and non-preparation of measurable KPIs across all operational units in FESCO

According to Para 5.3.5 of National Electric Policy 2021, in order to turnaround the performance of state-owned distribution companies, a strategic roadmap shall be developed by each of them, with the inputs and consultation of the Ministry of Energy (Power Division). The roadmap shall entail interventions for improvement of corporate governance, technical capabilities, safety, and commercial performance. The roadmap shall set out clear activities, and milestones to be achieved, with timely performance evaluations.

According to Section-5, chapter-2 of the State Owned Enterprises (SOE) Act-2023, the SOE management policy and rules made hereunder shall aim further the following general principles, namely:(b) the principle of measurable performance according to which SOE must identify its business goal; (e) the principle of monitored performance according to which a SOE must be subject to rigorous monitoring and review; requires performance-based evaluation and alignment of compensation with Key Performance Indicators (KPIs).

During the audit of FESCO for the financial year 2024-25, it was observed that a Strategic Roadmap Agreement was executed on February 21, 2025 between the Ministry of Energy (Power Division) and the BoD of FESCO to improve operational, technical, and commercial performance and enhance service delivery through stipulated targets. However, comparison of approved FY 2024-25 targets with actual achievements revealed under performance across most key indicators, as summarized below:

Table-06: Targets vs. Achievements of FESCO strategic road map for the FY 2024–25

Sr. No	Component	Units	Target FY 2024-25	Progress ending June -2025	Increase/Decrease
1	T&D Losses	%	8.38	8.90	0.52
2	AT&C Losses	%	8.38	8.56	0.18
3	Feeder rehabilitated	No.	72	65	-7
4	HT Line Addition/Reconductoring	Km	828	743	-85
5	LT Line Addition/Reconductoring	Km	241	164	-77
6	AMI Meter Installation (Smart Meters)	No.	21645	17657	-3988
7	AMI Metering at Transformers	No.	3124	564	-2560

(Source: Strategic Road Map Agreement between FESCO and MoE for the FY 2024-25)

The above comparison indicates that performance against approved Strategic Roadmap targets remained below expectations during the financial year 2024-25. Significant shortfalls were observed in feeder rehabilitation, HT/LT line reconductoring, AMI metering, and distribution network strengthening, reflecting weak execution control, delayed implementation, and inadequate oversight by the BoD. Audit further revealed that FESCO had not developed or implemented measurable KPIs across its operational units and departments. Departmental functions are being carried out without formally documented role definitions, output-based performance targets, or accountability benchmarks. In the absence of standardized KPIs, management is unable to objectively monitor departmental performance, evaluate efficiency, or fix responsibility for under performance and control failures.

Weak BoDs' monitoring and absence of measurable KPIs resulted in low achievement against approved Strategic Roadmap targets during the financial Year 2024-25.

The matter was taken up with management in November, 2025 and reported to the Ministry in January, 2025. The management replied that the strategic roadmap explicitly defines clear roles, measurable KPIs, timelines, and accountability mechanisms across all operational units, covering commercial, technical, financial, and governance areas, including AT&C loss reduction, bill collection, recovery, consumer services, safety, SCADA, GIS, AMI, ERP automation, and SLAs. Furthermore, the Board of Directors has already instituted regular and systematic oversight through monthly, quarterly, and annual monitoring of Strategic Roadmap targets. Performance against approved KPIs is being routinely reviewed, deviations are identified in a timely manner, and corrective actions are devised by Management whenever required. Reply was not tenable as measurable KPI framework was essentially required to complete the targets envisaged under the Strategic Roadmap.

The DAC, in its meeting held on February 9-10, 2026, directed the management to ensure timely completion and formal approval of KPIs for all administratively controlled departments, ensuring alignment with the targets set under the Strategic Roadmap. The DAC further directed that the performance evaluation of the concerned departments and officers/officials be conducted

strictly in accordance with the approved KPIs and their respective job descriptions and submit the updated status/compliance report to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1768/2025-26/AMIS 2025_COM0000000145_F01855)

2.2 Weak planning, execution and oversight of the internal audit function

According to Sections 19, 20 and 21 of the State-Owned Enterprises (Governance and Operations) Act, 2023, the Board of a State-Owned Enterprise is required to establish and maintain sound governance, risk management, and internal control arrangements, including an effective internal audit function operating under the oversight of the Audit Committee. Clause 6.3.1 of FESCO's Internal Audit Manual requires preparation of a risk-based Annual Internal Audit Plan for approval of the Audit Committee prior to commencement of each year. Further, under the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA), Standards 1000, 1110, 2010, 2060, 2120 and 2130 require that internal auditing function as an independent and objective assurance and advisory activity, operating under a Board-approved charter with organizational independence and functional reporting to the Board, implementing a risk-based audit plan, reporting periodically to the Board, and evaluating the effectiveness of governance, risk management, and internal control processes.

During the audit of FESCO for the financial year 2024-25, it was observed that the audit & finance committee in its 101st /8th meeting held on 16.10.2023 approved the internal audit Plan for audit of financial audit and consumer accounts of field formations for the FY 2022-23 & 2023-24. The audit was conducted and completed up to June, 2025. However, no annual internal audit plan for execution of financial and revenue audits for FY 2024-25 was prepared or approved by the competent authority. Despite FESCO's wide geographical dispersion and functional diversity, and the critical need for timely internal audit reports to provide real-time assurance on financial health, operational efficiency, and regulatory compliance, internal audit operations remained weak and inadequately planned. It was further observed that owing to the staff shortages, a project for revamping the internal audit function was approved at a cost of Rs.23 million under the DIIP for procurement of hardware/software with the objective of strengthening

audit coverage to ensure data access for desk audit and to partially offset HR constraints. However, only Rs. 11 million were utilized, which led to non-operationalization of the system based internal audit.

Table-07: Budget/Exp statement and sanction/actual post of IAD FESCO for the FY 2024-25

(Rs. in million)

Internal Audit Department	Total Sanctioned of post (Nos)	Available/Working Post (Nos.)	Vacant Post (Nos)	Budget Amount	Expenditure Amont
	175	76	99	162.7	176.2

(Source: Budget vs Exp Statement and Sanctions vs Actual post of Internal Audit FESCO)

Moreover, despite incurring expenditure of Rs.176.2 million, the absence of risk-based planning, documented audit coverage, assurance outputs, and advisory engagement over high-risk areas indicated that resources allocated to the Internal Audit Directorate were not translated into effective audit outcomes. The internal audit function did not demonstrably discharged its assurance and advisory responsibilities at a critical juncture when preparatory measures for privatization and asset revaluation were being undertaken by the Company.

Weak functioning of the Internal Audit Department undermined the internal control environment, limited independent assurance over significant financial and operational processes, increased exposure to material misstatement and regulatory non-compliance, and adversely affected transparency, accountability and corporate governance within the Company.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that chief of internal audit had consumed Rs. 11 million by purchasing computer hardware including PC, printer and laptops out of 23 million of DIIP Budget allocated for the year 2023-24 and 2024-25. Chief of Internal Audit team and DG (IT) team conducted a series of meeting regarding gathering of requirements and development of Desk Audit software through tender process. They also study the SAP audit software of Accountant General Pakistan Revenue (AGPR) and discuss their functionality to map with FESCO processes. This SAP Audit software would also be integrated with existing ERP-SAP Modules that are Finance, Material Management, Project System and Human Capital Management (FI-CO, MM, PS and HCM). This software has also analytics dashboard of real time data for higher management. The management reply was

not tenable as mere procurement of hardware and ongoing study for software selection does not justify the non-preparation of the annual internal audit plan, delayed execution of audits, underutilization of DIIP funds, and continued weak functioning of the Internal Audit Department.

The DAC, in its meeting held on February 9-10, 2026, directed the management to prepare internal audit plan with concrete recommendations to strengthen oversight of significant financial and operational processes, enhance transparency, accountability and further directed to submit the updated status on the implementation of the desk audit within two weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1755/2025-26/AMIS 2025_COM0000000145_F01844)

3. Human Resource Management

FESCO's HR governance for the financial year 2024-25, marked by delayed implementation of binding pension regulations, absence of a structured HR framework, and lack of clear career progression policies. Moreover, the absence of transparent, merit-based mechanisms for C-level appointments further undermines accountability and professional HR management, indicating an urgent need for comprehensive HR reforms.

3.1 Appointment of CIA contrary to relevant experience requirements for SOE / Public Sector Enterprises

As per the provisions of the advertisement published on April 05, 2025 for the post of Chief Internal Auditor, the candidate was required to possess at least ten (10) years of relevant professional experience, including a minimum of four (04) years at senior management level in audit and risk management. The prescribed experience specifically included designing and evaluating internal control procedures, ensuring financial reliability and regulatory compliance in the public or private sector, and possessing a sound understanding of governance structures, risk identification, and risk control mechanisms, particularly in State-Owned Enterprises (SOEs) or public sector projects. Also, Institute of Internal Auditor (IIA) Global Internal Audit Standards defined Internal auditing as providing independent and objective assurance and consulting services to add value and improve operations.

During the audit of FESCO for the financial year 2024-25, it was observed that the recruitment process for the post of Chief Internal Auditor was repeatedly modified and ultimately cancelled on multiple occasions without any cogent justification. The first advertisement dated May 15, 2024, which prescribed ten (10) years of relevant experience with understanding of GAAP and internal audit standards in the power sector, was withdrawn without recording reasons. Subsequently, a second advertisement dated December 31, 2024 enhanced the experience requirement to fifteen (15) years, including five (05) years at senior management level, specifically in public sector or SOEs; however, this process was also cancelled without documented justification. Thereafter, a third advertisement dated April 05, 2025 again reduced the experience requirement to ten (10) years, with emphasis on SOE/public sector experience.

Audit noted that the final amended eligibility criteria closely matched the experience profile of the selected candidate, who possessed private-sector experience with M/s Ittehad (Pvt.) Ltd. from June 12, 2014 to September 30, 2024 but did not fulfill the mandatory SOE/public sector experience criteria stipulated in the advertisement and the CMU Guidelines dated August 15, 2024. Despite this non-compliance, the scrutiny committee declared him eligible and recommended him for appointment. The repeated alteration of eligibility criteria, lack of documented justification for cancellation of recruitment processes, and non-adherence to CMU guidelines indicate weak oversight and control over the

recruitment process. Failure to strictly enforce the prescribed experience requirements for the CIA position undermines the effectiveness of the internal audit function, particularly in relation to performance of risk-based audits, evaluation of internal controls, provision of advisory and assurance services to management, and oversight of high-risk activities such as consultant-led asset revaluation prior to privatization.

Weak recruitment process resulted in appointment of CIA contrary to relevant experience requirements for SOE / Public Sector Enterprises for the period 2024-25.

The matter was taken up with management in November, 2025 and reported to the Ministry in January, 2025. The management replied that after issuance of the SOE (C-Level Appointments) Guidelines 2024 and publishing of the revised advertised criteria, the recruitment process was scrapped due to non-availability of a suitable pool of candidates. Whereas after the advertisement dated 05.04.2025, the BoD approved the appointment after observing all codal formalities, exactly in order of merit. Furthermore, it is pertinent to mention that the appointment of CIA FESCO, has been challenged at Honourable Lahore High Court by the aggrieved official of FESCO, further as the matter is adjudicated before the Honorable Lahore High Court Lahore. The management reply was not tenable, as CMU Guidelines prescribe minimum experience, the Board itself advertised mandatory SOE/Public Sector–specific experience, which the selected candidate did not possess, and subsequent alteration/scrapping of advertisements without recording any justification reflects serious omissions.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit all supporting documents covering the entire appointment process, as well as an update on the court proceedings to the Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1599/2025-26/AMIS 2025_COM0000000145_F01841)

3.2 Lack of structured HR framework and career-progression policy

According to section-5, General principles of State Owned Enterprises (SOE) Act-2023, the state-owned enterprise management policy, and any rules made hereunder shall aim to further the following general principles, namely:(a) the principle of prudent and efficient management according to which (i) a commercial state-owned enterprise must operate on a commercial basis that is

efficient and profitable; and (ii) a state-owned enterprise must operate efficiently and effectively

According to FESCO recruitment policy-2022, Promotion / Time Scale Up-gradation of newly appointed J.E/ROs/AD/ shall be governed under the performance management / promotion policy in vogue as approved by BOD.

During the audit of FESCO for the financial year 2024-25, it was observed that management had recruited officers BPS-17 on lump-sum salary packages without integrating them into an approved service structure or defining a career-progression policy. These officers have been performing core operational functions across technical, commercial, and administrative domains but are not covered under any formal promotion or allowance framework. It was further noted that 21 out of 105 officers resigned within two years due to the absence of a defined service structure and limited advancement opportunities, while others continue to serve under uncertain terms. This has created a sense of professional stagnation and disparity within the workforce, affecting morale and long-term retention. The absence of a comprehensive Human Resource Management Framework and delayed policy formulation has resulted in fragmented HR decisions. Strategic workforce planning, job-evaluation studies, and structured career mapping were not undertaken at the organizational level. Hence, lack of structured career growth has led to dissatisfaction among qualified officers. 21 out of 105 recruited officers have resigned due to limited growth prospects, resulting in the loss of trained personnel.

Non-adherence to SOE Act resulted in lack of structured HR framework and career-progression policy in FESCO upto the period 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that BOD had approved Recruitment Policy-2022 serves as a definitive reference for Pay, Allowances and the service structure for these appointments, clearly defining admissible allowances, outlining the composition and coverage of the Lump-Sum Pay Package. Furthermore, since the officers, who left FESCO on account of personal / other reasons were neither eligible for promotion as per the criteria stipulated in the Promotion Policy nor they have stated any particular reason before leaving FESCO, therefore, this attribution towards resignations of Officers in the absence of an HR Management Framework/Lack of Promotion is not substantiated.

FESCO Recruitment Policy 2022 and PEPCO Promotion Policy 2009 are governing policies for Lump-sum Officers. The policies would be improved and presented to BOD in due course.

The DAC in its meeting held on February 9-10, 2026 directed the management to formulate a comprehensive service structure and career progression policy, in consultation with comparable/identical organizations. The finalized policy, after obtaining approval from the competent authority, may be shared with Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1769/2025-26/AMIS 2025_COM0000000145_F01856)

3.3 Inconsistent application of criteria and waiver of mandatory conditions in appointment of CEO FESCO

According to Section-16 of State Owned Enterprises (SOE) Act, the fit and proper criteria shall be prescribed in schedule-iv and shall apply to independent directors, the chief executive officer, the company secretary and all other senior management officers, by whatever name called of a state-owned enterprise.

During the audit of FESCO for the financial year 2024-25, it was observed that the recruitment process for the position of Chief Executive Officer was marred by inconsistencies and procedural relaxations, reflecting weak governance and lack of transparency. An advertisement for the post of CEO, FESCO was initially published on May 19, 2024 with age limit of 57 years and at least 25 years of experience including at least 10 years working in power sector preferably in DISCOs, with at least 01 year experience at senior management. However, after the receipt of 15 applications, the matter was deliberated in 109th / 5th urgent meeting of HR, Legal, Nomination & HSE committee held on December 26, 2024, wherein it was recommended to quash the entire process on the grounds that Central Management Unit guidelines had been issued subsequent to the advertisement and over six months had elapsed. Consequently, a new advertisement was published on December 31, 2024 with revised eligibility criteria, including an increased age limit of 62 years and reduced experience requirement of 15 years, without any documented justification for these material changes. From the 30 applications received, 20 candidates were shortlisted, including the incumbent current CEO, aged 56 years with 29 years of experience.

However, his appointment necessitated a deviation from established civil service rules, as he was required to submit a three-month notice for voluntary retirement under the relevant Office Memorandum. To facilitate his selection, the Board had deliberated two options: waiving the mandatory notice period strictly for this case, or extending his joining date until after the notice period concluded. The Board ultimately appointed current chief executive officer on a three-year contract with pay package of Rs.2.00 million subject to his written request for waiver of the three-month notice, with the stipulation that this relaxation would not be cited as a precedent. This entire sequence of events highlights serious governance lapses, including unexplained changes in eligibility criteria between successive recruitment drives, absence of documented rationale in official minutes, and relaxation of mandatory service rules to favour a specific individual. Such practices undermine the principles of merit and transparency.

Non adherence section of SOE Act resulted in inconsistent application of criteria and waiver of mandatory conditions in appointment of chief executive officer, FESCO upto the period 2024-25.

The matter was taken up with the management in December, 2025 and reported to the Ministry in December, 2025. The management replied that CEO FESCO recruitment process was conducted in full compliance with the SOE (C-Level Appointments) Guidelines 2024, following Board approval, prescribed criteria, and transparent procedures for shortlisting and interviews. The initial advertisement dated May 19, 2024 became infructuous after issuance of the CMU Guidelines, and the BOD FESCO subsequently prescribed higher qualifications and experience thresholds, advertised the position, and completed the selection of current CEO as the most suitable candidate. Given his eligibility for voluntary retirement, the Board, based on legal opinions and in accordance with FESCO's Memorandum of Association, Companies Act 2017, and SOE Act 2023, approved waiving the three-month notice requirement, allowing him to retire and rejoin as CEO without delay. The management reply was not tenable, as the revision of eligibility criteria without documented justification and the selective waiver of the mandatory notice period reflect inconsistent application of criteria, thereby undermining transparency, merit, and good governance in the appointment of the CEO, FESCO.

The DAC, in its meeting held on February 9-10, 2026, directed the management to provide complete record of the board proceedings pertaining to cancellation of appointment process, subsequent changes in the criteria, and re-initiation/finalization of appointment process for the Chief Executive Officer, FESCO to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1767/2025-26/AMIS 2025_COM0000000145_F01854)

4. Procurement

FESCO's procurement function revealed weaknesses in planning, execution and compliance with the Public Procurement Rules, 2004. Despite approval of a procurement plan of Rs.14,191 million, expenditure of Rs.12,283 million[12] was expended during the financial year 2024-25. FESCO floated 188 tenders against which 210 Purchase Orders were issued. It was observed that repeated instances of tender splitting, post-bid price adjustments, acceptance of single and expired pre-qualified bidders, procurement beyond approved plans, and award of contracts at higher rates remained prevalent in the company. These deficiencies reflect inadequate internal controls, ineffective tender evaluation mechanisms, and weak accountability, underscoring the need for strict adherence to PPRA Rules, transparent competitive bidding, and strengthened procurement governance to safeguard public funds.

[12] *Approved procurement plan and its utilization for the FY 2024-25 relating to Manager (MM), FESCO*

4.1 Irregular award of contracts for procurement of HT/LT Pre-stressed concrete (PC) Spun Hollow Poles

As per clause-4 of Public Procurement Regulatory Authority (PPRA) Rules, procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

As per clause 9 of PPRA Rules, save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce appropriately all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

During the audit of FESCO for the financial year 2024-25, it was observed that three tenders No. 2742, 2743 & 2744 were opened on September 03, 2024 for the procurement of 28,000 nos. HT/LT Pre-stressed concrete (PC) Spun Hollow Poles (31ft, 36ft, and 45ft) through various lots in each tender. Ten bidders participated in each tender, while only four actually quoted in each lot **(Annexure-I)**. It was noted that the quoted bid rates were subsequently reduced in each lot by the bidder, resulting in inconsistent and non-uniform pricing across similar items, which undermines transparency in the bidding process. The firms whose pre-qualification had already expired were allowed to participate. Further scrutiny revealed that no pre-award rate analysis of the key material components (cement, steel, crush, labour etc.) was conducted to assess the reasonableness of the offered rates. The Material Management Department also failed to obtain technical input from the Civil Department and the tender evaluation committee was constituted without the inclusion of a qualified Civil Engineer, despite the civil nature of the procurement. As a result, ten (10) nos. purchase orders amounting Rs. 857.112 million were issued at inconsistent rates from technically unverified and ineligible firms, undermining transparency, competitiveness.

Non adherence to PPRA Rules resulted in irregular award of contracts for procurement of HT/LT Pre-stressed concrete PC spun hollow poles Rs. 857.112 million for the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that negotiations were not part of the

FESCO tendering process, however, a voluntary reduction in quoted rates by the lowest evaluated bidder without any compromise on quality or transparency acceptable, as clarified under PPRA query no. 351. From the Tender Opening Committee through the Tender Evaluation Committee under the Chief Engineer (TS), the approval by the competent authority based on a detailed rate comparison among participating bidders as well as with other DISCOs plays a pivotal role in determining the most advantageous bid. So, rate analysis can never be ignored in tendering procedure before awarding tender against most advantageous bid. However, the practice of pre-award rate analysis by the XEN Civil has also been adopted and being followed with true spirit. Manufacturing of poles at PC Pole plants are monitored by FESCO Civil department as well XEN Civil concerned is the permanent part of Inspection team responsible to ensure the poles meeting specified criteria. In the move to curb corrupt practices in public procurement process for transparency and meritocracy, NAB vide its letter No. 5-2(75) Pre /A&P/NABHQ/2013 dated: 08.01.2014 has restrained procuring agencies from requiring periodic registration and enlistments. Furthermore, suppliers were bound to provide renewal of PEC registrations, which they provided during currency of contracts. The management reply was not tenable as voluntary rate reductions after tender opening is not allowed secondly, PPRA queries cannot override mandatory Rules 4&9 requiring transparent, uniform, and fair competition. Moreover, post-award inspections or monitoring cannot substitute pre-award rate analysis, technical evaluation. PPRA clarified that no post bid discount is allowed under PPRA rules.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit its stance duly vetted by CEO in accordance with the relevant PPRA rules, along with supporting documentary evidence to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1501/2025-26/AMIS 2025_COM0000000145_F01620)

4.2 Award of tender at higher rates despite availability of lower responsive bidder

According to Public Procurement Regulatory Authority (PPRA) Rules 2004, Rule 38 & 40, evaluation shall be conducted in a fair and transparent manner ensuring equal opportunity to all bidders. Responsive bidders fulfilling all conditions of the bidding documents shall be treated equally and the contract shall be awarded to the lowest evaluated bidder.

During the audit of FESCO, for the financial year 2024-25, it was observed that tender No. 2669/FESCO/DMM/DIST/2024-25 was opened on June 27, 2024 for the procurement of 800 nos. of 200 kva distribution transformers (410 under Lot-I and 390 under Lot-II). Twelve firms purchased and seven participated in the tender. M/s Sigma Power quoted the lowest rate of Rs. 909,000 per unit for Lot-I, and M/s Weselec Industries quoted Rs.948,000 per unit for Lot-II, which were subsequently reduced to Rs.876,111 and Rs.892,244 per unit, respectively.

Table-08: Rate analysis of procurement of 200 kva Transformer

Tender No.	Date	Lot	PO No.	Date	Name of Firm (M/s)	T/F Capacity	Qty No.	Original rate per unit (Rs)	Reduced Rate per unit (Rs)	Total Amount (Rs)
2669	March,27, 2024	I	1656	Sep,27, 2024	Weslec Indust.	200 KVA	390	909,000	892,244	347,975,160
2669	March,27, 2024	II	1659	Sep,27, 2024	Sigma Power	200 KVA	410	948,000	876,111	359,205,510
									Total	**707,180,670**

(Source: Correspondence of FESCO tender file)

However, M/s Panpower, who had quoted the lowest rate of Rs.878,000 per unit in Lot-I, was declared non-responsive on the basis of non-submission of a "no pending litigation certificate." It was noted that the same firm had been declared responsive in previous tenders (Nos. 2651 and 2652 dated April 24, 2024 and tender No. 2672 dated June 27, 2024) based on a court decision, and had also submitted a request to reduce its rate to Rs.870,000 in this tender. Despite this, the management awarded the contract to higher bidders, issuing purchase orders amounting to Rs. 359.205 million to M/s Sigma Power Pvt. Ltd. and Rs.347.975 million to M/s Weselec Industries. The irregularity occurred due to non-uniform application of evaluation criteria by the tender committee and lack of due diligence in determining bidder responsiveness. The evaluation process was not carried out

in a fair and transparent manner as required under PPRA Rules, leading to inconsistency.

Non-adherence to PPRA rules resulted in award of tender at higher rates despite availability of lower responsive bidder of Rs.707.180 million for the period 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that M/s Sigma Power and M/s Weselec were declared responsive only after thorough examination of their bids and confirmation that all mandatory requirements were fulfilled. Conversely, M/s Panpower was declared technically non-responsive due to failure to provide the mandatory "No Litigation Pending Certificate", as required in bidding document by technical and commercial evaluation committee. It is pertinent to note that the firm did not file any grievance after being declared non-responsive, which further validates the fairness and correctness of FESCO's evaluation process. The management reply was not tenable, as inconsistent application of responsiveness criteria is evident where M/s Panpower was declared responsive in identical tenders based on a court decision, yet rejected in the subject tender on the same grounds, violating PPRA Rules 38 & 40 on equal treatment. Moreover, post-bid rate reductions and identical Total owning Cost (TOC) calculations cannot justify ignoring an otherwise lower bidder. PPRA clarified that no post bid discount is allowed under PPRA rules.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit proper justification duly supported in light of the bidding documents and applicable PPRA Rules, along with complete documentary evidence to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1507/2025-26/AMIS 2025_COM0000000145_F01626)

4.3 Imprudent decision of repairing damaged transformers instead of procuring new transformers

According to chapter-3 of State Owned Enterprises (SOE) Act-2023, every state-owned enterprise shall undertake its operations in accordance with the criteria for sound and prudent management, namely:- the business of the SOE is carried

on with integrity, objectivity, due care and professional skills appropriate to the nature and scale of its activities.

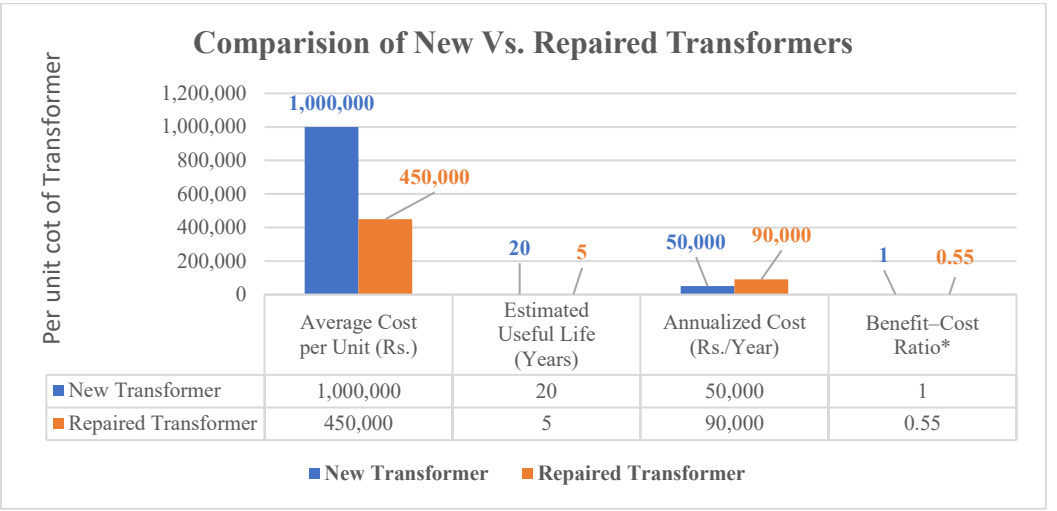
During the audit of FESCO for the financial year 2024-25, it was observed that seven (07) work orders amounting to Rs.311.446 million were issued to various contractors for the repair of 1177 nos. damaged transformers of different capacities. The comparative analysis between the repair of damaged transformers and the procurement of new transformers revealed that the repair cost ranged between 50% and 56% of the corresponding cost of new transformers. Audit noted that this decision was not financially prudent when examined on a life-cycle and benefit–cost basis. A new transformer generally has an average useful life of about 20 years, whereas a repaired transformer, particularly those declared as irreparable, remains serviceable for only 4–6 years and entails higher maintenance risks and energy losses. Despite lower upfront expenditure, the repeated repair and early replacement of damaged transformers increase the long-term cost burden on the company. Additionally, it was observed that no independent inspection or quality verification by the PPMC was conducted to ensure compliance with technical specifications and standards. The absence of third-party inspection further undermines the reliability, safety, and performance assurance of repaired transformers.

Table-09: Comparative Analysis of New vs. Repaired Transformers for the FY 2024-25

Description	Average Cost per Unit (Rs.)	Estimated Useful Life (Years)	Annualized Cost (Rs./Year)	Benefit–Cost Ratio*	Remarks
New Transformer	1,000,000	20	50,000	1	High reliability, long life, and lower maintenance
Repaired Transformer	450,000	5	90,000	0.55	Low initial cost but short life and frequent repairs

***Higher ratio indicates better long-term value and cost-efficiency)**
(Source: Details of procurement of new transformers and repair transformers provided by FESCO management)

Figure-06: Analysis of New vs. Repaired Transformers of FESCO



(Source: Details of procurement of new transformers and repair transformers provided by FESCO management)

Management opted for the repair of irreparable transformers to reduce immediate financial outlay and ensure short-term operational continuity, without conducting a detailed cost-benefit and life-cycle analysis or obtaining independent quality verification from PPMC. The decision resulted in a non-prudent utilization of financial resources, as the repaired transformers have limited life, uncertain quality, and higher risk of recurring breakdowns.

Non-adherence to provision of SOE Act resulted in imprudent decision of repairing irreparable transformers instead of procuring new transformers amounting to Rs.311.446 million for the period 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that during peak summer and rainy season, damage ratio of distribution transformers increases abnormally, point to that damaged transformers need to be repaired from in-house arrangements and through outsourcing. Replacement of damaged transformer with new one, no doubt is the better solution, however the budgetary constraints do not allow the same. It is worth mentioning here that as per NEPRA in review petition filed by FESCO against DIIP for 2023-24 to 2027-28, budget of approx. Rs. 692.2 million had been allocated to replace the transformers of age above 20 years by procuring 1028 new transformers of 100 KVA and 200 KVA (380 Nos. of 100 KVA and 648 Nos. of 200 KVA), the supply of which has started being received. The management reply was not tenable,

as budgetary constraints and emergency conditions do not justify repairing transformers declared irreparable at 50–56% of new cost without any documented life-cycle cost analysis, contrary to the principle of sound and prudent management.

The DAC, in its meeting held on February 9-10, 2026, directed the management to provide detailed breakup of new and repaired transformers, circle/division/sub-division wise, along with age analysis and proper justification of installed transformers in FESCO, to Audit within one week. The DAC further directed the management to formulate a comprehensive policy for the procurement of new and repaired transformers, keeping in view the cost–benefit ratio, to ensure prudent decision-making in future procurements.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1568/2025-26/AMIS 2025_COM0000000145_F01732)

4.4 Procurement and issuance of purchase order at higher rate

According to Public Procurement Regulatory Authority (PPRA) Rules-31(1), No bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid. (2) Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

During the audit of FESCO for the financial year 2024-25, it was observed that tender no. 2727/FESCO/DMM/DIST/2024-25 for the supply of ACSR Dog Conductor (Qty. 350 km) was opened on August 01, 2024. Four firms purchased the tender documents, out of which three participated in the bidding process. M/s Ibrahim Nizami Wire Industries quoted the lowest rate Rs.455,000/- per km but was declared technically non-responsive on the ground of non-submission of the completion and satisfactory performance certificates relating to an educational order. As per NTDC letter dated October 20, 2015, firms must provide a minimum three-month satisfactory field performance certificate for material supplied under any educational order. Audit revealed that M/s Ibrahim Nizami Wire Industries had obtained such an educational order from LESCO on February 16, 2024 and supplied the material on May 16, 2024. Hence, the required three-month period matured on August 16, 2024 prior to the submission of the evaluation report on

September 04, 2024. Despite this, no written clarification was sought from the firm or LESCO (the purchaser of the educational order) regarding the completion or satisfactory performance certificate, which constitutes a violation of Rule 31(2) of the PPRA Rules, 2004. Furthermore, instead of seeking clarification from the lowest bidder, the second lowest bidder, M/s Steel Complex, was allowed to reduce its quoted price from Rs. 456,786/- to Rs. 442,786/- on September 16, 2024, after bid opening. Audit also noted that the reduced rate of Rs.442,786/- was already prevalent in other DISCOs, including FESCO itself, since purchase orders issued in December 2023. Similarly, MEPCO had floated a tender for the same item on August 22, 2024 and issued a purchase order on November 19, 2024 at Rs. 440,000/- per km. Therefore, the reduction of rates by M/s Steel Complex after bid opening did not represent a genuine negotiation outcome or price advantage; rather, it was a post-bid adjustment to align with already prevailing market and inter-DISCO rates, compromising the integrity and transparency of the procurement process. Resultantly, the purchase order amounting to Rs.154.975 million @ Rs.442,786/- per km was issued on November 26, 2024 to M/s Steel Complex, based on a rate modification violated procurement principles of fair competition and equal opportunity among bidders.

Non adherence to PPRA Rules resulted in procurement and issuance of purchase order at higher rate amounting to Rs.154.975 million for the period 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that clause 40 (viii) of the FESCO tender document for the subject procurement explicitly stipulates the requirement of a satisfactory field performance certificate, a condition that is further reinforced through NTDC's office letter, as referenced in clause-19 of the Bidding Document. As this requirement formed an essential criterion for qualification as the lowest evaluated bidder, its non-availability rendered M/s Nizami technically non-responsive, as duly determined by the Tender Evaluation Committee. Furthermore, no grievance was lodged by the M/S Nizami neither was any clarification sought by FESCO nor was any clarification provided by the bidder, as the deficiency pertained to a mandatory eligibility requirement rather than an ambiguous or rectifiable issue. Regarding the matter of negotiations, it is categorically stated that no negotiations were conducted. Any reduction in the quoted rate was voluntarily offered by the lowest evaluated bidder, without any coercion, inducement, or negotiation on the

part of FESCO. The management reply was not tenable, as the three-month performance period had matured before final evaluation; therefore, failure to seek written clarification from the lowest bidder constituted a clear violation of PPRA Rule-31(2) and deprived the bidder of fair evaluation. Moreover, acceptance of a post-bid rate reduction from the second lowest bidder whether termed "voluntary" or otherwise after bid opening cannot be considered regular.

The DAC, in its meeting held on February 9-10, 2026, directed the management to justify the reply with particular TOR, clarifying the procurement of the same material in LESCO with reference to the performance certificate and provide the rate reasonability analysis to Audit within two weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1569/2025-26/AMIS 2025_COM0000000145_F01733)

4.5 Procurement of electrical material from pre-qualified bidders through splitting quantity into lots and price matching

According to Rule-38B (1) of Public Procurement Regulatory Authority (PPRA), "the procuring agency shall consider single bid in goods, works and services provided that except unsolicited proposal, in case of pre-qualification proceedings single bid shall not be entertained". According to Rule-9 of PPRA, "a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned".

During the audit of FESCO for the financial year 2024-25, it was observed that, Eight (08) tenders for procurement of different types of electrical material were called from pre-qualified bidders by splitting quantities in lots. In response bidders quoted rates against individual lots of the tendered quantities. Subsequently, twenty-two (22) purchase orders valuing Rs.4,377.43 million were issued to these pre-qualified bidders through matching price of the lowest lot with other lots of the tender **(Annexure-II)**. The award of purchase orders was irregular as entertaining bid of pre-qualified bidders through splitting of planned procurement was not allowed by PPRA.

Violation of provisions of PPRA rules resulted in non-transparent procurement of electrical material from pre-qualified bidders through splitting quantity into lots and price matching for the year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that PPRA, through query ID no.774 dated November 13, 2014 had allowed the division of a single procurement of large volume into multiple lots in accordance with the approved procurement plan. However, NAB vide its letter No. 5-2(75) Pre/A&P/NABHQ/2013 dated: January 08, 2014 has restrained procuring agencies from requiring periodic registration and enlistments. The management reply was not tenable, as dividing planned procurements into multiple lots and applying price matching with pre-qualified bidders circumvents PPRA's mandated competitive process, resulting in procedural irregularity. PPRA clarified that splitting/re-grouping of material under PPRA rule is prohibited.

The DAC, in its meeting held on February 9-10, 2026, expressed displeasure over the concerned officer, who was unable to explain the matter, and directed the CEO to issue a formal letter of displeasure to the officer, to be recorded in their ACR and service dossier. DAC further directed that the matter be inquired at the CEO level and a detailed report be submitted to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1577 /2025-26/AMIS 2025_COM0000000145_F01741)

4.6 Award of contracts through non-competitive bidding for repair and supply of distribution transformers

According to Public Procurement Regulatory Authority (PPRA) Rules-4, Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During the audit of FESCO for the financial year 2024-25, it was observed that four (04) tenders, No.2610, 2611, 2612 & 2613/TRW/2023-24, opened on February 21, 2024 for the repair and supply of 25 kva, 50 kva, 400 kva & 630 kva irreparable distribution transformers. Eight (08) firms purchased the bidding documents for each tender, only one firm participated in each tender and Lot. The participating firms possessed expired pre-qualification statuses, ranging between 2013 and 2022 **(Annexure-III)**. Despite being single bidders, the firms initially quoted higher rates which were subsequently reduced however, the finally

accepted rates remained closely aligned with previous work orders issued during April to July 2023, indicating a lack of genuine competition. The management justified the rates on the ground that there was an abnormal escalation in the prices of copper, transformer oil, core, and allied materials. However, this justification appears contradictory, as the bidders themselves reduced their initially quoted rates to levels comparable with previous work orders, undermining the argument of price escalation. It was further noted that the inspection of repaired transformers was assigned to two FESCO representatives instead of the designated PPMC inspectors, thereby compromising the independence and transparency of the quality assurance process. Resultantly, work orders amounting to Rs.200.196 million were issued irregularly to expired pre-qualified firms under non-competitive conditions.

Non-adherence to PPRA Rules resulted in award of contracts through non-competitive bidding for repair and supply of distribution transformers for the period 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that participation of single bidder had validated by PRA Rule 38(B) duly clarified bide PPRA letter No. 11(76)/M&E/ PPRA/2018/38 dated: April 09, 2024. Further rate reduction by lowest evaluated bidder was also allowed by PPRA through its query ID 351. These transformers in FESCO were inspected by its own nominated inspectors in order to avoid unnecessary delays as the time span given to contractor is very less as compared to the new transformers keeping in view the need of field formation. In the move to curb corrupt practices in public procurement process for transparency and meritocracy, NAB vide its letter No. 5-2(75) Pre/A&P/NABHQ/2013 dated: January 08, 2014 had restrained procuring agencies from requiring periodic registration and enlistments. The management reply was not tenable, as engaging expired pre-qualified single bidders under non-competitive conditions undermines transparency, irrespective of rate reduction or internal inspection. PPRA clarified that no post bid discount is allowed under PPRA rules.

The DAC, in its meeting held on February 9-10, 2026, expressed displeasure over the concerned officer, who was unable to explain the matter, and directed the CEO to issue a formal letter of displeasure to the officer, to be recorded in their ACR and service dossier. The DAC further directed the management to

submit a detailed report on the matter, vetted by PPMC and supported with relevant documents, to Audit within two weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1575/2025-26/AMIS 2025_COM0000000145_F01739)

4.7 Procurement at higher rates and un-utilized inventory of 11 kV Fuse holder

As per clause-4 of Public Procurement Regulatory Authority (PPRA) Rules, procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During the audit of the FESCO for the financial year 2024-25, it was observed that tender no. 2648/FESCO/DMM/DIST/2023-24 opened on April 24, 2024 for the procurement of 10,000 nos. 11kV Fuse Holders. M/s FICO Hi-Tech (Pvt.) Ltd., Gujranwala, being a single bidder, quoted a rate of Rs.9,450 per unit, and a purchase order amounting to Rs.111.51 million (including GST) was issued on July 18, 2024.

Table-10: Rate analysis of Procurement of 11kV fuse holder

Tender No &date	PO No & date	Name of Firm (M/s.)	Item Description	Rate per Unit (Rs.)	Quantity on order	Total Amount (Exl GST) Rs.	FESCO Previous PO dated 04.10.22 per unit Rate.	Incr Rate per unit	Balance qty as on 06/24	Balance qty as on 12/24	Balance qty as on 6/25
2648 & 24.04.2024	1636& 18.07.24	Fico Hi-Tech	11 KV Fuze Holder (D/Ins.)	9,450	10000	94,500,000	3,330	184 %	193	615	8,759

(Source: Correspondence file FESCO tender)

Audit scrutiny of rate comparison revealed that the current rate of Rs.9,450 per unit was 184% higher than the previous FESCO tender rate of Rs. 3,330 per unit finalized on July 06, 2022. It was noticed that although prices of key commodities such as electricity, natural gas, petrol (Rs.233 to Rs.280), diesel (Rs.263 to Rs.285), and metals (aluminum, copper, zinc) had increased during the intervening period, the cumulative escalation in cost factors, including the rise in the exchange rate of the US Dollar from Rs.209.65 to Rs.280.50 (33%), did not exceed an average increase of 50% between July 2022 and April 2024.Even after

allowing a justified enhancement of 50% on the previous rate (Rs.3,330 × 1.5 = Rs.4,995), the accepted rate of Rs.9,450 per unit remained excessively high by Rs. 4,455 per unit, resulting in an avoidable excess expenditure of Rs.44.55 million (Rs.4,455 × 10,000 units). Furthermore, audit observed that 8,759 Fuse Holders out of 10,000 procured remained un-utilized as on June 30, 2025, indicating over-procurement without need assessment and blocking of public funds. The acceptance of a single bid at a disproportionately high rate without conducting market rate verification, competitive bidding, or adequate justification for demand quantity reflects serious lapses in the procurement process.

Weak procurement management resulted in irregular procurement at exorbitant rates amounting to Rs.44.55 million and un-utilized inventory of 11 kV Fuse holders for the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that 11 kV fuse holders, being critical safety components for the protection of transformers, distribution lines, and operating staff, were required to be procured strictly in accordance with the approved procurement plan. At the relevant time, the available stock position of the item in FESCO stores was critically low, necessitating timely procurement. The impact of price escalation attributable to factors such as an increase in raw material prices, higher labor costs, currency depreciation, and escalated fuel and energy costs was already evident during the same fiscal year. This trend is demonstrable from the comparative analysis of earlier tenders floated by FESCO as well as tenders issued by IESCO for the same item. The management reply was not tenable, as criticality of the item does not justify acceptance of a single bid at a rate 183.78% higher than the previous benchmark without documented market rate verification or cost justification. Moreover, procurement of 10,000 units despite 8,759 units remaining unutilized evidences over-procurement and weak inventory planning.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit detailed break-up and rate analysis, particularly on dollar variations along with relevant documentary evidence to Audit within one week accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1582/2025-26/AMIS 2025_COM0000000145_F01746)

4.8 Award of contracts by relaxing eligibility criteria without approval of BoD

According to Section-1 of Book of Financial Powers (FESCO) "Cases involving important policy decision for departure from the established policy through BoD."

During the audit of FESCO for the financial year 2024-25. it was observed that total of 167 tenders was processed, against which 94 work orders amounting to Rs. 368.67 million were issued. Audit scrutiny revealed that after processing the initial 19 tenders, the Project Director (Construction), with the approval of the Chief Executive Officer, unilaterally by revised the eligibility criteria for bidders without obtaining prior approval from the BoD **(Annexure-IV)**. The revised criteria significantly diluted the original qualification requirements. The requirement of submission of income tax returns for the last three years was reduced to only one year. Issuance of bidding documents was extended from firm owners or partners to their authorized representatives. Most critically, the mandatory requirement for bidders to have completed at least two similar contracts with adequate consolidated value and to possess minimum average annual turnover was either relaxed or entirely waived.

Following these revisions, 102 tenders were processed, resulting in the award of 75 work orders amounting to Rs.284.67 million of these, 13 work orders valuing Rs.50.05 million were awarded to new entrant contractors who lacked prior experience and did not meet financial soundness criteria in terms of average annual turnover. Instead, only 10% performance security was obtained in lieu of these fundamental eligibility requirements.

Audit further observed that in tenders opened on November 6, 2024, 7 out of 16 work orders were awarded to a single new entrant contractor, M/s Reckon Engineering System. The concentration of awards to one firm, particularly a new entrant lacking requisite experience and financial credentials, raises serious concerns regarding transparency, competitiveness, and impartiality of the procurement process, and indicates possible undue facilitation of specific contractors. Moreover, the corrigendum issued for revising the eligibility criteria was explicitly limited to tenders numbered 200/2024 to 217/2024 and 218/2024 to 231/2024. However, audit noted that the office of the Project Director continued

to apply the revised criteria to subsequent tenders throughout the financial year without formal extension, approval, or ratification by the competent authority.

Audit holds that the revision of eligibility criteria constituted a significant departure from the established procurement policy. In accordance with the Book of Financial Powers, such policy deviations required prior approval of the Board of Directors, which was neither sought nor obtained. The unauthorized relaxation of eligibility conditions resulted in undue favor to specific contractors and represents a procedural lapse with potential implications for fairness, transparency, competition, and accountability in the tendering process.

Non-adherence to rules resulted in award of contracts by relaxing eligibility criteria without approval of BoD during the financial year 2024-25.

The matter was discussed with the management in September, 2025 and reported to the Ministry in December, 2025. The management replied that the eligibility/evaluation criteria was amended with the prior approval of the competent authority and duly vetted by Chief Engineer (Technical Services) FESCO Faisalabad. The amendment was made to enhance competition, ensure transparency, and avoid cartelization by breaking the alliance of available contractors, thereby ensuring fair and open competition. No relaxation was allowed to favor any specific contractor. The management reply was not tenable as the relaxation of eligibility criteria though approved by the CEO and vetted by the Chief Engineer constituted a policy deviation requiring prior approval from the Board of Directors. Applying the revised criteria beyond the scope of the issued corrigendum led to the award of work orders valuing Rs.284.67 million including inexperienced contractors, undermining transparency and fairness in the procurement process.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit the revised reply in accordance with the Delegation of Powers, PPRA Rules, and the SOE Act to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.903/2025-26 2025_COM0000000145_F00989)

5. Operational Processes

Operational management in FESCO encompasses a wide range of activities focused on the effective maintenance, augmentation and reliable operation of the distribution network, alongside efficient management of an extensive and diversified consumer base. Any lapse in due diligence such as unauthorized load extensions or delayed replacement of defective meters results not only in overloading of the network but also in loss of legitimate revenue and increased technical and commercial losses. Weak internal controls and inadequate monitoring of operational activities create opportunities for irregularities, undermine transparency in billing and expose FESCO to material financial losses. In this context, Audit has examined operational management to identify systemic weaknesses, control lapses, and associated financial impacts which are discussed in the succeeding paragraphs.

5.1 Non-observance of NEPRA benchmark of Distribution Losses

As per NEPRA fixed targets of T&D losses at 8.38%, (Transmission Losses 1.42%, Distribution Losses 6.96%) for the financial year 2024-25 in respect of FESCO in the MYT regime for the financial years 2023-24 to 2027-28.

During the audit of FESCO for the financial year 2024-25, it was observed that FESCO sustained Transmission and Distribution (T&D) losses at 8.90%, exceeding the NEPRA prescribed limit of 8.38% for the financial year 2024-25. Although transmission losses were contained within the permissible level at 0.89% against the target of 1.42%, the distribution losses surged to 8.09% against the allowed limit of 6.96%. This deviation resulted in excess energy losses of 177.40 million units. The detail is as under:

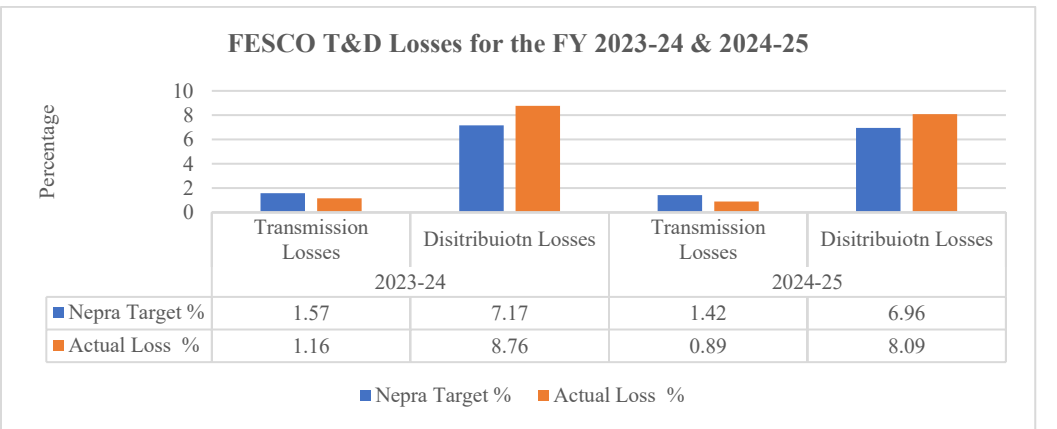
Table-11: T&D Losses of FESCO

(Units in million)

Financial Year	Description of Loss	Nepra Target %	Actual Loss %	units received at II kv (kwh)	Units Sold (kwh)	Unit Lost (kwh)	%Excess units lost	Excess units lost (kwh)
2023-24	Transmission Losses	1.57	1.16	15,553	14,191	1,362	1.59%	247.29
	Distribution Losses	7.17	8.76					
	T&D Losses	**8.74**	**9.82**					
2024-25	Transmission Losses	1.42	0.89	15,699	14,428	1,270	1.13%	177.40
	Distribution Losses	6.96	8.09					
	T&D Losses	**8.38**	**8.90**					

(Source: Disco's performance Statistic report of PPMC FY 2023-24 & 2024-25)

Figure 07: Comparison of T&D Losses beyond NEPRA permissible limit



(Source: Disco's performance statistic report of PPMC FY 2023-24 & 2024-25)

The trend of excess distribution losses remained the same in both years indicating, systemic inefficiencies in the 11 kV distribution networks, attributed mainly to overloaded feeders, defective and sluggish meters, un-monitored / unauthorized connections and insufficient system maintenance. The effect of these deficiencies led to avoidable financial loss to FESCO amounting to Rs.7,273.35 million, erosion of company profitability and non-compliance with NEPRA's performance benchmarks, ultimately burdening consumers and distorted energy efficiency targets.

Further scrutiny of CP-22-A for the financial year 2024-25 revealed that out of 1,276 distribution feeders, the distribution losses on 133 nos, feeders ranging above 15% to 20% remained abnormally high during the year, this situation resulted in 151.182 million units of energy loss beyond the NEPRA threshold. The abstract is as under:

Table-12: Feeder wise Distribution Losses of FESCO

Financial Year	Total no of feeders	No of feeders ranging Distribution losses 7% to 15%	No of sick feeders ranging Distribution losses above 15% to 20%	NEPRA Target Distribution losses%	Unit lost (in excess) beyond NEPRA Target, 15% to 20% in million
2024-25	1276	707	133	6.96%	151.18

(Source: CP-22-A of FESCO for the FY 2024-25)

Non-adherence to the NEPRA's targets resulted in financial loss due to excess energy losses beyond NEPRA benchmark and inefficient feeder performance amounting to Rs.7,273.35 million for the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025.The management replied that each feeder loss cannot be considered equal to the company T&D loss, target set by NEPRA because the technical loss on each feeder is different w.r.t other feeder, so it is neither practical nor possible to apply given target on feeder basis. FESCO could not achieve the assigned Target of T&D losses due to the following cogent reasons i.e increase in tariff rates and the discontinuation of subsidies, the cost of electricity had risen significantly. By putting in special efforts and implementing effective measures, FESCO T&D Losses remained below than the previous financial year. The management reply was not tenable as losses on most of the distribution feeders remained high against previously reported losses. Moreover, NEPRA's overall

T&D loss benchmark does not absolve FESCO from controlling feeder-wise distribution losses, which remain the primary operational unit for monitoring the loss reduction and performance evaluation under NEPRA's regulatory framework.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit the detailed justifications alongwith documentary evidence and CP-22-A to D to Audit within one week. Further, directed the management to share the initiatives undertaken to improve the losses position, particularly in the far-flung areas and way forward.

No further progress was intimated till finalization of the report.

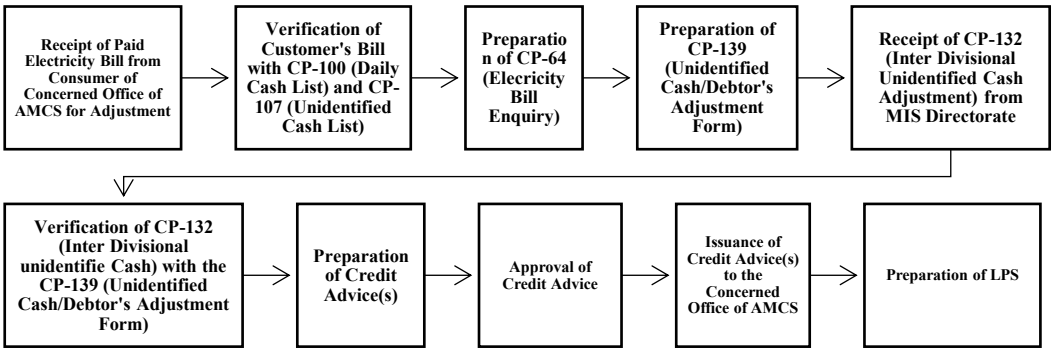
Audit recommends implementation of DAC's decision.

(Draft Para No. 1587/2025-26/AMIS 2025_COM0000000145_F01751)

5.2 Erroneous adjustment under residual unaccounted cash balance cases

According to Para 10.1(B) under Section Revenue and Receipt (RNR) of DISCOs Accounting Manual, "Paid Electricity Bill of Consumer from Concerned Office of Assistant Manager Customer Service (AMCS) is received by the Collecting Office of AMCS and verified with CP-100 (Daily Cash List) and CP-107."

Figure-08: Flow Chart regarding Adjustment of Unidentified Cash of Collecting Office of AMCS



During the audit of FESCO for the financial year 2024-25, it was observed from management report (CP-107-Residual Unaccounted List) that an amount of Rs.5.615 million was erroneously and excessively adjusted against 229 consumers

under the head of "Unidentified Cash" resulting in negative balances. Once adjustments were made the balance should have been zero and in case of non-adjustment a positive balance could remain, however, negative balance was logically not possible and was therefore indicative of error. Audit scrutiny of CP-120-A revealed that the progressive balance of unidentified cash showed at Rs. 53.162 million against 10,035 consumers, which included positive balances of Rs.58.882 million and negative balances of Rs.5.615 million as on June 2025. The anomaly occurred due to weak reconciliation controls, lack of monitoring and verification by the MIS and Customer Services Directorate (CSD), and unauthorized system adjustments by revenue offices.

Non-adherence to Accounting Manual resulted in erroneous adjustment under residual unaccounted cash balance cases up to June, 2025.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that whenever a consumer pays his electricity bill but due to any systematic error / link down or due to wrong A/C No. mentioned on manual electricity bill, the paid amount is transferred to untraceable/unidentified cash head. But as per Commercial Procedure, subsequently, when the respective consumer lodge his complaint with the concerned Revenue Officer for non-posting of his paid amount. The concerned R.O. after due verification of record, post the paid amount to the actual consumer Account. Management's reply was not tenable, as adjustments cannot justify negative unidentified cash balances, which were prohibited under the Accounting Manual and clearly indicate unauthorized adjustments and weak reconciliation controls rather than mere system errors.

The DAC, in its meeting held on February 9-10, 2026, directed the CEO to look into the matter and provide a justified reply, along with supporting documents in accordance with the relevant procedures for posting/adjustment of unidentified cash through the concerned CPs, to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1527/2025-26/AMIS 2025_COM0000000145_F01718)

5.3 Unauthorized load extension by industrial consumers

According to Para-8.2.10 &7.5.3 of Consumer Service Manual of NEPRA, if a consumer extends the existing load beyond the sanctioned load, a notice shall be issued to the consumer to apply for extension of load. The consumer shall apply for extension of load within fifteen days of the receipt of the notice. DISCO shall disconnect the power supply if the consumer fails to apply for extension of load and completes other formalities. Moreover, if any consumer uses higher MDI i.e. B-1 consumer uses load above 25 kW, the DISCO shall immediately issue notice for change of tariff to B-2, however, charging of difference of tariff or power factor penalty shall not be more than six (6) months, retrospectively

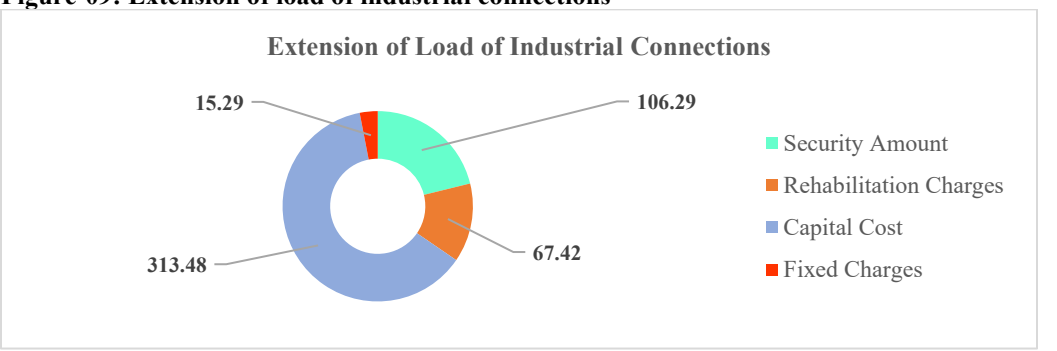
During the audit of FESCO for the financial year 2024-25, it was observed that out of 55,624 industrial consumers, 1,220 had extended their connected load without obtaining approval from the competent authority. Audit is of the view that un-authorized extension of load by the industrial consumers severely effects the assets of the company owing to system constraints in distribution network. The detail is as under:

Table-13: Unauthorized extension of load **(Rs. in million)**

Sr No	Consumer Nature & Tariff	No. of connections running beyond Sanctioned load	Security Amount	Rehabilitation Charges	Capital Cost	Fixed Charges	Grand Total. Rs
1	Industrial B-I (9)	672	13.71	2.17	84.65	15.29	115.82
2	Industrial B-II (12)	540	83.85	50.06	228.83	-	362.73
3	Industrial B-III (14)	8	8.73	15.19	-	-	23.92
	Total	**1220**	**106.29**	**67.42**	**313.48**	**15.29**	**502.47**

(Source: MIS MDI Data and E-Bill of consumers for the F.Y. 2024-25)

Figure-09: Extension of load of industrial connections



(Source: MIS MDI Data and E-Bill of consumers for the F.Y. 2024-25)

As a result of inadequate monitoring of MDI reading and non-enforcement of supply condition. Moreover, FESCO was unable to recover mandatory security deposits, feeder rehabilitation charges, transformer/capital cost and fixed charges leading to a financial loss of Rs.502.471 million to the company.

Non-adherence to conditions of NEPRA consumer service manual resulted in unauthorized load extended by the industrial consumers up to the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied FESCO raises debit to respective consumers who whenever found in misuse of tariff through illegal extension of load. In this way, some consumers reduce their load within their sanctioned limit and some get their load regularized after fulfilling the formalities mentioned under NEPRA Consumer Service Manual (CSM). Those consumers who do not abide by the rules mentioned under CSM; their connections are disconnected by the department. Moreover, FESCO GM (OP) vide office order No.15713 dated March 06, 2025 has already constituted a standing committee at each circle level to probe the facts on account of non-regularization of unauthorized extension of load and to fix the responsibility on case-to-case basis. The standing committee is working on case-to-case basis and progress achieved in this regard would be intimated to Audit, accordingly.

The DAC, in its meeting held on February 9-10, 2026, directed the GM (Operation) to depute a technical officer to monitor the identified cases regarding extended load by the consumers and get the record of regularization of load verified from Audit. Further, DAC directed the management to finalize the committee report and submit to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1130/2025-26/AMIS 2025-COM0000000145_F01192)
(Draft Para No.1142/2025-26/AMIS 2025_COM0000000145_F01217)
(Draft Para No.1255/2025-26/AMIS 2025_COM0000000145_F01374)
(Draft Para No.1257/2025-26/AMIS 2025_COM0000000145_F01388)
(Draft Para No.1523/2025-26/AMIS 2025_COM0000000145_F01714)
(Draft Para No 1532/2025-26/AMIS 2025_COM0000000145_F01723)

5.4 Pending enforcement and recovery mechanisms in anti-theft campaign resulting in outstanding detection bills

According to Para-1.3 of WAPDA Commercial Procedures Manual, "the Revenue Officer and Assistant Manager are responsible for: i) implementing in

conjunction with the Executive Engineer, the commercial policy laid down from time to time by the Authority through the Company ii) efficient application of billing and collection procedure".

During the audit of FESCO for the financial year 2024-25, it was observed from the performance evaluation record that under the anti-theft campaign launched by the Ministry of Energy, a total of 2,023 FIRs were requested; however, 19,925 were registered, against which 14,812 persons were arrested. Additionally, 05 employees were arrested and 27 were suspended for their involvement. FESCO charged 47.78 million units amounting to Rs. 2,260.98 million as detection bills, out of which Rs.1,817.97 million was recovered, leaving a sizeable balance of Rs.443.01 million outstanding for the period from. September 07, 2023 to June 30, 2025. The abstract is as under:

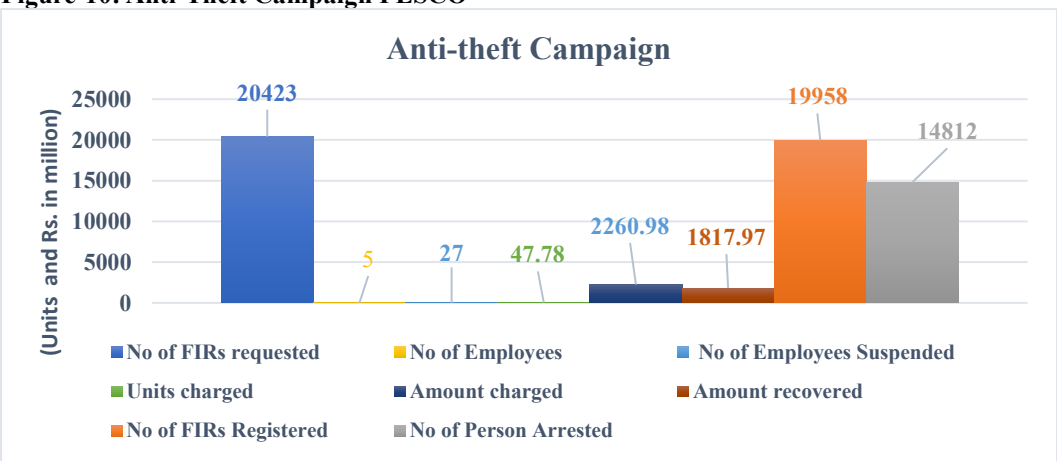
Table-14: Status of Anti-theft campaign of FESCO

(Rs. in million)

Period	No of FIRs requested	No of FIRs Registered	No of Person Arrested	No of Employees	No of Employees Suspended	Units charged	Amount charged	Amount recovered	Amount Balance
7.9.2023 to 30.6.24	9664	9652	9550	5	27	22.95	1060.67	897.80	162.87
1.7.24 to 30.6.25	10759	10306	5262	0	0	24.83	1200.31	920.17	280.14
Total	**20423**	**19958**	**14812**	**5**	**27**	**47.78**	**2260.98**	**1817.97**	**443.01**

(Source: FESCO Anti-theft data for the period 09/2023 to 06/2025)

Figure-10: Anti-Theft Campaign FESCO



(Source: FESCO Anti-theft data for the period 09/2023 to 06/2025)

The shortfall in FIR registration, incomplete recovery, and delays in enforcement occurred due to weak coordination with law enforcement agencies, lack of robust follow-up by enforcement and recovery units, and absence of a structured monitoring mechanism. Consequently, substantial billed revenue remains unrecovered, reducing the financial effectiveness of the anti-theft campaign and weakening deterrence against electricity theft. Moreover, an amount of Rs.58.133 million **(Annexure-V)** was charged to 989 Nos. un-registered (888) consumers on account of theft/stealing of energy. However, neither recovery of energy charges was effected from illegal/unregistered consumers nor these consumers were regularized and brought into billing cycle.

Non-adherence to rules resulted in pending enforcement and recovery mechanisms in anti-theft campaign resulting in outstanding detection bills in upto the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that extraneous efforts are being made to recover the outstanding amount and for that following steps are being taken i.e. ensuring that no supply would be used at the defaulter premises, continuous vigilance over the defaulter premises, processing creation of demand with the concerned District Collector for recovery of defaulter amount under Land Revenue Act.

The DAC, in its meeting held on February 9-10, 2026, expressed displeasure over the Chief Law Officer, FESCO, for failing to justify the status of court cases with reference to the reasons for pendency, nature of the cases, and the dates of last hearings and directed the CEO to conduct an inquiry, through the company, against the concerned senior officer(s) regarding the handling of these court cases, and to initiate appropriate disciplinary proceedings against those who failed to properly pursue the cases before the courts of law. The outcome of the inquiry may recorded in their ACRs/service dossiers accordingly. The DAC further directed the management to submit the updated position of recovery in theft cases and get the record verified from Audit within two weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1126/2025-26/AMIS 2025_COM0000000145_F01170)
(Draft Para No.1249/2025-26/AMIS 2025_COM0000000145_F01339)
(Draft Para No.2216/2025-26/AMIS 2025_COM0000000145_F02331)
(Draft Para No.1589/2025-26/AMIS 2025_COM0000000145-F01753)

5.5 Waiving off late payment surcharge (LPS) to consumers

According to Section 6(a), Chapter-3 of State Owned Enterprises (SOE) Act-2023, every state-owned enterprise shall undertake its operations in accordance with the criteria for sound and prudent management, namely:- the business of the SOE is carried on with integrity, objectivity, due care and professional skills appropriate to the nature and scale of its activities.

During the audit of FESCO for the financial year 2024-25, it was observed that Late Payment Surcharges (LPS) amounting to Rs.28.47 million for 8,156 private and Government consumers were waived by field offices. Further review revealed that while FESCO waived LPS for its consumers, it was simultaneously obligated to pay supplemental charges to CPPA-G on delayed payments to Independent Power Producers (IPPs). CPPA-G had raised invoices amounting to Rs.6,001.57 million, whereas LPS recovered and transferred by FESCO to CPPA-G stood at Rs.5,895.37 million resulting in a net shortfall of Rs.106.20 million during the financial year 2024-25. The abstract is as under:

Table-15: Waiving of LPS to private and government consumer

(Rs.in million)

LPS recovered and transferred to CPPA-G Rs.in million	Supplemental charges invoices raised by CPPA-G Rs in million	Difference Rs. in million	Total [13]LPS Waived off	LPS Private connections (Domestic, Commercial, Industrial)		LPS Government Connections	
			Rs. in million	Nos	Rs in million	Nos	Rs in Amount
5895.37	6001.57	106.20	28.49	65	12.70	3	0.71
				467	5.89	24	0.26
				3081	5.75	84	0.18
				4357	2.92	75	0.06
				7970	**27.26**	**186**	**1.21**

(Source: MIS Data of consumers and Financial Data (Dr/Cr Advice) for the FY 2024-25)

The waiver of LPS occurred due to non-compliance with approved billing policies, weak internal controls and lack of oversight. This lapse not only reduced FESCO's potential revenue but also increased its financial burden as it had to pay

[13] The LPS waived amount selected by audit ranged between Rs. 500 to Rs.3.2 million

supplemental charges for delayed payments to IPPs, thereby adversely affecting its cash flow and financial sustainability.

Waiving of Late Payment Surcharge (LPS) to consumers resulted in loss to the company upto the financial years 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that an inquiry committee has been constituted to probe into the matter by FESCO GM (C&CS) Office Order No. 278/2270 dated January 28, 2026. The output of the Inquiry report would be shared with Audit. However, FESCO officers while performing their legitimate official duties under delegated financial powers have rightfully waived off the Late Payment Surcharges (LPS) by upholding the justice in accordance with rules after fulfilling all the procedural formalities. The management reply was not tenable as no case-wise documentary evidence, competent authority approval, or quantification of departmental fault was produced to validate waiver of LPS. However, waiver of Rs.28.47 million directly reduced FESCO's revenue while it continued to bear CPPA-G supplemental charges.

The DAC, in its meeting held on February 9-10, 2026, directed the management to finalize the inquiry proceedings and submit the inquiry report alongwith relevant record of 30 sample cases of private consumers at sub division level to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1128/2025-26/AMIS 2025_COM0000000145_F01175)
(Draft Para No.1253/2025-26/AMIS 2025_COM0000000145_F01366)
(Draft Para No.2213/2025-26/AMIS 2025_COM0000000145_F02328)

5.6 In-accurate billing to Government connections by applying load factor above 100%

The Consumer Service Manual Annexure-V prescribed percentage of Load Factor (ranging between 15% to 70%) for different categories of connections.

As per Para-8.2.10 of NEPRA Consumer Service Manual, if a consumer extends the existing load beyond the sanctioned load, a notice shall be issued to the consumer to apply for extension of load. The consumer shall apply for extension of load within fifteen days of the receipt of the notice. DISCO shall

disconnect the power supply if the consumer fails to apply for extension of load and completes other formalities

During the audit of FESCO for the financial year 2024-25, it was observed that in 37,654 consumer connections of various tariff categories, a total of 236.002 million units **(Annexure-VI)** were billed on running metered connections by applying load factors exceeding 100%, whereas the CSM Annexure-V prescribes specific load factor percentages for each consumer category as determined by NEPRA. Audit scrutiny revealed that 168.480 million (71%) units were billed in excess of the NEPRA' determined load factors, indicating that consumers utilized extended loads without proper regularization by the management**.** Audit picked up a sample of 4,305 nos. Government connections out of total connections nos. 37,654 falling under General Service A-3(66) and Public Lighting, G-I&II (72&73) categories etc., it was analyzed that 21.48 million units were charged during corresponding months due to application of load factors above 100% **(Annexure-VII)**. The inaccurate billing appeared to have resulted from factors such as accumulation of meter readings, use of extended/un-sanctioned load, and lack of system checks in the billing process on active status of connection. Weak internal controls over load verification, inadequate supervision of metering and billing processes, and ineffective enforcement of Consumer Service Manual provisions regarding load regularization led to the irregular application of load factors.

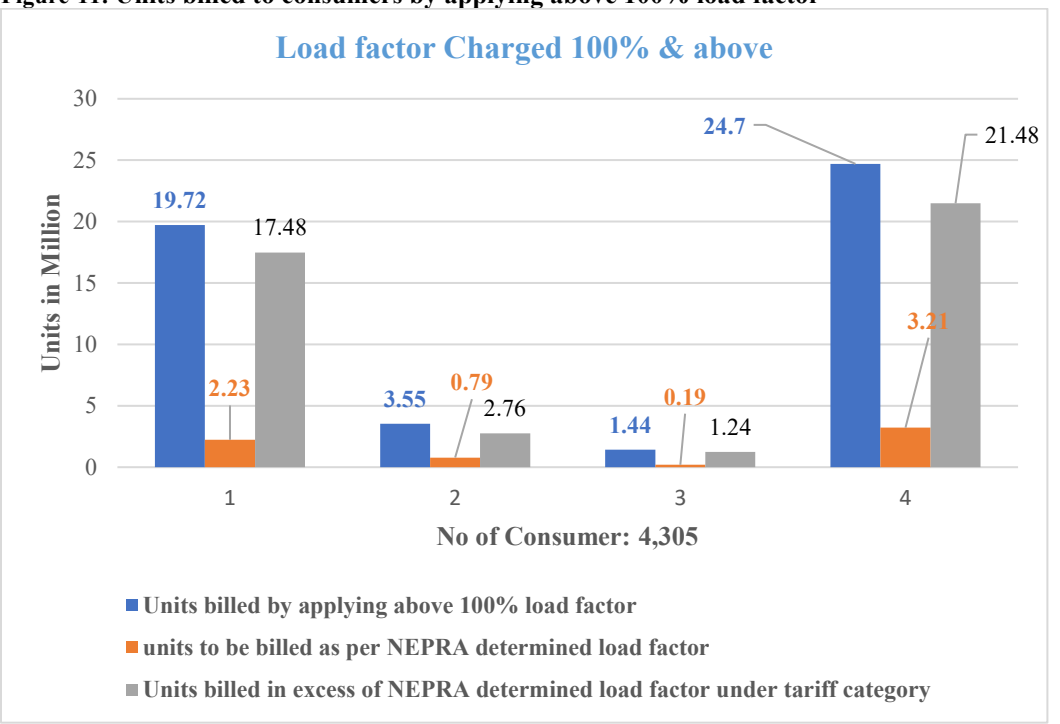
Table-16: Units billed to consumers by applying above 100% load factor

(Units in million)

Sr. No.	Tariff Description	Tariff Category	No of consumer cases	Rang above 100%Load Factor	Units billed by applying above 100% load factor	units to be billed as per NEPRA determined load factor	Units billed in excess of NEPRA determined load factor under tariff category
`1	General Service	A-3(66)	3139	101% to 5288%	19.72	2.23	17.48
2	Public Light	G-1 (72)	988	101% to 1470%	3.55	0.79	2.76
3	Public Light	G-2 (73)	178	101% to 1420%	1.44	0.19	1.24
		Total	**4,305**		**24.71**	**3.21**	**21.48**

(Source: - MIS detail of consumers for the year 2024-25)

Figure-11: Units billed to consumers by applying above 100% load factor



(Source: MIS detail of consumers for the year 2024-25)

Non-adherence to provision of consumer service manual resulted in inaccurate billing to consumers by applying load factor above 100% without regularization of extended load for the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that load factor comes more than 100% in some cases when display of a meter was washed out and average billing (estimated) charged but at the subsequent stage that meter again showed display. Then after showing the actual meter reading balance consumption can be recorded due to that load factor may be above than 100%. Furthermore, sometimes due to force majeure i.e. long holidays are variation in meter reading cycle, if consumption recorded is high due to any of above justified reasons, the load factor maybe above than 100%. Moreover, FESCO GM (C&CS) has constituted an inquiry committee vide Office Order No. 276/2145 dated January 16, 2026 to probe into matter and to fix the responsibility against the delinquents (if any) along with recommendations for remedial measures to be taken to for accurate billing.

The outcome and remedial action taken would be intimated to audit accordingly. Management's reply was not tenable as accumulated or estimated billing cannot justify load factors exceeding 100%. The inaccurate billing resulted from non-regularization of extended load and weak internal controls.

The DAC, in its meeting held on February 9-10, 2026, directed the CEO FESCO to look into the matter and finalize the inquiry proceedings within one month and submit the inquiry committee report along with supporting documents to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1526/2025-26/AMIS 2025_COM0000000145_F01717)

5.7 Refund to running consumers on account of segregation of electricity bills

According to Para.6.4.2 of Consumer Service Manual issued by NEPRA, in cases where accumulated readings are recorded, segregated bills shall be prepared keeping in view the number of months for which the readings have accumulated to give slab benefit/relief to the consumers. The segregation of bill is only allowed to new connections and RCO cases on their accumulated units.

During the audit of FESCO for the financial year 2024-25, it was observed that an amount of Rs.792.61 million was credited under B-type adjustments to 98,890 Nos. domestic A-1(a) consumers by splitting their electricity bills to provide slab benefits or tariff relief. According to the regulations, bill segregation is only permitted for new connections and RCO cases with accumulated units. However, a sample review of 3,675 cases (excluding new connections and RCO) revealed that significant amounts Rs.232.14 million were credited to existing consumers by splitting their accumulated units over more than two months.

Table-17: Refund to Running Consumers

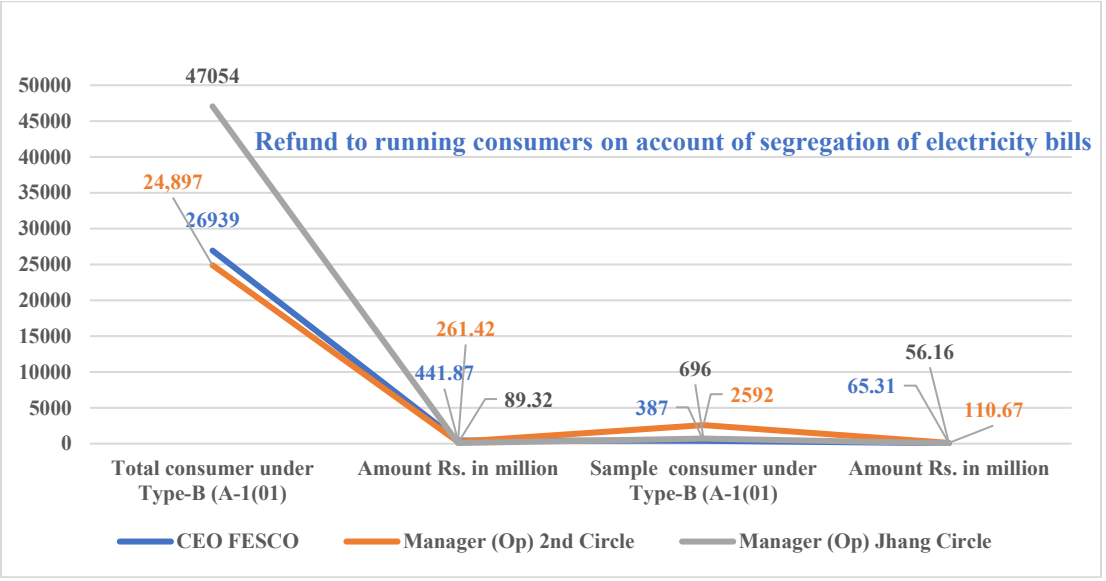
(Rs.in million)

Sr. No.	Formation	Period	Total consumer under Type-B (A-1(01)	Amount	Sample consumer under Type-B (A-1(01)	Amount
1	CEO FESCO	July 2024 to June 2025	26,939	441.87	387	65.31
2	Manager (Op) 2nd Circle	July 2022 to June 2025	24,897	261.42	2592	110.67

3	Manager (Op) Jhang Circle	July 2022 to June 2025	47,054	89.32	696	56.16
		Total	**98,890**	**792.61**	**3675**	**232.14**

(Source: MIS data sheets and sample CP-75 &52 (Bill adjustment notes)

Figure-12: Refund to running consumers on account of segregation of electricity bills



(Source: MIS data sheets and sample CP-75 &52 (Bill adjustment notes)

The review indicated that actual monthly units were neither recorded nor billed to existing consumers and no action was taken against those responsible for charging accumulated units.

Non-compliance with NEPRA's Consumer Service Manual resulted in an unjustified refund of huge amounts to running consumers through the segregation of electricity bills amounting to Rs.232.14 million during the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that there are multiple reasons for credit to consumers without adjusting units i.e correction of bills / regarding taxation issues on court orders, revision / Corrections of electricity bills on the FBR advice, corrections of electricity bills regarding wrong levy of Late Payment Surcharge by computer system due to System/Technical error, credit of Fuel Price Adjustment (FPA) on earlier afforded correction. In case of new connection, the first bill is issued to the consumer within the period from 2-3 months. In this way accumulated

bill of accumulated units is issued to the consumers which under procedure is segregate-able. Moreover, FESCO GM (C&CS) had constituted an inquiry committee vide Office Order No. 275/2144 dated January 16, 2026 to probe matter and to fix the responsibility against the officers/officials. The management reply was not tenable as no case-wise evidence was produced to justify bill segregation for existing/running consumers. Audit sample clearly established unjustified B-type adjustments without fixing responsibility on field staff.

The DAC, in its meeting held on February 9-10, 2026, directed the management to finalize the inquiry proceedings within one month and submit the inquiry report alongwith supporting documents to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1141/2025-26/AMIS 2025_COM0000000145_F01216)
(Draft Para No.1269/2025-26/AMIS 2025_COM0000000145_F01378)
(Draft Para No.1522/2025-26/AMIS 2025_COM0000000145_F01713)

5.8 Refund of units due to wrong reading and revision of detection bill to consumers

According to instructions issued by the Managing Director PEPCO vide letter dated December 01, 2010, "strict disciplinary action, without any exception, shall be taken against the officers and staff found involved in the over-billing".

During the audit of FESCO for the financial year 2024-25, it was observed that 125.94 million units, amounting to Rs.5631.02 million were refunded/credited to 153,223 private and government consumers through adjustment notes. A trend analysis of these credits showed that 85.223 million units amounting to Rs.3,768.19 million (67% of the total), were attributed to A-type adjustments (revision of incorrect readings) however, E-Type i.e revision of detection bills 35.096 million units with amount of Rs.1,597.81 million was also made and remained 28% of total refunded amount. However, 60.94 million units against 9,714 cases totaling amount Rs.2,606.95 million (above Rs.100,000/- amount credited of A-type & E-type adjustment) on sample basis found that firstly units were debited to the consumers and subsequently units had been credited on account of wrong reading and revision of detection bills. The abstract is as under:

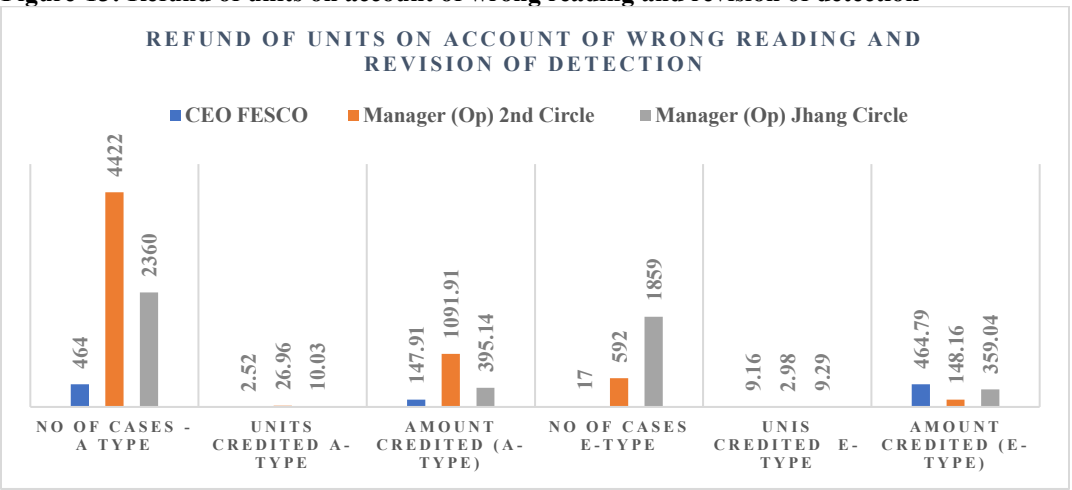
Table-18: Refund of units on account of wrong reading and revision of detection

(Rs.in million)

Sr No.	Formation	Period	No of cases -A type	Units Credited A-type	Amount Credited	No of cases E-Type	Unis credited E-type	Amount
1	CEO FESCO	July 2024 to June 2025	464	2.52	147.91	17	9.16	464.79
2	Manager (Op) 2nd Circle	July 2022 to June 2025	4422	26.96	1091.91	592	2.98	148.16
3	Manager (Op) Jhang Circle	July 2022 to June 2025	2360	10.03	395.14	1859	9.29	359.04
		Total	**7246**	**39.51**	**1634.96**	**2468**	**21.43**	**971.99**

(Source: - MIS data sheets and sample CP-75 &52 bill adjustment notes)

Figure-13: Refund of units on account of wrong reading and revision of detection



(Source: - MIS data sheets and sample CP-75 &52 (Bill adjustment notes)

This scenario indicated incorrect assessing and charging consumers for erroneous readings and detection made by the field formations. However, no action was taken against the officers / officials involved in wrong billing and wrong assessment of detection charges.

It was further observed that 14,428 million units amounting to Rs.590,904.00 million were billed to consumers. Against this, a substantial adjustment of Rs.3,986.00 million was made through refunds or credit notes to various consumers on account of correction of meter readings and revision of detection bills.

Table-19: Comparison of billed amount and adjustments

(in million)

Financial Year	Units Billed	Amount Billed	Amount Adjustment / Refund	Allowed Adjustment (0.01% of Billing)	Excess Over Allowed Limit	% Adjustment to Total Billing
2024-25	14,428	590,904.00	3,986.00	59.09	3,926.91	0.67%

(Source: PPMC DISCO performance Report for the FY 2024-25)

This adjustment ratio of 0.67% is significantly higher than the prescribed limit of 0.01%, indicating non-compliance with PPMC and MoU directives.

Inefficient operational management resulted in refund of units due to wrong reading/detection charged to consumers amounting to Rs.2,606.95 million for the financial year 2024-25.

The matter was taken up with the management in December, 2025. The management replied that human, arithmetic, clerical and technical errors cannot be avoided in routine course of business. As FESCO is a big utility company having registered 5.81 million consumers with annual turnover 584.30 billion. Rectification/ revision of electricity bills on the detected errors / mistakes after checking of bill issued is mandatory under the commercial procedure. Moreover, FESCO GM (C&CS) had constituted an inquiry committee vide Office Order No. 274/2142 dated January 16, 2026 to probe into the matter and to fix the responsibility against the officers/officials. The management reply was not tenable, an abnormally high volume and value of A-type and E-type adjustments, evidencing systemic wrong readings/detection and weak internal controls and requires fixation of responsibility for wrong billing and assessment of detection bills. However, while assessment of FESCO's consumer service performance, PPMC also showed concern about billing accuracy, field verification and control effectiveness.

The DAC, in its meeting held on February 9-10, 2026, directed the management to finalize the inquiry proceedings within one month and submit the inquiry report alongwith supporting documents to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1146/2025-26/AMIS 2025_COM0000000145_F01225)
(Draft Para No.1267/2025-26/AMIS 2025_COM0000000145_F01376)
(Draft Para No.1521/2025-26/AMIS 2025_COM0000000145_F01712)
(Draft Para No.1584/2025-26/AMIS 2025_COM0000000145_F01748)

5.9 Non-inquiring frequent replacement of energy meters of selective consumers

According to the instructions issued by WAPDA dated July 17, 1982 "all losses whether of public money or of Stores, shall be subjected to preliminary investigation by the officer in whose charge they were to fix the cause of the loss and the amount involved.

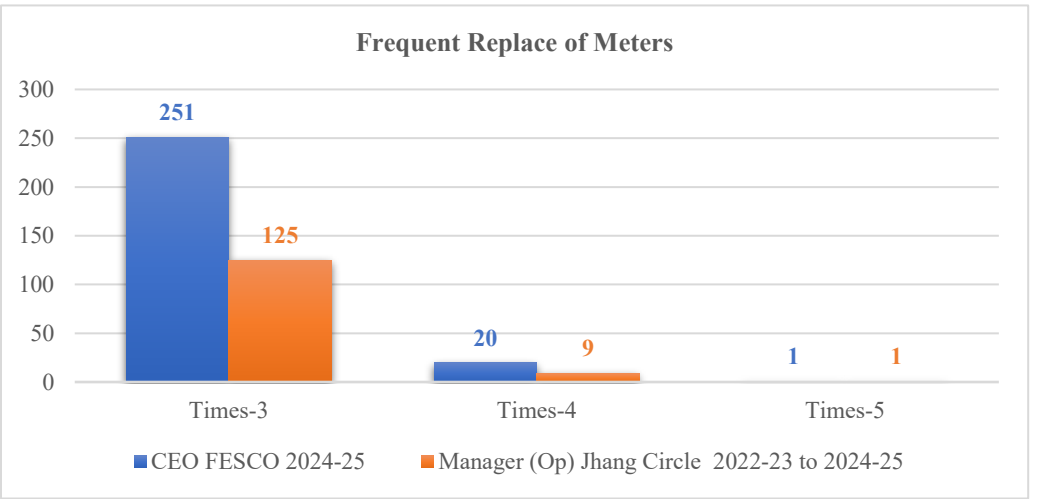
During the audit of FESCO, for the financial year 2024-25, it was observed that 407 energy meters of selective consumers were replaced multiple times, ranging from 3 to 5 times during the year. The abstract of multiple meter change orders (MCOs) is given below:

Table-20: Frequent replacement of energy meters

Name Of Formation	Financial Year	Times-3	Times-4	Times-5	Total
CEO FESCO	2024-25	251	20	1	272
Manager (Op) Jhang Circle	2022-23 to 2024-25	125	9	1	135
Total		**376**	**29**	**2**	**407**

(Source: MIS Data of Replacement of Energy meters)

Figure-14: Frequent replacement of energy meters



(Source: MIS Data of Replacement of Energy meters)

However, no technical analysis or testing reports from the Metering & Testing (M&T) or System & Inspection (S&I) divisions were available on record to determine the causes of repeated meter failures. Moreover, no evidence of

claims lodged with the manufacturers for replacement of defective meters under warranty was found on record.

Failure to implement the authority's instructions resulted in lack of inquiry into frequent replacement of energy meters for selective consumers during the 2024-25 financial year.

The matter was taken up with the management in December, 2025. The management replied that an inquiry committee has been constituted to probe into the matter by GM (C&CS) Office Order No. 273/2140/MCO dated January16, 2026. The output of the inquiry report would be shared with Audit and action recommended by the inquiry team which would be taken in true letter & spirit.

The DAC, in its meeting held on February 9-10, 2026, directed the management to finalize the inquiry proceedings within one month and submit the inquiry report alongwith supporting documents to Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1132/2025-26/AMIS 2025_COM0000000145_F01195)
(Draft Para No.1595/2025-26/AMIS 2025_COM0000000145_F01759)

5.10 Non-recovery of Retailer Sales Tax due to incorrect classification of commercial connections

Under Section 3(9) of the Sales Tax Act, 1990, sales tax on retailers (other than Tier-1) is required to be charged and collected through monthly electricity bills at the rate of 5% where the monthly bill does not exceed Rs.20,000 and 7.5% where it exceeds Rs.20,000. Distribution companies are responsible for correct consumer classification to ensure billing and recovery of applicable Retailer Sales Tax (RST).

During the audit of FESCO for the financial year 2024-25, a sample-based review of data relating to the charging of Retailer Sales Tax (RST) under the exempted classification codes "02606 & 02709 - Hotels & Misc services" was undertaken. The review revealed that restaurants and marriage/wedding halls engaged in taxable commercial activities had been classified under these exempted codes instead of being placed under the appropriate taxable consumer classification codes "01602 - Eating Places, Restaurants" and "01612 -Marriage Halls", which were required to enable charging of RST through the electricity billing system.

Further analytical review of consumers billed under the said exempted codes established that, apart from restaurants and marriage/wedding halls, several other commercial consumers were also incorrectly classified. Examination of their sanctioned load, connected load, and electricity consumption patterns indicated usage characteristics inconsistent with those ordinarily associated with hotels or lodging establishments. This misalignment between business activity and assigned classification code substantiated systemic mis-classification within the billing system. Hence, Retailer Sales Tax amounting to Rs.8.24 million was not charged and recovered through the electricity billing mechanism during the audited period. The abstract is as under:

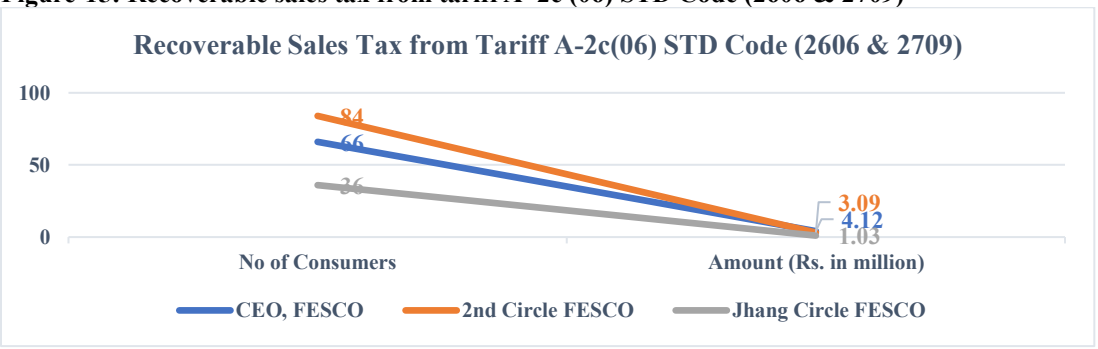
Table-21: Retail sales tax from commercial consumers tariff A -2c (06) STD Code (2606 & 2709)

(Rs.in million)

Sr. No.	Name of Formation	Nature of commercial business	No of Consumers	Period	Amount
1.	CEO, FESCO	Hotel, marriage hall & restaurant	66	2024-25	4.12
2.	Manager (Op) 2nd Circle FESCO		84		3.09
3.	Manager (Op) Jhang Circle FESCO		36		1.03
	Total:		**186**		**8.24**

(Source: MIS data/E-bills of consumer)

Figure-15: Recoverable sales tax from tariff A -2c (06) STD Code (2606 & 2709)



(Source: MIS data/E-bills of consumer)

The condition occurred due to weak verification at the time of initial consumer classification, absence of periodic review and validation of classification codes, inadequate supervisory oversight, and ineffective system-based controls to identify and rectify mis-classification of consumers liable to Retailer Sales Tax.

Non-adherence to the instructions of FBR (Revenue Division) resulted in non-recovery of retailer sales tax due to incorrect classification of commercial connections Rs.8.24 million upto the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that the retailer sales tax is chargeable only to retailers who are dealing in goods and not to the consumers who deals with only services under classification code 2606 & 2709.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit documents related to site verification of these connections alongwith supporting documents exemption certificate of FBR and site verification reports to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1133/2025-26/AMIS 2025_COM0000000145_F01197)
(Draft Para No.1251/2025-26/AMIS 2025_COM0000000145_F01358)
(Draft Para No.1531/2025-26/AMIS 2025_COM0000000145_F01722)

5.11 Discrepancy in units received and billed on distribution/independent feeders

According to Para 1.3 of WAPDA Commercial Procedure Manual "Revenue Officer is responsible for: i) Implementing in conjunction with the Executive Engineer, the commercial policy laid down from time to time by the Authority through the Company ii) Efficient application of billing and collection procedures".

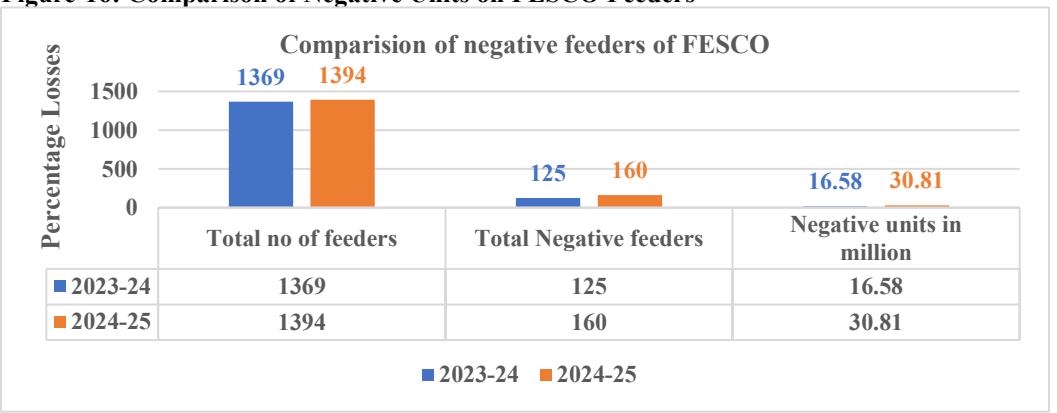
During the audit of FESCO for the financial year 2024-25, it was observed that 160 feeders out of 1394 were reported in negative figures in CP-22A ranging from -0.1% to -187.6% during the year 2024-25 **(Annexure-VIII)**. Audit compared the feeder wise position with previous year and it was observed that the trend of negative figures persisted year to year basis. The negative figures revealed that the units billed were in excess of units received on feeders, resultantly an amount of Rs.1,263.07 million was overbilled to the consumers. The detail is as under:

Table-22: Comparison of negative units on FESCO feeders **(in million)**

Financial Year	Total no of feeders	Total Negative feeders	Negative units	Financial impact (amount) on feeders
2023-24	1369	125	16.58	497.40
2024-25	1394	160	30.81	1263.07

(Source: CP-22A for the year 2024-25) (PPMC Report for the year 2025)

Figure-16: Comparison of Negative Units on FESCO Feeders



(Source: CP-22A of FESCO for the FY 2024-25)

The anomaly occurred due to ineffective monitoring of billing record, weak internal controls over excess reading of energy units. Consequently, it led to undue financial burden on the consumers, overstatement of revenue and concealment of line losses.

Non-adherence to WAPDA Commercial Procedures Manual resulted in discrepancy in units received and billed on distribution/independent feeders amounting to Rs.1,263.066 million during the financial years 2024-25.

The matter was taken up with the management in December, 2025. The management replied that 11kV feeders have different reasons due to which that losses were showing negative due to dual supply to sensitive consumers, shifting of load to other feeders due to fault. However, not a single consumer out of those 11KV independent consumers had filed any complaint regarding over billing at any forum. The management's reply was not tenable, as negative losses reflect billed units exceeding received units, which cannot be justified by dual supply or load shifting without feeder-wise unit reconciliation.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit technical Justification alongwith supporting documents including grid end sheet and consumer billing (CP-34-C) on the same dates of readings to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1588/2025-26/AMIS 2025_COM0000000145_F01752)

6. Environment & Safety Policy

FESCO recognizes that effective environmental management and occupational safety are integral to the reliable and sustainable operation of its power distribution system. However, a significant gap between policy commitments and on-ground implementation, as evidenced by recurring fatal incidents, non-compliance with NEPRA safety codes, delays in procurement of critical safety equipment, and imposition of regulatory penalties. These shortcomings indicate weaknesses in enforcement, monitoring, and accountability mechanisms, highlighting the need for strengthened implementation of the Environmental and Safety Policy through proactive compliance, effective oversight, and timely management action.

6.1 Non-procurement of insulated bucket-mounted utility vehicles despite fatal incidents and operational requirements

According para 7.32.4 of NEPRA Safety code, 2024. if poles, towers and structure are unsafe for climbing, these shall not be climbed until made safe by guying, bracing or use mobile elevated aerial platform, man baskets, man-lift or bucket mounted vehicle instead of ladder.

During the audit of FESCO for the financial year 2024-25, it was observed that eight field staff members (LS, LM, and ALM) lost their lives while performing operational duties. Disciplinary inquiries were conducted, and the inquiry committees repeatedly recommended the urgent provision of insulated bucket-mounted utility vehicles (46/22 kV as per WAPDA specifications) in each subdivision on war-footings to ensure safe handling of emergencies and consumer complaints. It is pertinent to note that NEPRA had already imposed a penalty of Rs.26 million on FESCO vide order dated November 5, 2021 due to ten fatal accidents (eight employees and two members of the public) during July, 2019 to January, 2021, attributed to design flaws in the distribution system, inadequate safety measures, unsafe use of the system by cable operators, insufficient clearance of 11 kV lines, and unauthorized work by private electricians with the Licensee's consent. Despite recurring fatalities, availability of funds, and provisions in annual procurement plans, FESCO failed to procure insulated bucket-mounted utility vehicles over the past five years. Tender No. 2774 for procurement of 17 vehicles was opened on December 12, 2024 under procurement plan 2024-25, wherein M/s Meraj Limited Karachi emerged as the single technically responsive bidder, quoting Rs.21.5 million per unit. The evaluation report was uploaded on PPRA website on January 29, 2025, and funds amounting to Rs.365.500 million were financially vetted by the CFO on March 14, 2025. However, the purchase order was not issued. Moreover, on the directions of the CEO, a committee was constituted on March 05, 2025 to inspect local manufacturers. The committee inspected M/s Bilal Engineering and M/s JIC, Gujranwala, on March 07, 2025 and recommended revision and simplification of technical specifications. Consequently, the tender was scrapped. Additionally, 16 tenders for PPE and T&P items were also scrapped during 2024-25 due to firms being declared technically non-responsive. As a result, only five insulated bucket-mounted utility vehicles were available for field operations, exposing the majority of staff to unsafe working conditions. The persistent failure to procure critical safety equipment,

despite availability of funds reflects serious weaknesses in planning and execution of the procurement process. Moreover, inadequate oversight by the HSE Directorate further aggravated safety risks, leading to avoidable fatalities, injuries.

Non implementation of NEPRA Safety Policy resulted in non-procurement of insulated bucket-mounted utility vehicles despite fatal Incidents and operational requirements up to the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that several tenders were floated from time to time, however procurement could not be finalized due to various valid reasons, including non-responsiveness, technical non-compliance, limited competition, and other procurement-related constraints. Subsequently, the technical specifications were comprehensively reviewed and revised after detailed deliberations by the competent committees constituted under the HSE Directorate and the Office of the Chief Engineer (TS), with the objective of ensuring enhanced safety, operational reliability, and compliance with international standards. Accordingly, a fresh tender notice has been published through E-PADs, with the scheduled tender opening on January 28, 2026. Furthermore, a pre-bid meeting was conducted in the office of the Director (MM), attended by aspiring suppliers/assemblers as well as representatives from the relevant directorates of FESCO, to clarify specifications, address queries, and encourage maximum participation. The management reply was not tenable, as repeated tender failures over several years do not justify the continued non-procurement of critical safety equipment despite recurring fatalities, availability of funds, and explicit recommendations of inquiry committees. Persistent delays, tender cancellations, and post-bid revisions of specifications reflect weak planning, ineffective procurement management.

The DAC, in its meeting held on February 9-10, 2026, directed the management to get the technical specifications vetted by PPMC and to complete the tendering process by June 30, 2026 accordingly. DAC further directed the management to submit evidence of efforts initiated by the management in this regard, along with a detailed break-up and supporting documentary evidence, to Audit within two weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1528/2025-26/AMIS 2025_COM0000000145_F01719)

6.2 NEPRA imposition of fine due to non-earthing / grounding of HT/LT Structure

According to clause 7.21.2 of NEPRA Power Safety Code, 2021, a licensee id required to install and maintain earthing /grounding system (i.e, equipment, exposed steel structure/pole along with stay wire). Therefore, FESCO being a distribution licensee is bound to ensure earthing/grounding of each and every pole/structure. As per Section 12.2.4 of Chapter 12 Safety and Security of Consumer Service Manual state that; "the earthing systems installed shall be dimensioned and regularly tested to ensure protection from shock hazards."

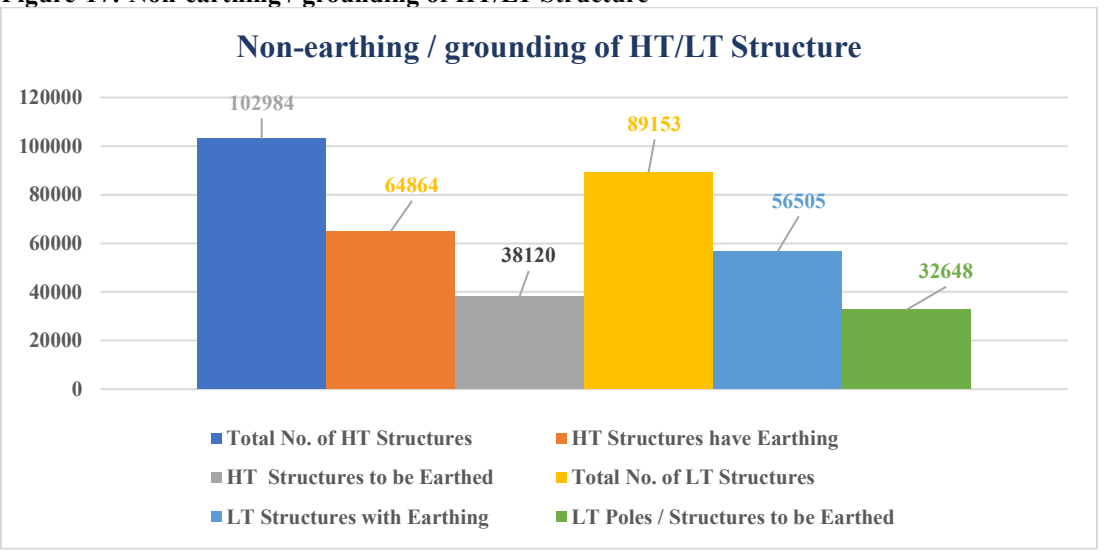
During the audit of FESCO, for the financial year 2024-25, it was observed that NEPRA imposed a penalty amounting to Rs.10 million on September 10, 2024 on account of failure to execute proper earthing/grounding of HT/LT structures within FESCO's service territory.

Table-23: Non-earthing / grounding of HT/LT Structure

Detail of HT Structures			Detail of LT Structures		
Total No. of HT Structures	HT Structures with Earthing	HT Structures to be Earthed	Total No. of LT Structures	LT Structures with Earthing	LT Poles / Structures to be Earthed
102984	64864	38120	89153	56505	32648

(Source: NEPRA order dated. 10.09.2024)

Figure-17: Non-earthing / grounding of HT/LT Structure



(Source: NEPRA order dated. 10.09.2024)

The fine was imposed after completion of legal proceedings and affording adequate opportunities of hearing, wherein NEPRA concluded that FESCO had failed to discharge its statutory obligations to ensure safety standards as prescribed under the relevant laws, Grid Code, and Distribution Code. The penalty was imposed due to ineffective monitoring and delayed compliance with safety and earthing standards prescribed under the applicable codes and NEPRA regulations.

Non-adherence to the NEPRA's safety standard resulted in imposition of fine due to non-earthing / grounding of HT/LT structure during the financial year 2024-25.

The matter was taken up with the management and reported to the Ministry in December, 2025. The management replied that NEPRA assigned target for rectification of deteriorated earthing, and although most of earthing of HT and LT Structures was set right, a few points were remaining on the target date, leading to a Rs. 10 million penalties. FESCO has challenged the penalty before the Appellate Tribunal and has since set righted all remaining works within the extended timeline. The management reply was not tenable, as post-penalty remedial measures and future action plans do not negate the established non-compliance that resulted in NEPRA's legally imposed penalty after due process.

The DAC, in its meeting held on February 9-10, 2026, directed the management to submit an updated status of the subject case, along with the efforts made in this regard, duly supported with relevant documentary evidence, to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1570/2025-26/AMIS 2025_COM0000000145_F01734)

Conclusion

Based on the analysis of audit observations, financial statements, and management responses, the overall conclusion is that while FESCO demonstrated improvement in certain financial and operational indicators during FY 2024-25 including a return to profitability, reduction in T&D losses, and improved liquidity the entity continues to face significant governance, compliance, and control weaknesses.

Audit findings highlighted material deficiencies in asset valuation practices, weak Board oversight over Strategic Roadmap targets, absence of measurable KPIs and weak internal audit functioning, HR governance lapses and repeated non-compliance with PPRA Rules in procurement. Operational gaps such as unauthorized load extensions and weak anti-theft enforcement further highlight control deficiencies.

These issues have exposed the Company to risks of financial misstatement, inefficient use of resources, compromised transparency, safety hazards and potential financial losses. Despite management's replies and partial corrective actions, most explanations were not found tenable due to lack of documentary evidence, or non-alignment with applicable laws and regulations.

Sustainable improvement in FESCO's performance requires strengthening internal controls, enforcing regulatory compliance, enhancing governance and accountability frameworks, adopting prudent financial and procurement practices, and ensuring timely execution of strategic and safety-critical initiatives, as emphasized throughout the audit

Recommendations

Audit observations and overall assessment, the following recommendations are proposed for corrective and preventive action:

- Strengthen the governance role of the Board of Directors by instituting regular, structured monitoring of the Strategic Roadmap targets and ensuring timely corrective actions against deviations
- Develop and implement a comprehensive, measurable KPI-based performance framework across all directorates and operational units to enhance accountability, performance monitoring and responsibility fixation
- Complete physical verification, tagging, and reconciliation of all fixed assets and thereafter carry out asset revaluation using standardized, verifiable, and independently validated valuation methodologies
- Strengthen financial management by improving disclosures in financial statements, and formulating a clear plan to manage accumulated losses and negative equity
- Enhance procurement governance by ensuring strict compliance with PPRA Rules, avoiding tender splitting, post-bid price adjustments, acceptance of ineligible bidders, and awards at non-competitive or exorbitant rates
- Introduce mandatory pre-award technical and financial rate analysis, with involvement of relevant technical experts, to ensure transparency and value for money in procurement decisions
- Prioritize procurement of safety-critical equipment, including insulated bucket-mounted utility vehicles to mitigate operational risks and prevent fatal and non-fatal incidents
- Adopt prudent life-cycle cost analysis for repair versus replacement decisions, particularly for transformers and other major assets, and ensure independent quality inspection through PPMC or third-party experts
- Improve operational controls to curb unauthorized load extensions, electricity theft, wrong tariff application, and billing irregularities through enhanced monitoring, system controls, and enforcement mechanisms.

- Accelerate implementation of AMI meters and distribution network strengthening projects to improve loss control, data accuracy, and operational efficiency
- Strengthen internal audit and risk management functions to proactively identify control gaps, ensure compliance with laws and regulations, and support management in achieving sustainable performance improvements.

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Appendix – I

Audit Objectives

The objective of the audit was to provide an independent assessment of FESCO's financial, operational, and governance performance, with a view to ensuring transparency, accountability, and proper stewardship of public resources. The audit aimed to examine whether revenues, expenditures, assets, and liabilities were managed, recorded, and reported in accordance with applicable laws, rules, regulations, and prescribed financial reporting standards.

The audit further sought to evaluate the effectiveness of internal controls, governance arrangements, and risk management systems, including compliance with NEPRA regulations, PPRA Rules, SOE Act provisions, and government directives. Particular emphasis was placed on identifying weaknesses that could lead to revenue leakages, financial irregularities, inefficiencies, or misuse of public funds.

Additionally, the audit aimed to assess FESCO's operational efficiency and achievement of performance targets, including reduction of T&D losses, recovery performance, procurement practices, and human resource governance. The ultimate objective was to highlight systemic issues, recommend corrective measures, and support management and oversight bodies in improving performance, service delivery, and financial sustainability

Scope

The audit covered FESCO's financial, operational, procurement and governance activities for the financial year 2024-25, conducted on a test-check basis. It included examination of financial statements for the last five years, evaluation of the BoD's oversight function, compliance with applicable laws and regulations, effectiveness of internal controls, and assessment of key performance and operational processes. Audit examined the financial and administrative data of two circles i.e. Manager (Operation) 2nd and Jhang Circle of FESCO as well to ascertain the status of regulatory compliance at the divisional level.

Methodology

The audit was conducted in accordance with the auditing standards of the Auditor-General of Pakistan using a risk-based, test-check approach. It involved examination of records, analysis of financial and operational data, review of compliance with applicable laws and regulations, and evaluation of internal controls through discussions with management and scrutiny of supporting documents.

Appendix-II

EXTRACT OF FINANCIAL STATEMENTS

FAISALABAD ELECTRIC SUPPLY COMPANY

FINANCIAL STATEMENTS FOR FYs 2020-21 to 2024-25 Rs.in million

Particulars	2025	2024	2023	2022	2021
Authorized share capital	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Issued share capital	3,749.44	0.01	0.01	0.01	0.01
Deposit for shares	53,356.88	45,654.62	41,556.65	34,478.69	15,641.66
Surplus on revaluation (net)	89,190.77	95,025.05	46,005.10	46,709.17	47,433.93
Accumulated loss	-83,327.14	-91,604.74	-86,029.74	-69,818.91	-63,938.06
Total Equity	**62,969.96**	**49,074.94**	**1,532.02**	**11,368.96**	**-862.47**
Non-Current Liabilities					
Long term financing	2,528.98	2,785.70	3,042.42	3,358.58	3,734.19
Staff retirement benefits	122,849.21	122,338.84	109,949.05	100,304.82	88,922.57
Long term security deposits	14,292.27	12,946.90	11,915.86	10,963.99	9,855.11
Receipts against deposit works	18,814.39	19,837.88	20,199.53	18,100.34	11,913.08
Deferred credit	47,480.13	45,829.62	40,910.70	35,194.18	31,881.52
Deferred income tax liability	11,650.00	9,445.56	6,500.49	6,788.06	7,084.09
Total Non-Current Liabilities	**217,614.98**	**213,184.49**	**192,518.04**	**174,709.97**	**153,390.56**
Current Liabilities					
Trade and other payables	117,892.40	123,578.85	116,529.53	116,672.44	109,219.72
Accrued mark-up	4,867.03	6,111.09	5,231.51	4,351.92	3,472.33
Current portion of long term financing	3,012.30	2,755.58	2,498.86	2,182.70	1,807.09
Taxation / Provision	3,969.71	355.91	523.87	605.16	–
Total Current Liabilities	**129,741.44**	**132,801.43**	**124,783.77**	**123,812.23**	**114,499.15**
Total Liabilities & Equity					
Total Liabilities	**347,356.42**	**345,985.92**	**317,301.81**	**298,522.19**	**267,889.71**
Total Equity and Liabilities	**410,326.38**	**395,060.85**	**318,833.84**	**309,891.15**	**267,027.24**
ASSETS					
Non-Current Assets					
Property, plant & equipment	238,294.42	230,783.05	161,693.88	144,046.14	133,380.29
Intangible assets	0.90	1.37	1.84	2.31	27.24
Long term advances	227.08	195.62	104.54	52.74	90.71
Long term deposits	52.92	52.75	40.56	4.06	3.74
Total Non-Current Assets	**238,575.32**	**231,032.79**	**161,840.81**	**144,105.25**	**133,501.99**
Current Assets					
Stores & spares	7,351.45	6,624.99	5,004.93	3,366.24	3,242.12
Trade debts	69,911.00	76,115.81	68,479.55	82,644.15	43,549.86
Loans & advances	310.51	347.03	374.24	73.05	76.53
Other receivables	34,205.32	34,249.96	31,087.15	25,535.19	16,869.64
Sales tax receivable	8,006.69	8,304.96	8,095.46	11,212.35	8,095.46
Income tax receivable	–	–	–	–	148.64
Receivable from Government	25,161.69	14,856.29	17,667.31	12,237.64	33,614.15
Accrued interest	833.48	777.89	870.55	247.87	45.72
Short term investments	15,000.00	–	–	–	–
Cash & bank balances	10,970.92	22,751.14	25,413.84	30,469.42	27,883.15
Total Current Assets	**171,751.06**	**164,028.07**	**156,993.02**	**165,785.90**	**133,525.25**
Total Assets	**410,326.38**	**395,060.85**	**318,833.84**	**309,891.15**	**267,027.24**

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS (Comparative 2020-21 to 2024-25)

Rs.in million

PROFIT AND LOSS ACCOUNT	**2025**	**2024**	**2023**	**2022**	**2021**
For the year ended June 30, 2012					
	Rs.	**Rs.**	**Rs.**	**Rs.**	
Sales	390,630.22	434,774.88	329,874.27	279,867.79	172,602.30
Tarriff Differential Subsides	79,489.97	26,248.96	50,989.97	57,944.69	59,178.04
total sales	**470,120.19**	**461,023.84**	**380,864.24**	**337,812.48**	**231,780.34**
Cost of sales	402,168.22	424,588.19	360,599.53	316,040.28	-193,010.20
Gross Profit/(Loss)	**67,951.97**	**36,435.65**	**20,264.71**	**21,772.21**	**38,770.15**
Amortization of Deferred Credit	2,780.00	2,465.35	2,206.90	1,929.58	1,746.11
	70,731.97	**38,901.01**	**22,471.62**	**23,701.79**	**40,516.25**
Distribution Cost	-43,058.32	-33,738.85	-28,222.73	-22,011.44	-19,972.58
Administrative Expenses	-6,868.79	-5,984.25	-4,548.91	-3,505.81	-3,177.68
Customer Services Cost	-7,014.33	-4,684.17	-6,217.75	-2,574.51	-2,340.47
	-56,941.45	-44,407.27	-38,989.39	-28,091.76	-25,490.72
Profit/Loss from operations	**13,790.52**	**-5,506.26**	**-16,517.78**	**-4,389.96**	**15,025.53**
Other income	11,927.94	12,767.45	9,354.46	6,124.51	5,196.57
Financial cost	-4,989.29	-882.30	-882.42	-470.35	-493.68
Profit/(loss) before levi & taxation	**20,729.17**	**6,378.89**	**-8,045.74**	**1,264.19**	**19,728.43**
Levi	-10,810.51	-5,677.79	0.00	0.00	0.00
Profit/(loss) before taxation	**9,918.66**	**701.10**	**-8,045.74**	**1,264.19**	**19,728.43**
Taxation	-485.75	297.19	-3,860.78	-3,249.03	-2,326.22
Profit/(loss) after taxation	**9,432.91**	**998.29**	**-11,906.52**	**-1,984.84**	**17,402.20**

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 RUPEES	2024 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	45,866,788,297	26,829,989,567
Income tax and levy paid		(8,735,108,707)	(5,846,077,184)
Finance cost paid		(2,274,363)	(2,709,358)
Staff retirement benefits paid		(10,539,673,338)	(9,181,233,829)
Payment for fund contribution regarding pension obligation		(11,500,000,000)	(6,076,000,000)
Net increase in long term advances		(36,305,235)	(102,397,175)
Net increase in long term deposits		(164,240)	(12,199,950)
Net cash generated from operating activities		15,053,262,414	5,609,372,071
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant, equipment and intangible assets		(24,624,218,282)	(21,536,565,549)
Short term investments made	25	(15,000,000,000)	-
Profit received on bank deposits and term deposit receipts		3,479,112,717	5,210,830,624
Net cash used in investing activities		(36,145,105,565)	(16,325,734,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term security deposits - net		1,345,374,266	1,031,033,034
Receipts against deposit works - net		7,966,254,123	7,022,624,990
Net cash from financing activities		9,311,628,389	8,053,658,024
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,780,214,762)	(2,662,704,830)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		22,751,139,528	25,413,844,358
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	10,970,924,766	22,751,139,528

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	SHARE CAPITAL	DEPOSIT FOR SHARES	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX	ACCUMULATED LOSS	TOTAL EQUITY
	---RUPEES---				
Balance as at 30 June 2023 - Restated	10,000	41,556,652,056	46,005,096,651	(86,029,736,370)	1,532,022,337
Non-cash settlement against deposit for shares	-	4,097,964,454	-	-	4,097,964,454
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(535,812,217)	535,812,217	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	(192,593,851)	192,593,851	-
Profit for the year	-	-	-	998,291,534	998,291,534
Other comprehensive income for the year	-	-	49,748,359,146	(7,301,699,826)	42,446,659,320
Total comprehensive income for the year	-	-	49,748,359,146	(6,303,408,292)	43,444,950,854
Balance as at 30 June 2024	10,000	45,654,616,510	95,025,049,729	(91,604,738,594)	49,074,937,645
Transaction with owner:					
Ordinary shares issued (Note 3.1)	3,749,433,830	(3,749,433,830)	-	-	-
Non-cash settlement against deposit for shares	-	11,451,700,637	-	-	11,451,700,637
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	(730,573,402)	730,573,402	-
Transfer from surplus on revaluation of property, plant and equipment on account of transfer of property, plant and equipment - net of deferred income tax	-	-	(1,846,613,124)	1,846,613,124	-
Adjustment of deferred income tax liability due to remeasurement at year end	-	-	(3,257,089,957)	-	(3,257,089,957)
Profit for the year	-	-	-	9,432,914,572	9,432,914,572
Other comprehensive loss for the year	-	-	-	(3,732,504,704)	(3,732,504,704)
Total comprehensive income for the year	-	-	-	5,700,409,868	5,700,409,868
Balance as at 30 June 2025	3,749,443,830	53,356,883,317	89,190,773,246	(83,327,142,200)	62,969,958,193

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Annexure-I
(Para- 4.1)

Detail of procurement of HT/LT PC Spun Hollow Poles for the year 2024-25

S#	Tender No.	Date	Lot	Toal Bidders	Participant	PO No.	Date	Name of Firm (M/s.)	Item Description	Unit	Original Rate	Discounted Rate per Unit (Rs.)	Quantity on order	Total Amount	Prequlaification expired on
1	2744	9/3/24	i	10	4	1738	04-Feb-25	Gunj Bukhash Builders	HT PC Spun Hollow Pole 45ft	Nos.	74500	70,000	675	47,250,000	02.07.19
2			ii	10	4	1748	13-Feb-25	Bliss Construction	HT PC Spun Hollow Pole 45ft	Nos.	74446	70,000	665	46,550,000	11.11.20
3			iii	10	5	1751	19-Feb-25	Precast Building Systems	HT PC Spun Hollow Pole 45ft	Nos.	70000	70,000	660	46,200,000	30.06.14
													2000	**140,000,000**	
4	2742	9/3/24	iii &v	11	4	1745	11-Feb-25	Mian Brothers	LT PC Spun Hollow Pole 31ft	Nos.	23710	23,350	5150	120,252,500	30.06.2015
5			ii	11	4	1737	04-Feb-25	Gunj Bukhash Builders	LT PC Spun Hollow Pole 31ft	Nos.	23499	23,480	2625	61,635,000	09.05.2016
6			i&iv	11	4	1741	10-Feb-25	Rajput Concrete	LT PC Spun Hollow Pole 31ft	Nos.	23570	22,570	5225	117,928,250	02.07.2019
													13000	**299,815,750**	
7	2743	9/3/24	i&iii	10	1	1736	04-Feb-25	Gunj Bukhash Builders	HT PC Spun Hollow Pole 36ft	Nos.	33500	32,280	5250	169,470,000	09.05.2017
8			iv	10	3	1742	10-Feb-25	Rajput Concrete	HT PC Spun Hollow Pole 36ft	Nos.	32580	31,370	2575	80,777,750	02.07.2020
9			ii	10	3	1746	12-Feb-25	Unze Trading	HT PC Spun Hollow Pole 36ft	Nos.	32280	32,280	2625	84,735,000	27.10.2023
10			v	10	3	1744	11-Feb-25	Precast Building Systems	HT PC Spun Hollow Pole 36ft	Nos.	32500	32,280	2550	82,314,000	30.06.2007
													13000	**417,296,750**	
						G.Total							**28000**	**857,112,500**	

(Source: correspondence files of tenders of FESCO Material management)

Annexure-II
(Para- 4.5)

Procurement of material from pre-qualified bidders through splitting quantity into lots and price matching

S #	Tender No. & Date	PO No.	Date	Name of Firm (M/s.)	Item Description	Original Rate per unit Rs.	Rate Reduced per unit (Rs.)	Quantity on order	PO Amount (Rs)	Total Bidders	Participated in LoT	Pre-qualification expiry date	Lots	Single bidder
1	2675 & 7/25/24	1650	13-Sep-24	Micro Tech.	S-Phase Static Meters	4,650	4,650	120000	558,000,000	6	1	30.06.14	i	yes
		1651	16-Sep-24	PEL	S-Phase Static Meters	4,655	4,650	115000	534,750,000	6	1	02.02.21	ii	yes
		1657	23-Sep-24	Vertex Electronics	S-Phase Static Meters	4,685	4,650	110000	511,500,000	6	1	2021	iii	yes
		1652	23-Sep-24	WOSCO Metering	S-Phase Static Meters	4,680	4,650	105000	488,250,000	6	1	2024	iv	yes
2	2676 & 7/4/24	1655	23-Sep-24	Mutahir Metal Works	SID Cable 2/C 10mm2	110,900	109,500	3675	402,412,500	6	2	2023	i&ii	no
		1688	18-Oct-24	Specialists Group Inc.	SID Cable 2/C 10mm2	114,400	109,500	1825	199,837,500	6	3	2020	iii	no
3	2674 & 7/25/24	1672	10-Oct-24	KBK Electronics	LT TOU Meters	29,013	29,000	755	21,895,000	3	3	2014	i	no
		1673	10-Oct-24	Accurate	LT TOU Meters	29,000	29,000	745	21,605,000	3	2	no	ii	no
4	2752 & 09/5/24	1692	25-Oct-24	Transfopower	B-Directional 3-Phase Meters	34,500	26,000	1245	32,370,000	6	1	2014	iii	yes
		1693	25-Oct-24	Intelligent Metering System	B-Directional 3-Phase Meters	32,500	26,000	1255	32,630,000	6	1	2014	i	yes
		1697	01-Nov-24	Micro Tech.	B-Directional 3-Phase Meters	31,997	26,000	1250	32,500,000	6	1		ii	Yes
5	2686 &	1714	29-Nov-24	Creative Electronics	3-Phase Static Meters	26,980	26,000	6667	173,342,000	6	1	2013	ii	yes

	7/25/24	1723	05-Dec-24	Intelligent Metering System	3-Phase Static Meters	26,987	26,000	7000	182,000,000	6	1	2014	i	yes
		1732	20-Jan-25	KBK Electronics	3-Phase Static Meters	26,950	26,000	6333	164,658,000	6	1	2013	iii	yes
6	2681 & 7/4/24	1721	05-Dec-24	ABA Engg.	11 KV Steel Cross Arms	8,280	8,181	6667	54,542,727	11	4	2017	ii	no
		1722	05-Dec-24	AFHAM	11 KV Steel Cross Arms	8,262	8,181	6333	51,810,273	11	6	2017	iii	no
		1724	12-Dec-24	Umair Indust.	11 KV Steel Cross Arms	8,288	8,181	7000	57,267,000	11	4	2015	i	no
7	2683 & 7/4/24	1726	24-Dec-24	SSI Engg.	11 KV Dropout Cutout (S-Ins.)	21,791	19,800	7125	141,075,000	3	1	2022	ii	yes
		1727	24-Dec-24	Umair Indust.	11 KV Dropout Cutout (S-Ins.)	21,790	19,800	7875	155,925,000	3	1	2015	i	yes
8	2783 & 12/26/24	1739	07-Feb-25	Accurate	B-Directional 3-Phase Meters	25,955	25,850	1245	32,183,250	3	1	2014	iii	yes
		1740	07-Feb-25	Intelligent Metering System	B-Directional 3-Phase Meters	25,972	25,850	1255	32,441,750	3	1	2014	i	yes
		1749	17-Feb-25	Vertex Electronics	B-Directional 3-Phase Meters	25,966	25,850	1250	32,312,500	3	1	2021	ii	yes
									4,370,428,700					

(Source: correspondence files of tender of FESCO Material management)

Annexure-III
(Para-4.6)

Detail of work orders issued against repair of damaged / irreparable transformers for the period 2024-25

Sr. No.	Tender No.	Description	Qty	No of Bidder purchase documents	Lowest bidder	Rate quoted per unit Rs.	Rate reduced pe unit Rs.	Work order issued Rs. in Million	Pre-qulaificati on expired on
1	2610/TRW/2023-24 opened on 21.02.2024	Repair and supply of 25 kva irreparable distribution transformers	112 qty enhanced 150	08 Nos	M/s Hajveri Power TRW, Lahore	198,786	145,000	21.75	Jun-13
2	2611/TRW/2023-24 opened on 21.02.2024	Repair and supply of 50 kva irreparable distribution transformers	252 (LOt-I)	08 Nos	M/s Power link Electrical Co Gujranwala	297,500	218,000	54.94	Aug-19
			256 (Lot-II)		M/s GMK Pakistan (Pvt) Ltd Lahore	297,600	218,000	55.81	Dec-22
			253 (Lot-III)		M/s Hajveri Power TRW Lahore	297,786	218,000	55.15	Jun-13
4	2612/TRW/2023-24 opened on 21.02.2024	Repair and supply of 400 kva irreparable distribution transformers	09	08 Nos	M/s Alpha Power Technology	1,198,000	695,000	6.26	2017
5	2613/TRW/2023-24 opened on 21.02.2024	Repair and supply of 630 kva irreparable distribution transformers	7	08 Nos	M/s Alpha Power Technology	1,498,000	899,000	6.29	2017
	Total							**200.196**	

(Source: Correspondence files of work order of FESCO for the FY 2024-25)

Annexure-IV
Para-4.8

Comparison of Old and New Criteria

Old Criteria	New Criteria
The bidder shall be in the active taxpayer list (ALT) and will provide income tax returns for last three years	The bidder shall be in the active taxpayer list (ALT) and will provide income tax returns for last year
Bidding documents will be issued only to the owner/Managing Partner/Director of the firm.	Bidding documents will be issued only to the owner/Managing Partner/Director of the firm or their authorized representative.
The bidder must have completed at least two contracts of same nature along with its completion successfully as main contractor within ten years awarded by WAPDA / NTDC / DISCOs. The consolidated value of these contracts must be at least equal to the estimated/B.O.Q (Cost) amount/tender amount.	The bidder must have completed at least two contracts of same nature along with its completion successfully as main contractor within ten years awarded by WAPDA/NTDC/DISCOs. The consolidated value of these contracts must be at least equal to the estimated/B.O.Q (Cost) amount/tender amount, if bidder have not completed at least two contracts of same nature will provide performance security as under. • 5% for two contracts of same nature along with its completion successfully. • 10% for new entrants' contractor.
The bidder should have an Average Annual Turnover half of the amount mentioned against this work during last three years certified from audited financial statement.	There is no need for an Average Annual Turnover half of the amount.

(Source: Correspondence file)

Annexure-V
Para-5.4

Abstract of unregistered consumers (888)

Tariff Description	Tariff Code	No of Consumers	Amount in million	Aging
Domestic A-1a (01)	1	932	53.410	July, 2024 to Jun,2025
Domestic A-1a (02)	2	5	0.124	
Commercial A-2a(04)	4	47	2.540	
Agri Scarp D-1a (46)	46	1	0.653	
Agri D-2	47	2	0.277	
Agri D-2(49)	49	1	1.025	
General Service A-3a(66)	66	1	0.104	
Total		**989**	**58.133**	

(Source: FESCO MIS details of unregistered consumers (888) for the FY 2024-25)

Annexure-VI
Para-5.6

Detail of billing to all categories connections by applying load factor above 100% in respect of FESCO, for the year 2024-25

(units in million)

Sr. No.	Name of Circle	Tariff Description	Tariff Category	Tariff Code	No of consumer cases	Units (kwh)	Range of above 100% Load Factor	Units to be billed as per NEPRA determined load factor	Units billed in excess of NEPRA determined load factor under tariff category
1	1st Circle	Time of use exceeding 5 kw	A-2(a)(04)	Tariff-4	5125	6.821	101% to 3836%	0.861	5.960
2	2nd Circle				3913	5.488	101% to 1911%	0.678	4.809
3	Jhang Circle				1150	1.487	101% to 853%	0.188	1.299
4	Sargodha Circle				5156	4.846	101% to 2484%	0.618	4.228
5	Mainali Circle				1331	1.264	101% to 5068%	0.163	1.101
6	T.T. Singh				1444	1.798	101% to 608%	0.238	1.560
	Total:				**18,119**	**21.705**		**2.746**	**18.958**
1	1st Circle	Time of use exceeding 5 kw	A-2(c)(06)T	Tariff-6	733	6.399	101% to 4407%	0.982	5.418
2	2nd Circle				441	3.120	101% to 724%	0.541	2.579

3	Jhang Circle				113	0.866	101% to 487%	0.150	0.716
4	Sargodha Circle				358	2.557	101% to 1116%	0.448	2.109
5	Mainali Circle				178	1.837	101% to 390%	0.349	1.487
6	T.T. Singh				96	0.645	101% to 877%	0.116	0.529
	Total:				**1,919**	**15.423**		**2.587**	**12.837**
1	1st Circle	Industrial to be shifted B1(TOD)	B-1b(07)T	Tariff-7	215	0.930	101% to 513%	0.232	0.699
2	2nd Circle				2000	9.862	101% to 858%	2.214	7.648
3	Jhang Circle				13	0.122	101% to 2158%	0.006	0.117
4	Sargodha Circle				29	0.081	101% to 315%	0.021	0.060
5	Mainali Circle				0	-	0	-	-
6	T.T. Singh				59	0.248	101% to 375%	0.060	0.189
	Total:				**2,316**	**11.244**		**2.532**	**8.712**
1	1st Circle	Industrial to be shifted B1(TOD)	B-1b(09)T	Tariff-9	693	6.124	101% to 954%	1.756	4.369
2	2nd Circle				4514	36.614	101% to 650%	10.080	26.534
3	Jhang Cirlce				179	1.175	101% to 157%	0.321	0.854
4	Sargodha Circle				30	0.316	101% to 686%	0.086	0.229
5	Mainali Circle				12	0.073	101% to 145%	0.024	0.048
6	T.T. Singh				158	1.326	101% to 754%	0.364	0.961
	Total:				**5,586**	**45.627**		**12.632**	**32.995**
1	1st Circle	Industrial from 71kw to 500 kw	B-2b(12)T	Tariff-12	303	26.192	101% to 617%	9.046	17.146
2	2nd Circle				274	15.891	101% to 486%	6.621	9.270
3	Jhang Circle				10	0.814	101% to 143%	0.359	0.455
4	Sargodha Circle				32	1.920	101% to 264%	0.660	1.260
5	Mainali Circle				10	0.480	101% to 176%	0.197	0.284
6	T.T. Singh				32	1.689	101% to 259%	0.630	1.059
	Total:				**661**	**46.987**	**-**	**17.512**	**29.475**
1	1st Circle	Industrial Above 500 kw	B-3(14)T	Tariff-14	25	29.007	101% to 202%	12.342	16.665
2	2nd Circle				-	-	-	-	-
3	Jhang Circle				-	-	-	-	-
4	Sargodha Circle				-	-	-	-	-
5	Mainali Circle				-	-	-	-	-
6	T.T. Singh				-	-	-	-	-
	Total:				**25**	**29.007**		**12.342**	**16.665**
1	1st Circle	Bulk Supply	C-1 (c)	Tariff-26	1	0.332	101% to 114%	0.014	0.317

2	2nd Circle				-	-	-	-	-
3	Jhang Cirlce				-	-	-	-	-
4	Sargodha Circle				14	0.299	101% to 180%	0.011	0.288
5	Mainali Circle				-	-	-	-	-
6	T.T. Singh				-	-	-	-	-
	Total:				**15**	**0.630**		**0.025**	**0.605**
1	1st Circle	Agricultural Tubwell	D-1(45)	Tariff-45	1	0.017	101% to 154%	0.002	0.015
2	2nd Circle				-	-	-	-	-
3	Jhang Cirlce				74	0.758	101% to 546%	0.067	0.690
4	Sargodha Circle				2	0.031	101% to 112%	0.004	0.026
5	Mainali Circle				-	-	-	-	-
6	T.T. Singh				80	0.689	101% to 552%	0.073	0.616
	Total:				**157**	**1.494**		**0.146**	**1.348**
1	1st Circle	Agricultural Tubwell	D-1b(50)	Tariff-50	1427	10.007	101% to 711%	3.711	6.296
2	2nd Circle				132	1.236	101% to 1587%	0.478	0.758
3	Jhang Cirlce				1812	13.890	101% to 512%	5.032	8.859
4	Sargodha Circle				357	4.420	101% to 718%	1.637	2.783
5	Mainali Circle				164	2.971	101% to 352%	1.175	1.796
6	T.T. Singh				318	3.365	101% to 366%	1.335	2.030
	Total:				**4,210**	**35.889**		**13.368**	**22.522**
1	1st Circle	TMP Domestic	E-1i(55)	Tariff-55	10	0.038	101% to 245%	0.004	0.033
2	2nd Circle				-	-	-	-	-
3	Jhang Circle				1	0.011	101% to 294%	0.001	0.010
4	Sargodha Circle				9	0.057	101% to 362%	0.006	0.051
5	Mainali Circle				-	-	-	-	-
6	T.T. Singh				1	0.002	101% to 113%	0.000	0.002
	Total:				**21**	**0.108**		**0.012**	**0.096**
1	1st Circle	TMP Domestic	E-1i(56)	Tariff-56	139	2.280	101% to 950%	0.288	1.992
2	2nd Circle				55	0.338	101% to 811%	0.043	0.294
3	Jhang Cirlce				32	0.107	101% to 668%	0.013	0.094
4	Sargodha Circle				28	0.255	101% to 378%	0.028	0.227
5	Mainali Circle				10	0.024	101% to 131%	0.004	0.020
6	T.T. Singh				16	0.050	101% to 550%	0.006	0.043
	Total:				**280**	**3.054**		**0.384**	**2.671**
1	1st Circle		E-2(58)		-	-	-	-	-

2	2nd Circle	TMP Domestic		Tariff-58	2	0.007	101% to 302%	0.000	0.006
3	Jhang Cirlce				6	0.026	101% to 497%	0.003	0.024
4	Sargodha Circle				-	-	-	-	-
5	Mainali Circle				32	0.099	101% to 421%	0.014	0.084
6	T.T. Singh				-	-	-	-	-
	Total:				**40**	**0.132**	**0**	**0.018**	**0.114**
1	1st Circle	General Service	A-3(66)	Tariff-66	912	4.686	101% to 1307%	0.561	4.125
2	2nd Circle				292	1.598	101% to 2307%	0.163	1.435
3	Jhang Circle				273	1.068	101% to 958%	0.120	0.947
4	Sargodha Circle				554	4.843	101% to 754%	0.641	4.202
5	Mianwali Circle				759	6.437	101% to 5288%	0.633	5.804
6	T.T. Singh				349	1.085	101% to 1329%	0.117	0.969
	Total:				**3,139**	**19.717**		**2.234**	**17.483**
1	1st Circle	Public Light	G-1 (72)	Tariff-72	288	1.166	101% to 967%	0.251	0.914
2	2nd Circle				539	2.139	101% to 728%	0.479	1.660
3	Jhang Cirlce				111	0.146	101% to 1470%	0.034	0.112
4	Sargodha Circle				25	0.073	101% to 1470%	0.020	0.053
5	Mainali Circle				5	0.014	101% to 245%	0.003	0.011
6	T.T. Singh				20	0.011	101% to 1445%	0.003	0.009
	Total:				**988**	**3.548**		**0.789**	**2.758**
1	1st Circle	Public Light	G-2 (73)	Tariff-73	153	1.385	101% to 1420%	0.184	1.201
2	2nd Circle				2	0.013	101% to 224%	0.003	0.010
3	Jhang Cirlce				-	-	-	-	-
4	Sargodha Circle				4	0.006	101% to 120%	0.002	0.004
5	Mianwali Circle				19	0.032	101% to 304%	0.006	0.025
6	T.T. Singh				-	-	-	-	-
	Total:				**178**	**1.436**	-	**0.195**	**1.240**
	G. Total:				**37,654**	**236.002**		**67.522**	**168.480**

(Source: FESCO MIS details of 100 % load factor consumers for the FY 2024-25)

Annexure-VII
Para-5.6

Comparison of units billed with correspondence month by applying load factor above 100%

Sr. No.	Name of Consumer	Reference No..	Tariff Code	S/L Kw	March (Units Bild)		April (Units Bild)		May (Units Bild)		June (Units Bild)		July (Units Bild)	
					2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
1	Assistant Director Eng:	2413213503 5304	72	5	675	477	0	6513	755	0	403	2004	306	2001
2	Chief Officer	2413213530 5987	72	3	62	38	60	4923	76	0	66	2006	48	1421
3	Chief Officer	2413213530 5989	72	3	521	1	301	4010	181	0	84	2001	0	1300
4	Muncipal Corportation	1132410078 715	66	3	831	1396	1116	1658	1027	2228	1802	2524	2347	2888
5	Muhammad Arif	3132410259 800	66	3	675	942	814	1261	1644	3404	3747	4421	3706	4457
6	Shumaila Shafiq	3132410257 300	66	3	308	656	560	3174	1197	8713	1634	5399	24	0

(Source: PITC data of consumers)

Annexure-VIII
Para-5.11

Detail of Circle wise Negative feeders of FESCO for the financial year 2024-25

Sr. No	Name of Circle	Total feeder	Unit Received	Unit billed	Negative units	Amount average per units rate Rs.41/-	% Range of negative units
1	1st Circle	81	748,827,045	760,753,791	-11,936,746	489,406,586	-0.2% to-46%
2	2nd Circle	23	169,872,770	175,377,076	- 5,504,306	225,676,546	-0.1% to -187.6%
3	Jhang Circle	4	9,741,900	10,140,748	-398,848	16,352,768	-0.2% to -16.0%
4	Mianwali Circle	22	123,890,706	127,312,929	-3,422,223	140,311,143	-0.2% to -36.8%
5	Sargodha Circle	24	244,172,011	253,352,713	- 9,180,702	376,408,782	-0.1% to -14.4%
6	T.T. Singh Circle	6	34,291,464	34,655,144	-363,680	14,910,880	-0.3% to -5.5%
	Total	**160**	**1,330,795,896**	**1,361,592,401**	**-30,806,505**	**1,263,066,705**	

(Source: CP-22A of FESCO for the FY 2024-25

Appendix-III

List of MFDAC Paras on account of Faisalabad Electric Supply Company (FESCO) for the FY 2024-25 (Audit Report 2025-26)

Sr. No.	Formation	PDP No.	Subject
1	Project Director (GSC)	642/2025-26	Loss to FESCO due to deficient planning resulting in avoidable expenditure of Rs. 15.01 million on shifting of 11kv feeders at 132kv grid station Chiniot road, Faisalabad
2	Project Director (GSC)	643/2025-26	Collusive certification of fictitious completion date resulting in premature/irregular release of security – Rs. 2.73 million
3	Project Director (GSC)	644/2025-26	Unauthorized approval of EOT and non-recovery of LDs in payment for 132kV G/S Behal – Rs.0.56 million
4	Project Director (GSC)	645/2025-26	Inflated commissioning cost and non-installation of sanctioned material valued at Rs. 15.43 million in augmentation of 132/11.5 kV Power Transformer at 132 kV Grid Station.
5	Project Director (GSC)	646/2025-26	Contradictory records on commencement date and material allocation for 132 kv grid station Kot Momin indicating possible falsification or misuse
6	Project Director (GSC)	647/2025-26	Failure to complete erection, testing, and commissioning of 132 kV grid station Kot Momin within contractual period due to site readiness and material shortages
7	Project Director (GSC)	648/2025-26	Late issuance of completion certificate for control house building at 132 kV grid station Kot Momin despite claimed completion a year earlier
8	Project Director (GSC)	650/2025-26	Irregular booking of expenditure and drawl of material without revised technical and administrative approval – Rs.536.56 million.
9	Project Director (GSC)	651/2025-26	Non-mutation of grid stations land in the name of FESCO worth Rs. 104.98 million
10	Project Director (GSC)	652/2025-26	Unauthorized expenditure and misstatement in books of accounts due to non-booking of POL accrual- Rs.4.21 million.
11	Project Director (GSC)	653/2025-26	Irregular capitalization of works without material reconciliation and handing/taking over – Rs.15, 446.45 million.
12	Project Director (GSC)	654/2025-26	Non-refund of excess saving/surplus on account of deposit works - Rs.1, 274.62 million.
13	Project Director (GSC)	655/2025-26	Irregular expenditure other than approved budget allocation Rs.2.41 million
14	Project Director (GSC)	656/2025-26	Illegal construction of Grid Station on state land without getting NOC from the Govt of Punjab and deposit the cost of land - Rs.186.78 million.
15	Project Director (GSC)	657/2025-26	Undue benefit to the contractor due to late issuance of commencement letter – Rs.1.73 million
16	Project Director (GSC)	658/2025-26	Irregular capitalization due to non-regularization of expenditure over & above the technical approval at time of financial closure – Rs.1, 939.10 million.
17	Project Director (GSC)	659/2025-26	Irregular Award of Contracts without approval of competent authority-Rs.28.12 million
18	Project Director (GSC)	660/2025-26	In-ordinate Delay in completion of projects commenced from 2008 to 2022- Rs.3, 570.89 million
19	Project Director (GSC)	661/2025-26	Non-utilization of material drawn against new Grid Station for over two years - Rs.67.46 million.

20	Project Director (GSC)	663/2025-26	Loss to national exchequer due to less deduction of Income Tax form the payments to the contractor - Rs.0.72 million
21	Project Director (GSC)	664/2025-26	Non-capitalization of completed grid stations / transmission lines - Rs.126.08 million
22	Project Director (GSC)	680/2025-26	Non-installation of Balance Item on Transmission Lines Two Years Post-Energization.
23	Project Director (GSC)	681/2025-26	Irregular sanction of revised technical approval over & above the 100% of admin approval-Rs.425.44 million.
24	Project Director (GSC)	948/2025-26	Irregular disbursement of compensation without approval, verification of supporting documents and crop assessment criteria – Rs.21.16 million
25	Project Director (GSC)	949/2025-26	Procedural, financial, and administrative irregularities in execution and settlement of civil works at 132kv grid station Darya Khan, Bhakkar- Rs.1.99 million.
26	Project Director (GSC)	950/2025-26	Overstatement of estimate, irregular material allocation, and aging of idle stock due to manipulated sanction of 132 kV Sarai Muhajir–Bhakkar transmission line
27	Project Director (GSC)	951/2025-26	Irregular advance payments on account of relay setting to the vendor - Rs.3.78 million.
28	Project Director (GSC)	963/2025-26	Acceptance of substandard conductor reels worth Rs. 44.69 million resulting in delay, extra cost, and compromised integrity of 132 kV Sarai Muhajir–Bhakkar transmission line
29	Project Director (GSC)	952/2025-26	Overestimation of Project Cost Due to Non-Exclusion and Non-Quantification of Dismantled Material -Rs.9.35 million.
30	Project Director (GSC)	964/2025-26	Premature issuance, non-recording of transformer, and procurement lapses indicating weak internal controls – Rs. 263.16 million
31	Project Director (GSC)	649/2025-26	Violation of B&R code provisions in measurement book maintenance for work order No. 13789/GSC, risking misstatement and potential loss of Rs. 62.89 million
32	Project Director (GSC)	662/2025-26	Excess recovery of store handling and installation charges from the sponsor of Grid Station – Rs.43.06 million
33	Project Director (GSC)	1392/2025-26	Over-Capitalization and Unauthorized Installation of Used, Defective Transformer at 132 kV Behal Grid Station – Rs.36.55 million
34	Project Director (GSC)	1393/2025-26	Undercharging of Punjab Sales Tax on Services for Contractual Works - Rs.2.21 million.
35	Project Director (GSC)	1394/2025-26	Overstatement of Project Cost Due to Duplicate Installation Charges from FESCO Resources – Rs.18.45 million
36	Chief Engineer (PMU)	829/2025-26	Irregular award of contract despite late submission of 5% Performance Guarantee – Rs.118.70 million
37	Chief Engineer (PMU)	830/2025-26	Undue Benefit to Contractors through Irregular Payment of Rs. 160.97 million Without Extended Warranty.
38	Chief Engineer (PMU)	831/2025-26	Suspicious procurement of testing equipment's from supplier due to abnormal discount and non-submission of shipping documents – Rs.47.08 million
39	Chief Engineer (PMU)	832/2025-26	Arbitrary Declaration of Non-Responsiveness Led to Irregular Procurement and Loss of Rs. 9.88 million
40	Chief Engineer (PMU)	833/2025-26	Procurement of stock bridge damper for rail conductor at higher rate – Rs.9.12 million
41	Chief Engineer (PMU)	834/2025-26	Non-Recognition of Withheld Supplier Amount as Revenue Rs. 15.49 million.
42	Chief Engineer (PMU)	835/2025-26	Irregular award of contract in violation of bid conditions – Rs.30.09 million
43	Chief Engineer (PMU)	836/2025-26	Undue benefit to the supplier due to non-forfeiture of performance guarantee – Rs.0.72 million

44	Chief Engineer (PMU)	837/2025-26	Irregular payment and acceptance of material against expired inspection certificate – Rs.184.91 million
45	Chief Engineer (PMU)	838/2025-26	Irregular issuance of material to GSC without submission of monthly progress report
46	Chief Engineer (PMU)	839/2025-26	Non-cancellation of LOI and forfeiture of Performance Guarantee due to non-submission of type test report – Rs.17.83 million
47	Chief Engineer (PMU)	840/2025-26	Material issued on loan basis without policy and subsequent non-recovery – Rs.147.14 million
48	Chief Engineer (PMU)	851/2025-26	Manipulation of PMU Financial Records Amounting to Rs. 231.65 million Through Unauthorized SAP Access and Fictitious Adjustments
49	Chief Engineer (PMU)	852/2025-26	Blockage of funds due to unnecessary purchase of electrical material – Rs.33.82 million
50	Chief Engineer (PMU)	853/2025-26	Irregular Procurement through Splitting of Tenders to Avoid Approval from Competent Authority Rs 275.39 million
51	Chief Engineer (PMU)	885/2025-26	Loss due to procurement of material with unfair and uneconomical manner Rs.173.06 million
52	Chief Engineer (PMU)	824/2025-26	Irregular Payment on Account of SLA Extension Without Fiscal Year Integrity, Contractual Compliance of Rs. 19.89 million
53	Chief Engineer (PMU)	825/2025-26	Non-Recovery Due to Acceptance of Short Performance Guarantees in terms of GST Rs. 59.54 million
54	Chief Engineer (PMU)	826/2025-26	Non-Commissioning of Completed Grid Infrastructure Resulted in Idle Investment of Rs. 1,478.62 million
55	Chief Engineer (PMU)	827/2025-26	Prolonged and Unjustified Delay in Award of key procurement Contracts
56	Chief Engineer (PMU)	828/2025-26	Absence of Environmental Management Plan and Non-Compliance with EPA Approval
57	Chief Engineer (PMU)	946/2025-26	Non-achievement of contractual delivery timelines due to PMU's procedural lapses in foreign inspection
58	Chief Engineer (PMU)	947/2025-26	Non-recovery of Rs. 67.99 million on account of Liquidated Damages due to delayed delivery of 132kV steel tubular poles under Contract No. 437/T-575
59	Project Director Construction	886/2025-26	Irregular Booking/Charging of Overhead Charges to SAP/SDG Schemes – Rs.143.32 million
60	Project Director Construction	887/2025-26	Non-return of irregularly charged overhead in the estimates of SAP projects – Rs.60.01 million
61	Project Director Construction	888/2025-26	Irregular Allocation of SAP Funds among Districts within FESCO Jurisdiction– Rs.879.89 million
62	Project Director Construction	889/2025-26	Irregular incorporation of electrification Schemes in PC-I of NA-85 – Rs.16.65 million
63	Project Director Construction	890/2025-26	Investment at risk due to poor load assessment of SAP village electrification schemes – Rs.29.29 million
64	Project Director Construction	891/2025-26	Non-completion of SAP village electrification schemes for the FY 2024-25 within due time – Rs.879.89 million
65	Project Director Construction	892/2025-26	Idle / redundant 11 KV feeder made to evacuate the energy from M/s Shakarganj Energy (Pvt) Ltd. under power purchase agreement of 4-6 MW dated: 15.01.2014 – Rs. 32.48 million
66	Project Director Construction	893/2025-26	Irregular payment made to M/s Shakarganj Energy (Pvt) Ltd. under power purchase agreement of 4-6 MW dated: 15.01.2014 – Rs. 32.48 million
67	Project Director Construction	894/2025-26	In-efficient performance of consultants due to non-Preparation of Completion report of 1243 works
68	Project Director Construction	895/2025-26	Non-initiating of SDGs/SAP Schemes within the specified financial year of identification -Rs.290.58 million

69	Project Director Construction	896/2025-26	Suspected Cartelization/Collaboration in Tendering Process – Rs.15 million
70	Project Director Construction	897/2025-26	Non-refund of savings on deposit work - Rs.54.56 million
71	Project Director Construction	898/2025-26	Non-recovery of excess expenditure incurred on deposit works – Rs.4.30 million
72	Project Director Construction	899/2025-26	Award of work orders to contractors without requisite experience– Rs.15 million
73	Project Director Construction	900/2025-26	Irregular award of work orders to contractors with expired PEC licences – Rs.30 million
74	Project Director Construction	901/2025-26	Irregular award of work order to 2nd lowest bidder at post bid reduced rate – Rs.3 million
75	Project Director Construction	902/2025-26	Non/Less recovery of performance guarantee – Rs.1.76 million
76	Project Director Construction	904/2025-26	Excess payment made to Barqaab-Enmasse Consortium Consulting on account of consulting charges - Rs.11.37 million
77	Project Director Construction	905/2025-26	Excess payment made to different contractors against work orders - Rs.34.05 million
78	Project Director Construction	906/2025-26	Embezzlement of HT/LT Poles under the jurisdiction of Lalian Division – Rs.1.56 million
79	Project Director Construction	907/2025-26	Sub-standard work and fake completion certificate of deposit work – Rs.9.06 million
80	Project Director Construction	908/2025-26	Unjustified reflection of completion of deposit works without actual expenditure – Rs. 12.54 Million
81	Project Director Construction	909/2025-26	Wasteful expenditures due to non-completion of abandoned deposit works - Rs.1,501.88 million
82	Project Director Construction	910/2025-26	Loss due to theft of electrical material - Rs.4.55 million
83	Project Director Construction	911/2025-26	Excess expenditure over and above the allocated budget Rs. 32.82 million
84	Project Director Construction	912/2025-26	Non-return of dismantled material to store – Rs. 20.08
85	Project Director Construction	913/2025-26	Overstatement of capitalized assets due to excess payment to service contractor firms amounting to - Rs.44.60 million
86	Project Director Construction	942/2025-26	Irregular selection of electrification schemes under SAP – Rs.5.07 million
87	Project Director Construction	943/2025-26	Unjustified drawl of material after completion of works - Rs. 18.07 million
88	Project Director Construction	944/2025-26	Irregular excess expenditure on SDGs/SAP works-Rs.29.98 million
89	Project Director Construction	945/2025-26	Unjustified installation of reclaimed transformers in SDGs/SAP schemes – Rs.79.26 million
90	Project Director Construction	1151/2025-26	Irregular excess charging of overhead to works Rs.40.78 million
91	Project Director Construction	1152/2025-26	Overstatement of capitalized assets due to excess payment to consulting firms amounting to - Rs.11.77 million
92	Project Director Construction	1153/2025-26	Inconsistent recovery in material theft cases – Rs.7.60 million
93	Manager Operation Jhang Circle	1127/2025-26	Non-adjustment of security deposits against the arrears of permanent disconnected consumers - Rs.3.47 million
94	Manager Operation Jhang Circle	1129/2025-26	Irregular recovery of feeder rehabilitation charges on actual basis without execution of work amounting Rs.24.46 million
95	Manager Operation Jhang Circle	1131/2025-26	Non-return of dismantled electrical material to store – Rs 9.69 million
96	Manager Operation Jhang Circle	1134/2025-26	Loss due to theft of electrical material – Rs. 12.54 million

97	Manager Operation Jhang Circle	1135/2025-26	Excess charging/recovery rehabilitation charges from consumers amounting to Rs.4.07 million
98	Manager Operation Jhang Circle	1136/2025-26	Irregular charging/recovery of Misc charges from industrial/commercial consumers -Rs.8.98 million
99	Manager Operation Jhang Circle	1137/2025-26	Excess billing to Government consumers by applying load factor above 100% without regularization of extended load
100	Manager Operation Jhang Circle	1138/2025-26	Irregular billing and non-recovery of fixed charges from consumers having tariff A-1a (01) &A-2a(04) due to non-installation of ToU meters Rs.1.00 million
101	Manager Operation Jhang Circle	1139/2025-26	Irregular capitalization of LT proposal works Rs.73.00 million
102	Manager Operation Jhang Circle	1140/2025-26	Non-removal of electrical equipment and non-recovery of arrears – Rs. 27.23 million
103	Manager Operation Jhang Circle	1143/2025-26	Non-availability of completion certificates for public-safety hazard works – Rs. 18.88 million
104	Manager Operation Jhang Circle	1144/2025-26	Loss due to damages of distribution transformers – Rs.85.60 million
105	Manager Operation Jhang Circle	1145/2025-26	Financial loss due to excess line losses beyond NEPRA benchmark and inefficient feeder performance -Rs. 1,300.75 million
106	Chief Engineer (PMU)	1122/2025-26	Unauthorized Execution of Procurement Plan and Over-Commitments of Rs. 13.55 billion without Budget Clearance and Subsequent Post-Facto Regularization
107	Chief Engineer (PMU)	1123/2025-26	Acceptance of material beyond inspection validity and short recovery of Liquidated Damages amounting to Rs. 7.39 million under Contract No. 439.
108	Chief Engineer (PMU)	1124/2025-26	Over-Tendering of Rs. 8.13 billion in Violation of Approved Budgetary Limits and Investment Framework
109	Chief Engineer (PMU)	1125/2025-26	Irregular HR Practices, Unauthorized Allowances, Foreign Visits, and TA/DA Misuse – Rs. 8.54 million
110	Chief Engineer (PMU)	1149/2025-26	Irregular procurement of material from single bidder without market rate comparison- Rs.9.40 million
111	Chief Engineer (PMU)	1150/2025-26	Loss to national exchequer due to less deduction of income tax– Rs.11.49 million.
112	Manager Operation 2nd Circle FESCO	1250/2025-26	Non-removal of electrical equipment and non-recovery of arrears – Rs.493.44 million
113	Manager Operation 2nd Circle FESCO	1252/2025-26	Non-adjustment of security deposits against the arrears of permanent disconnected consumers - Rs.3.07 million
114	Manager Operation 2nd Circle	1254/2025-26	Excessive billing to Government consumers by applying load factor above 100% without regularization of extended load
115	Manager Operation 2nd Circle FESCO	1256/2025-26	Irregular billing and non-recovery of fixed charges from consumers having tariff A-1a(01) &A-2a(04) due to non-installation of ToU meters Rs.135.54 million
116	Manager Operation 2nd Circle FESCO	1258/2025-26	Non-return of dismantled electrical material to store – Rs 16.84 million
117	Manager Operation 2nd Circle FESCO	1259/2025-26	Revenue blockage due to deferred energy charges – Rs. 4.89 million
118	Manager Operation 2nd Circle FESCO	1260/2025-26	Irregular capitalization of augmentation works Rs.301.97 million
119	Manager Operation 2nd Circle FESCO	1261/2025-26	Loss due to non-recovery of shortage of copper and oil of damaged transformers Rs.17.10 million
120	Manager Operation 2nd Circle FESCO	1262/2025-26	Loss due to theft of electrical material – Rs. 16.96 million
121	Manager Operation 2nd Circle FESCO	1263/2025-26	Non-availability of completion certificates for public-safety hazard works – Rs. 17.56 million
122	Manager Operation 2nd Circle FESCO	1264/2025-26	Non-completion of chain augmentation works valuing Rs.74.98 million

123	Manager Operation 2nd Circle FESCO	1265/2025-26	Irregular capitalization of LT proposal works Rs.45.99 million
124	Manager Operation 2nd Circle FESCO	1266/2025-26	Loss due to damages of distribution transformers – Rs.515.65 million
125	Manager Operation 2nd Circle FESCO	1268/2025-26	Loss due to less recovery of rehabilitation charges from consumers amounting to Rs.10.67 million
126	Manager Operation 2nd Circle FESCO	1270/2025-26	Excessive charging/recovery rehabilitation charges from consumers amounting to Rs.6.25 million
127	Manager Operation 2nd Circle FESCO	1271/2025-26	Undue generation of revenue through over billing – Rs.274.64 million
128	Manager Operation 2nd Circle FESCO	1272/2025-26	Non-recovery of markup against extended due dates of energy bills from consumers Rs.0.47 million
129	Manager Operation 2nd Circle FESCO	1273/2025-26	Irregular charging/recovery of Misc charges from industrial/commercial consumers -Rs.14.99 million
130	Manager Operation 2nd Circle FESCO	1274/2025-26	Non implementation enquiry committee recommendations on electricity theft cases amounting to Rs. 2.38 million
131	Manager Operation 2nd Circle FESCO	1275/2025-26	Financial loss due to excess line losses beyond NEPRA benchmark and inefficient feeder performance -Rs. 6429.01 million
132	CEO FESCO, Faisalabad	1502/2025-26	Procurement of AMR energy meters from single bidders at higher rates without rate reasonableness analysis – Rs. 35.87 million
133	CEO FESCO, Faisalabad	1503/2025-26	Irregular procurement of 25 kVA transformers resulting in unequal treatment of bidders and distortion of competition amounting to Rs. 548.80 million
134	CEO FESCO, Faisalabad	1504/2025-26	Irregular booking of disallowed supplemental charges in financial statement in violation of NEPRA's directions -Rs. 8312.3 million.
135	CEO FESCO, Faisalabad	1505/2025-26	Irregular grant of time scale upgradation to non-eligible employees in violation of service rules and BoD directives.
136	CEO FESCO, Faisalabad	1506/2025-26	Avoidable expenditure due to non-invocation of 50% additional quantity clause and procurement at higher rates amounting Rs. 4.89 million.
137	CEO FESCO, Faisalabad	1508/2025-26	Irregular and unauthorized procurement beyond approved annual procurement plan amounting to Rs. 136.80 million.
138	CEO FESCO, Faisalabad	1509/2025-26	Undue financial benefit to consumer due to non-recovery of depreciated cost of existing 11 kV Line – Rs. 5.92 million.
139	CEO FESCO, Faisalabad	1510/2025-26	Non-replacement of electrical material damaged under warranty period Rs. 9.78 million
140	CEO FESCO, Faisalabad	1511/2025-26	Irregular pre-audit checks applied on payments made to the suppliers without verification of invoices/claims by Manager Material Management.
141	CEO FESCO, Faisalabad	1512/2025-26	Unjustified expenditure on account of complaint management system -Rs.23.26 million
142	CEO FESCO, Faisalabad	1513/2025-26	Unauthorized expenditure beyond NEPRA-approved investment heads Rs. 3,032 million.
143	CEO FESCO, Faisalabad	1514/2025-26	Loss due to theft of electrical material – Rs. 52.31million
144	CEO FESCO, Faisalabad	1515/2025-26	Loss due to non-recovery of shortage of copper and oil of damaged transformers Rs.8.31 million
145	CEO FESCO, Faisalabad	1516/2025-26	Irregular billing and non-recovery of fixed charges from consumers having tariff A-1 a(01) &A-2a(04) due to non-installation of ToU meters Rs.10.84 million.
146	CEO FESCO, Faisalabad	1517/2025-26	Irregular sanction of 27 deposit work estimates of B-III connections without mandatory technical and financial vetting by Chief Engineer, HDM (P&E) and consultant amounting Rs.247.46 million

147	CEO FESCO, Faisalabad	1518/2025-26	Non-disposal of off-road vehicles– Rs.11.02 million
148	CEO FESCO, Faisalabad	1519/2025-26	Irregular payments made to the contractors on account of civil works.
149	CEO FESCO, Faisalabad	1520/2025-26	Loss of revenue due to long electricity outages on feeders - Rs.48.75 million
150	CEO FESCO, Faisalabad	1524/2025-26	Ineffective implementation of health insurance scheme resulting in excessive medical expenditure Rs.569.48 million.
151	CEO FESCO, Faisalabad	1525/2025-26	Irregular allowance of temporary industrial connection and non-recovery of rehabilitation charges Rs.1.65 million.
152	CEO FESCO, Faisalabad	1529/2025-26	Irregular approval and sanction of 787 Nos. of LT proposals under DOP and ELR works.
153	CEO FESCO, Faisalabad	1530/2025-26	Non-adjustment of security deposits against the arrears of permanent disconnected consumers - Rs.7.98 million.
154	CEO FESCO, Faisalabad	1533/2025-26	Non-auditing of Pension Fund Account Rs.46, 770.61 million.
155	CEO FESCO, Faisalabad	1534/2025-26	Non-Deposit of Provincial Sales Tax (PST) collected on vetting charges Rs.0.92 million.
156	CEO FESCO, Faisalabad	1535/2025-26	Irregular Payment of prior-year expenditure without verification of Service Performance amounting Rs. 5.19 million
157	CEO FESCO, Faisalabad	1536/2025-26	Non-return of dismantled electrical material to store – Rs 3.63 million.
158	CEO FESCO, Faisalabad	1564/2025-26	Overstatement of receivables due to unverified tariff differential subsidy (TDS) and industrial support package (ISP-II) claims of Rs. 3.26 million
159	CEO FESCO, Faisalabad	1565/2025-26	Non-allocation of staff retirement benefits to capital works leading to overstatement of expenses.
160	CEO FESCO, Faisalabad	1566/2025-26	Non-utilization of allocated power quota resulting in unjustified capacity Payment – Rs. 2,111.37 million.
161	CEO FESCO, Faisalabad	1567/2025-26	Irregular grant of advance increments to officers on account of non-relevant MBA (Executive) Degrees.
162	CEO FESCO, Faisalabad	1571/2025-26	Irregular revision of estimates and irregular recovering of escalated material cost from consumers indicating red-flag area in approval of revised estimates of electrification schemes Rs. 52.40 million
163	CEO FESCO, Faisalabad	1572/2025-26	Delayed adoption/implementation of Finance Division's Pension Regulations resulting in undue financial benefits to the FESCO employees.
164	CEO FESCO, Faisalabad	1573/2025-26	Irregular investment of surplus funds amounting Rs. 15,000.00 million.
165	CEO FESCO, Faisalabad	1574/2025-26	Irregular Time Scale Upgradation in BPS-17 of 35 Upper Technical Subordinates (UTS) and non-Initiation of recovery and disciplinary proceedings.
166	CEO FESCO, Faisalabad	1576/2025-26	Unjustified Procurement of earth rods leading to avoidable expenditure of Rs. 7.75 million.
167	CEO FESCO, Faisalabad	1578/2025-26	Irregular splitting of procurement leading to excess expenditure of Rs. 5.00 million.
168	CEO FESCO, Faisalabad	1579/2025-26	Procurement beyond approved plan and splitting of tenders – Rs. 291.38 million.
169	CEO FESCO, Faisalabad	1580/2025-26	Unsatisfactory financial prudence due to non-invoking of variation clause of purchase order – Rs.3.99 million.
170	CEO FESCO, Faisalabad	1581/2025-26	Loss due to procurement at higher rates owing to unjustified scrapping of Lot-II under tender No. 2644 amounting Rs.7.08 million
171	CEO FESCO, Faisalabad	1583/2025-26	Irregular evaluation of bidders and procurement of material from expired pre-qualified manufacturers.

172	CEO FESCO, Faisalabad	1585/2025-26	Irregular sanction/approval of extension of load without obtaining prior NOC from independent feeder consumer - Rs.6.33 million
173	CEO FESCO, Faisalabad	1586/2025-26	Irregular recovery of feeder rehabilitation charges on actual basis without execution of work amounting Rs.14.09 million.
174	CEO FESCO, Faisalabad	1590/2025-26	Un-cleared credited balances of P. Disc consumers Rs. 12.58 million.
175	CEO FESCO, Faisalabad	1591/2025-26	Energy losses on independent feeders beyond permissible limit - Rs.76.52 million.
176	CEO FESCO, Faisalabad	1592/2025-26	Non-implementation of equipment removal orders (EROs) and ineffective recovery of outstanding receivables from defaulting consumers Rs.1,745.72 million.
177	CEO FESCO, Faisalabad	1593/2025-26	Non-recovery of deferred energy charges due to pendency of cases in department Rs.463.32 million.
178	CEO FESCO, Faisalabad	1594/2025-26	Less charging/recovery of E&S charges from the consumers Rs.6.50 million
179	CEO FESCO, Faisalabad	1596/2025-26	Loss due to non-recovery of LD charges from the contractors Rs.1.04 million
180	CEO FESCO, Faisalabad	1598/2025-26	Irregular procurement of 11 KV Disc insulators at higher rates resulted excess expenditure – Rs. 5.75 million.
181	CEO FESCO, Faisalabad	1754/2025-26	Irregular execution of DIIP without third-party oversight despite NEPRA- approved allocation for independent monitoring Rs. 80 million
182	CEO FESCO, Faisalabad	1756/2025-26	Ineffective planning and unauthorized STG Projects without NEPRA Approval
183	CEO FESCO, Faisalabad	1757/2025-26	Non capitalization of completed civil works amounting to Rs.40.09 million
184	CEO FESCO, Faisalabad	1758/2025-26	Non-recovery of LD charges from the suppliers Rs.14.54 million
185	CEO FESCO, Faisalabad	1759/2025-26	Non-insertion of mandatory fault-reporting clause in purchase orders and non-obtaining of warranty fault reports for returned material
186	CEO FESCO, Faisalabad	1760/2025-26	Non-Implementation of APMS Project despite CDWP approval, resulting in Operational and Financial Inefficiencies
187	CEO FESCO, Faisalabad	1761/2025-26	Non-adjustment of longstanding retention money of contractors Rs.0.67 million
188	CEO FESCO, Faisalabad	1762/2025-26	Non-availability of completion certificates for public-safety hazard works – Rs. 47.21 million
189	CEO FESCO, Faisalabad	1763/2025-26	Non-completion of public-safety hazard works Rs.19.57 million
190	CEO FESCO, Faisalabad	1764/2025-26	Non-Preparation of ICT Plan in violation of NE-Plan 2023–27, underutilization of DIIP Funds Rs.502 million
191	CEO FESCO, Faisalabad	1765/2025-26	Inadequate rollout of advanced metering infrastructure due to under-utilization of NEPRA-allocated AMI/AMR funds Rs. 385 million
192	CEO FESCO, Faisalabad	1766/2025-26	Loss due to damages of distribution transformers Rs. 726.16 million
193	CEO FESCO, Faisalabad	1770/2025-26	Engagement of external auditors for audit of FY 2024-25 of FESCO without competitive bidding
194	CEO FESCO, Faisalabad	2209/2025-26	Non-rationalized procurement of 50 kVA Transformers adversely affecting tender transparency and competition
195	CEO FESCO, Faisalabad	2210/2025-26	Non-retirement of 222,152 replaced meters from asset accounts
196	CEO FESCO, Faisalabad	2211/2025-26	Irregular payment of board meeting fees to CEO/Deemed Director amounting Rs.6.01 million
197	CEO FESCO, Faisalabad	2212/2025-26	Non-recovery of markup against extended due dates of energy bills from consumers Rs.3.07 million

198	CEO FESCO, Faisalabad	2214/2025-26	Irregular GST reimbursement due to acceptance of affidavits on invalid stamp papers on 37 contracts
199	CEO FESCO, Faisalabad	2215/2025-26	Non-standardized procurement and lack of technical validation of hook-type (Insulated) digital amp meters Rs. 111 million