Auditor-General of Pakistan

February, 2026

AUDIT REPORT

ON

LAHORE ELECTRIC SUPPLY COMPANY

(LESCO)

Report No: DGA POWER 25-006

Audit Year 2025-26

Financial Year 2024-25

PREFACE

Articles169 & 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections7-15 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 Lahore Electric Supply Company, Lahore 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 and digitization.

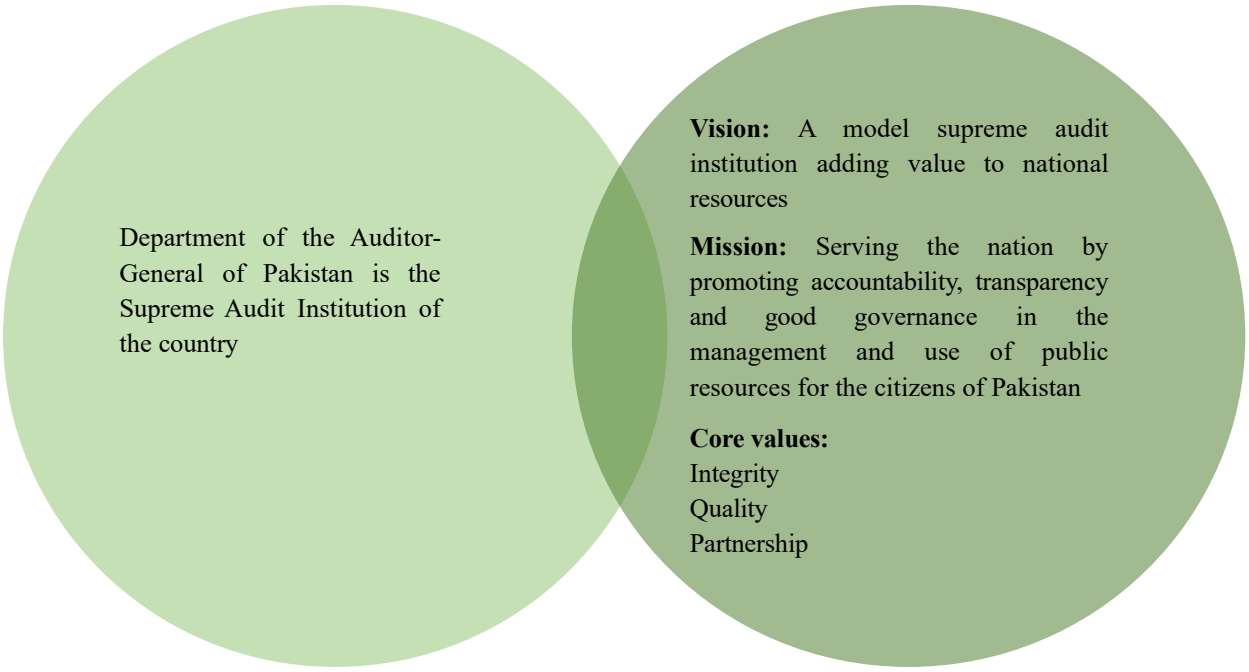
The report was shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The report was discussed Departmental Accounts Committee (DAC) meeting held on January 28-30, 2026 and the outcome of the meeting has been 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/-
(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Islamabad
Dated: 24 February, 2026

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 Lahore Electric Supply Company (LESCO)

DGA POWER 25-006 **February, 2026**

Why did we do this audit?

The audit of LESCO was conducted to ensure safeguarding of public funds, as LESCO is a government-owned power distribution company. Audit aims to assess compliance with applicable laws, rules and regulatory frameworks, including NEPRA, PPRA and the Government of Pakistan. The audit also identified financial irregularities, weaknesses in internal controls leading to revenue leakage, line losses, recovery. Overall, the audit was carried out to promote transparency, accountability, efficient use of resources and improved service delivery.

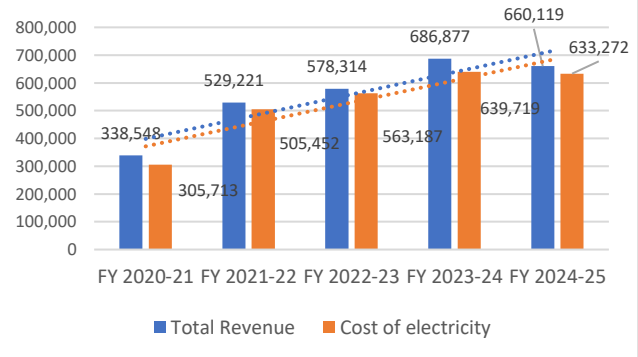
Key assessment

The financial position of LESCO for the FY 2024-25 is as under:

Financial Sustainability: Critical

Net Loss: (45.381) billion

The details regarding various operational indicators of the company including Sales & Cost of Sales is illustrated as under:



What did we find?

- Deficiencies in financial management was seriously viewed by the financial auditor and has raised concerns about LESCO as a going concern.
- Operational performance remained sub-optimal as cases of excessive overbilling through wrong readings, incorrect meter reading & feeder data, non/less enforcement of recovery duly anti-theft campaign were observed.
- Procurement processes were irregular. multiple violations of applicable Procurement Rules were identified.
- The status of inquiries referred by NAB for internal probe remained un-satisfactory.

What did we recommend?

- The recommendations of the financial auditor should be properly addressed regarding losses of the company thereby threating its status as a going concern.
- Reconcile billing discrepancies to improve operational monitoring and ensure minimizing losses for enhancing overall system efficiency.
- Ensure strict compliance with applicable Procurement Rules in all procurement activities.
- Expedite early finalization of pending inquiries referred by NAB besides strengthen internal controls, monitoring mechanisms, and accountability frameworks to prevent recurrence of irregularities.

Highlights

DGA POWER 25-006 **February, 2026**

Entity Summary Sheet

Description	Details
Legal Framework of Entity	LESCO is a state-owned enterprise under SOE Act, 2023. Incorporated on May, 1998 and registered under Companies Ordinance, 1984, started its operations as a Public Limited Company.
Key Responsibilities / Mandate and Objectives	The principal activity of LESCO is distribution and supply of electricity within its defined geographical boundaries. 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.392,824.896 million as on June 30, 2025** Rs.237,096.149 million Rs.155,728.747 million
Total Liabilities • Current Liabilities • Non-Current Liabilities	**Rs.567,775.305 million as on June 30, 2025** Rs.329,548.055 million Rs.238,227.250 million
▪ Revenue ▪ Other Income ▪ Net Loss	Rs.660,118.746 million as on June 30, 2025 Rs.22,768.170 million as on June 30, 2025 Rs.45,381.210 million as on June 30, 2025
Government Grants	Nil
Total Expenditure ▪ Cost of Sales (Electricity) ▪ Distribution Cost ▪ Administrative expense ▪ Customer Service Cost ▪ Finance Cost ▪ Levy	**Rs.728,268.126 million as of June 30,2025** Rs.633,271.841 million Rs.43,294.248 million Rs.36,862.681 million Rs.4,309.491 million Rs.2,266.948 million Rs.8,262.917 million
Cash Balances	Rs.7,303.343 million as on June 30, 2025
Total Investments (Security Deposits)	Rs.40,798.632 million as on June 30, 2025
Funding Sources	LESCO 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 (IFRS).
Status of financial statements	FYs 2020-21 to 2024-25 (Audited)
Compliance Status of audit recommendations	Follow up of DAC directives dated January 28-30, 2026 will be ensured.

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ABBREVIATIONS AND ACRONYMS

ABC Cable	Aerial Bundled Cable
ACSR	Aluminum Conductor Steel Reinforced
AMA	Assistant Manager Accounts
AMCA	Assistant Manager Customer Service
AMI	Advanced Metering Infrastructure
AT&C	Aggregate Technical and Commercial Losses
BOD	Board of Directors
CDR	Call Deposit Receipt
CE (TS)	Chief Engineer (Technical Services)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLO	Chief Law Officer
CP	Commercial Procedure
CPP	Capacity Purchase Price
CPPA-G	Central Power Purchasing Agency (Guarantee)
CSM	Consumer Service Manual
CSR	Corporate Social Responsibility
DAC	Departmental Accounts Committee
DDO	Drawing & Disbursement Officer
DIIP	Distribution Companies Integrated Investment Plan
DISCO	Distribution Company
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
EPP	Energy Purchase Price
ERP	Enterprise Resource Planning
EPD	Environmental Protection Department
FCS Unit Rate	Free Delivery to Consigned Store
FIR	First Information Report
GRC	Grievance Redressal Committee
GRN	Goods Received Note
HT	High Tension
HSE	Health, Safety & Environment
ICB	International Competitive Bidding
IPPs	Independent Power Purchase
IEE	Initial Environmental Examinations
KPI(s)	Key Performance Indicator(s)
kV	Kilovolt
LESCO	Lahore Electric Supply Company
LPS	Ledger Posting Summary
LPS	Late Payment Surcharge
LT	Low Tension
MDC	Meter Data Concentrator

MDI	Maximum Demand Indicator
MEPCO	Multan Electric Power Company
MM	Material Management
MOE	Ministry of Energy
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NOC	No Objection Certificate
O&M	Operation and Maintenance
PAO	Principal Accounting Officer
PDC	Power Dispatch Center
PDP	Proposed Draft Para
PMU	Project Management Unit
P&D	Planning & Development
PPC	Pakistan Penal Code
PO	Purchase Order
PPA	Power Purchase Agreement
PPE	Personal Protective Equipment
PEPA	Pakistan Environmental Protection Agency
PPMCL	Power Planning & Monitoring Company
PPRA	Public Procurement Regulatory Authority
PTW	Permit to Work
RNR	Revenue and Receipt
RCO	Reconnection Order
SDO	Sub Divisional Officer
SCADA	Supervisory Control and data Acquisition
SE	Superintending Engineer
SEZ	Special Economic Zone
SLA	Service Level Agreement
SOE Act	State owned enterprises Act
SOP	Standard Operating Procedure
SRM	Strategic Roadmap Targets
T&D losses	Transmission & Distribution
T&P	Tools and Plant
TORs	Terms of Reference
VD	Voltage Drop
XEN	Executive Engineer

GLOSSARY OF TECHNICAL/FINANCIAL TERMS

This annexure presents definitions of technical, financial, contractual, and operational terms used in the Audit Report.

Technical Term	Definition
ABC – Ariel Bundle Cable	A type of electrical cable used for overhead power distribution.
Aggregate Technical & Commercial (AT&C) Losses	Combined losses due to technical inefficiencies in transmission/distribution and commercial losses arising from theft, non-billing, and non-recovery.
Capacity Charges	Fixed charges paid to power producers for maintaining available generation capacity, irrespective of actual electricity consumption.
Capacity Purchase Price (CPP)	Fixed payment made to power producers for maintaining generation capacity regardless of actual output.
Capacity Transfer Price (CTP)	Charges payable to CPPA-G when allocated electricity capacity is not fully utilized by DISCOs.
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.
Connected Load	Total electrical load physically connected at consumer premises, which may differ from sanctioned load.
Consumer End Tariff	The electricity tariff determined by NEPRA and notified by the Government, charged by DISCOs to various categories of consumers.
Departmental Accounts Committee (DAC)	Committee responsible for discussing audit observations and ensuring corrective action by management.
Detection Bill	A penal bill issued by DISCOs upon detection of theft, meter tampering, or misuse of electricity.
Distribution Companies (DISCOs)	Public sector entities responsible for distribution and sale of electricity to consumers.
Energy Charges	Variable charges based on actual electricity units consumed by a consumer, typically measured in kilowatt-hours (kWh).
Energy Purchase Price (EPP)	Variable cost of electricity based on actual energy generated, including fuel and variable O&M costs.
Extension of Load	An increase in sanctioned load provided to a consumer by DISCOs, requiring approval, security deposit adjustment, and infrastructure assessment.
Feeder-wise Losses	Losses calculated by DISCOs for each feeder to identify high-loss and theft-prone areas.
HT / LT Network (High Tension / Low Tension Network)	Distribution voltage levels operated by DISCOs for supplying electricity to industrial, commercial, and domestic consumers.
Independent Power Producers (IPPs)	Private entities generating electricity and selling it to the government under PPAs.
Installed Capacity	Maximum rated output of a power plant under ideal conditions.
Late Payment Surcharge (LPS)	Penalty charged for delayed payments under Power Purchase Agreements.
Line Losses	Loss of electrical energy occurring in DISCO distribution networks due to resistance, overloading, ageing infrastructure, and poor maintenance.

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.
Load Management / Load Shedding	Planned reduction or suspension of electricity supply to manage demand or losses.
MDI (Maximum Demand Indicator)	A meter parameter used by DISCOs to record the highest electricity demand of a consumer for billing and tariff application.
Meter Reading Cycle	The periodic schedule followed by DISCOs for recording electricity consumption.
Metering & Testing (M&T)	Functions performed by DISCOs to install, test, verify, and maintain electricity meters to ensure accurate billing.
Multi-Year Tariff (MYT)	Tariff framework approved for multiple years to ensure predictability and performance incentives.
National Electric Power Regulatory Authority (NEPRA)	Statutory regulator responsible for licensing, tariff determination, and performance standards.
National Power Control Centre (NPCC)	Entity responsible for real-time monitoring, dispatch, and balancing of electricity supply and demand.
NEPRA Performance Targets	Benchmarks set by NEPRA for DISCOs relating to T&D losses, recovery rates, service quality, and operational efficiency.
Peak / Off-Peak Consumption	Time-based electricity usage classification used by DISCOs for tariff application, particularly for TOU meters.
Power Factor	The ratio of active power (kW) to apparent power (kVA), representing efficiency of electricity usage by a consumer.
Power Purchase Agreement (PPA)	Contract defining terms for purchase of electricity between power producer and CPPA-G.
Power Purchase Price (PPP)	Total cost of electricity comprising EPP and CPP.
Provisional Billing	Billing carried out by DISCOs on estimated consumption when actual meter reading is not available.
Rehabilitation Charges	Charges recoverable by DISCOs from consumers for restoration or upgradation of distribution infrastructure damaged or overloaded due to consumer actions.
Sanctioned Load	The approved electricity load assigned by DISCOs to a consumer, forming the basis for billing and infrastructure planning.
Security Deposit	An amount collected by DISCOs from consumers to safeguard against payment default, adjustable against future liabilities.
Service Connection Charges	Charges payable by consumers to DISCOs for provision of new electricity connections.
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.
Tariff Differential Subsidy (TDS)	A subsidy provided by the Government to DISCOs to bridge the gap between cost-reflective tariffs and consumer-end tariffs.
Time of Use (TOU) Meter	A meter recording electricity consumption separately for peak and off-peak hours.
Transmission & Distribution (T&D) Losses	Electricity losses occurring during transmission and distribution.

Under-utilized Capacity	Generation capacity paid for but not used due to low demand or load management.
Wrong / Excess Billing	Billing discrepancies by DISCOs arising from incorrect meter readings, wrong tariff application, or system errors.
Wrong Tariff Application	Application of an incorrect tariff category by DISCOs, resulting in billing discrepancies.
Accumulated Losses	Cumulative net losses incurred by a company over time, reported under equity. Persistent accumulated losses result in erosion of shareholders' equity.
Creditor Turnover (Days)	Average number of days taken to pay suppliers; reflects payment policy and liquidity management.
Current Ratio	Current assets divided by current liabilities; measures short-term liquidity.
Debtor Turnover (Days)	Average number of days taken to collect receivables; indicates collection efficiency.
Going Concern	An accounting assumption that the entity will continue its operations for the foreseeable future without intention or need to liquidate.
Gross Profit	Revenue minus cost of sales, representing profit before operating expenses.
Gross Profit Ratio	Gross profit divided by revenue, expressed as a percentage; measures production or service efficiency.
Net Profit Ratio	Net profit (or loss) divided by revenue, reflecting overall profitability.
Quick Ratio (Acid-Test Ratio)	(Current assets minus inventory) divided by current liabilities; a stricter measure of liquidity.
Restated Financials	Previously issued financial statements that have been revised to correct errors or reflect changes in accounting policies.
Return on Assets (ROA)	Net profit divided by total assets; measures efficiency in utilizing assets to generate earnings.
Return on Capital Employed (ROCE)	Earnings before interest and tax (EBIT) divided by capital employed; indicates return generated on long-term funds.
Accumulated Losses	Cumulative net losses incurred by a company over time, reported under equity. Persistent accumulated losses result in erosion of shareholders' equity.
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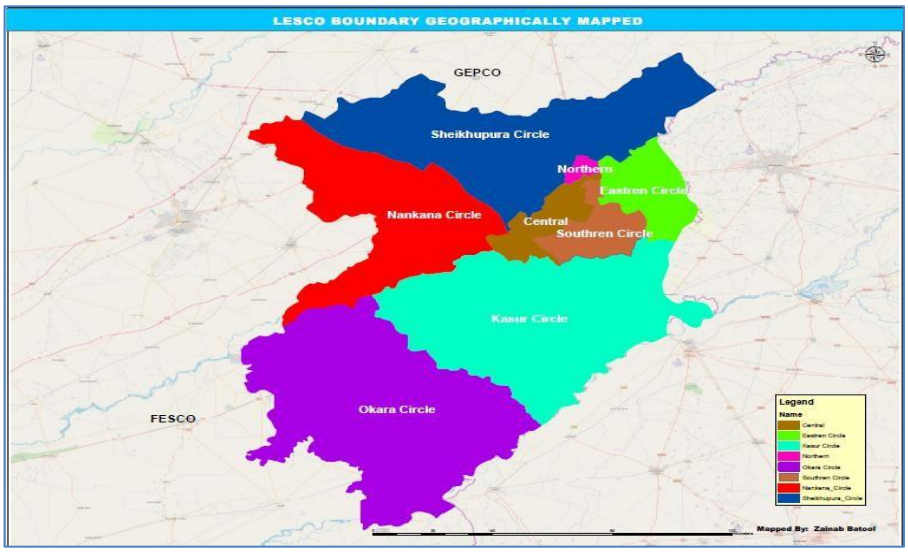
Quick Ratio (Acid-Test Ratio)	(Current assets minus inventory) divided by current liabilities; a stricter measure of liquidity.
Restated Financials	Previously issued financial statements that have been revised to correct errors or reflect changes in accounting policies.
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Return on Capital Employed (ROCE)	Earnings before interest and tax (EBIT) divided by capital employed; indicates return generated on long-term funds.

CP Form No.	**Definition / Form Title**
CP-22-A	Feeder Wise Line Losses Analysis
CP-52	Bill Adjustment Note
CP-64	Electricity Bill Enquiry
CP-100	Daily Cash list
CP-107	Unidentified Cash List
CP-132	Inter Divisional Un-Identified Cash Adjustment
CP-139	Un-identified Cash / debtor’s Adjustment Form

OVER VIEW OF THE ENTITY

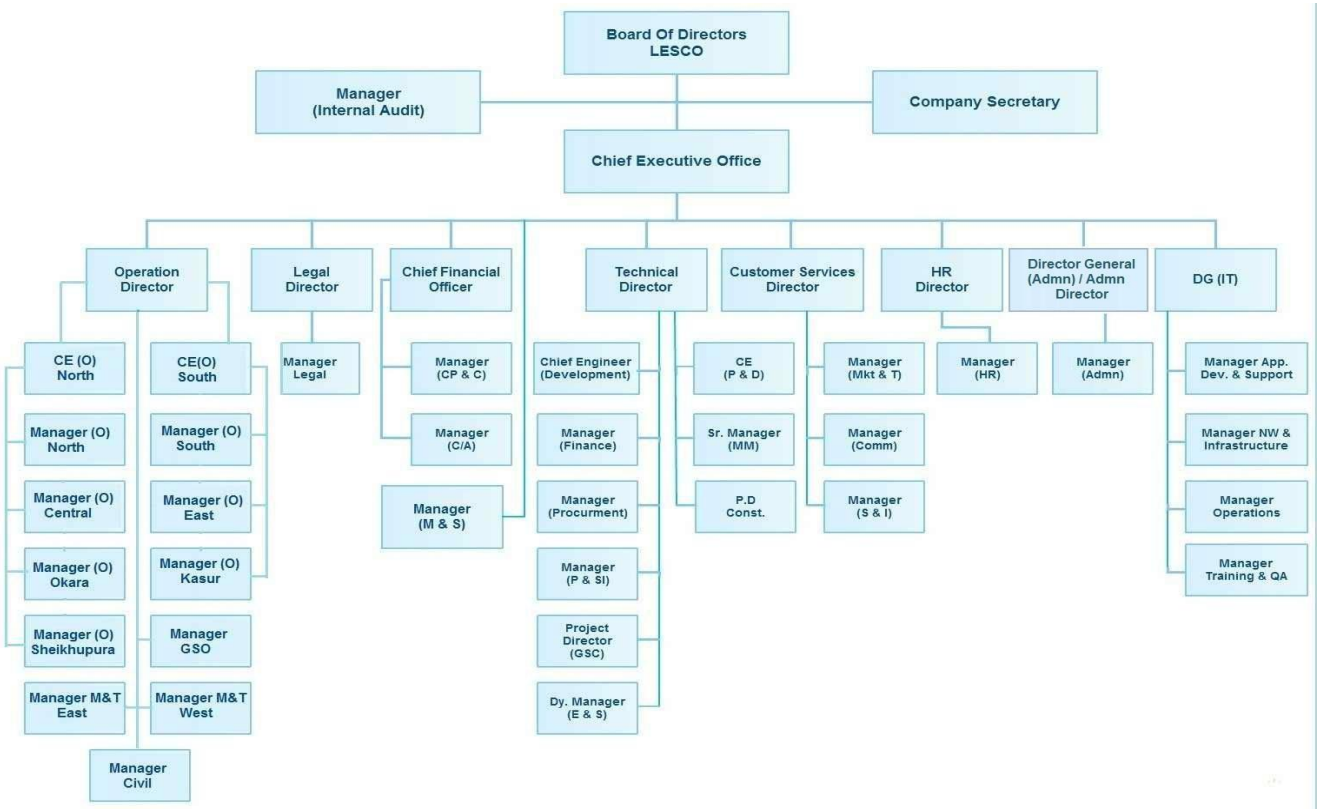
Lahore Electric Supply Company (LESCO) started its operations as a Public Limited Company registered in July, 1998 under Companies Ordinance 1984 (now Companies Act 2017).

The operational structure of LESCO is organized in a hierarchical and decentralized manner to efficiently manage electricity distribution across its service territory. The Board of Directors is responsible for policy and strategic oversight, followed by the Chief Executive Officer (CEO) who heads overall operations. For field operations, LESCO's service area is divided into eight (08) Operation Circles, each headed by a Superintending Engineer (SE) and forty-one Divisions, managed by Executive Engineers (XENs).



The LESCO is responsible for energy supply to 7.05 million domestic, commercial, industrial, bulk supply, tube wells and general service consumers across Lahore and surrounding districts like Kasur, Sheikhupura, Nankana Sahib and Okara. In 2025, LESCO has been actively modernizing its systems by moving toward Advanced Metering Infrastructure (AMI smart meters) with a goal to convert its entire consumer base by 2029 to improve accuracy and reduce issues like overbilling. At the same time, it faces notable challenges including shortages of essential equipment like transformers and meters, which have delayed new connections and meter replacements, prompting regulatory scrutiny and consumer frustration. Efforts to tighten new connection processes, enhance customer complaint systems, and expand digital bill management are part of LESCO's ongoing strategic updates, as it balances service demands and infrastructure constraints across its network.

Organizational Chart of CEO LESCO, Lahore



ANALYSIS ON FINANCIAL STATEMENTS

This section provides a brief overview on the financial operations of LESCO in light of its audited financial statements. The analysis has been done over the period of last five financial years, however, main focus has been kept on the year under audit review i.e. FY 2024-25.

The financial auditor of the company gave a qualified opinion on the financial statements of the company for the FY 2024-25 which is reproduced as under:

We draw attention to the note 1.3 in the financial statements which indicates that The Company incurred net loss of Rupees 45,381.210 million during the year ended 30 June 2025 (2024: Rupees 29,806.518 million) and as of that date its accumulated loss was Rupees 331,202.865 million (2024: Rupees 294,447,825 million) due to which total equity stood at negative balance of Rupees 174,950.409 million (2024: Rupees 184,079.780 million). As of 30 June 2025, the Company's current liabilities exceeded its current assets by Rupees 92,451.905 million (2024: Rupees 81,411.785 million). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, these financial statements have been prepared on going concern basis due to the explicit support from the GOP and other matters disclosed in the aforesaid note. Our opinion is not modified in respect of this matter.

Qualified opinion by the financial auditor raises serious questions over the adequacy and credibility of the accounts prepared by the company.

In its operations, the company generated net losses throughout the period, with a net profit ratio of -6.87% in FY 2024–25 and -4.40% in FY 2023–24. Earlier, the company experienced net losses in FY 2020–21 and FY 2021–22 of -3.32% and -2.79% respectively.

Liquidity indicators remained under pressure throughout the period, with the current ratio dropping to 0.72 in FY 2024–25. Under liabilities, staff retirement benefits stood at Rs. 176,090.18 million in FY 2024–25 and represented the most significant long-term liability of the company.

REPEATED RESTATEMENTS AND DELAY IN ACCOUNTS CERTIFICATION

Analysis of last five years revealed that there were abnormal delays in the finalization of certified annual accounts at LESCO. Illustratively:

Table-1: Repeated restatements and delay in account clarification

Financial Years	Certification Date	Delay beyond six months	Restatement
2024-25	15-Jan-26	1 month	FYs 2023-24 & 2022-23
2023-24	27-Jun-25	6 months	
2022-23	19-Mar-25	15 months	FYs 2021-22 & 2020-21

2021-22	30-Aug-24	20 months	
2020-21	30-Aug-24	32 months	FY 2019-20

(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

The above facts illustrated that annual financial statements were finalized after abnormal delays at time exceeding two years. Moreover, even after such delayed compilation, errors were identified in the financial statements by the financial auditors leading to repeated restatements of the LESCO accounts. This picture indicated that accounts were not timely and transperatently being compiled by the Company.

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-2: Profitability Ratios

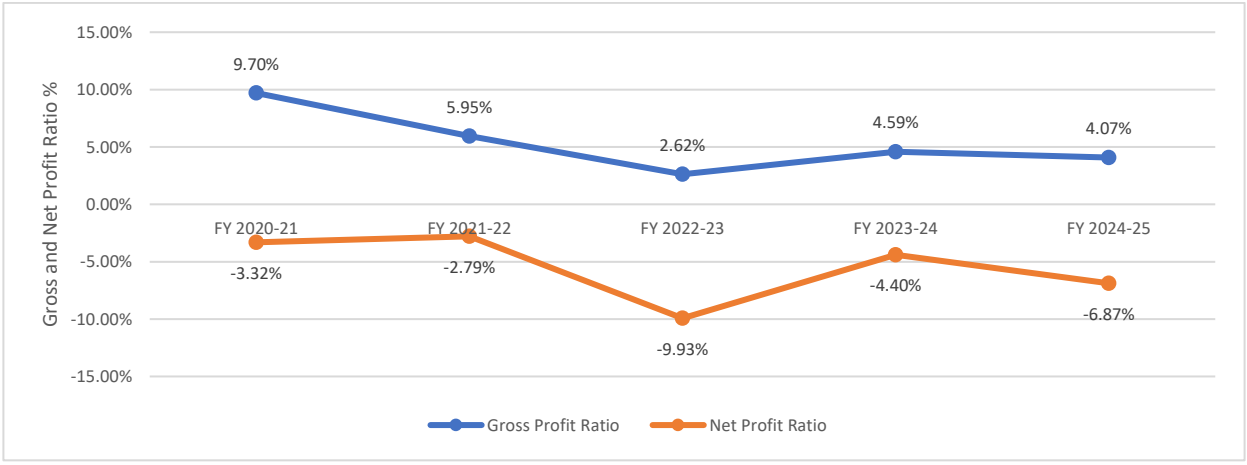
Ratios	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Gross Profit Ratio	4.07%	4.59%	2.62%	5.95%	9.70%
Net Profit Ratio	(6.87%)	(4.40%)	(9.93%)	(2.79%)	(3.32%)
Return on Assets (ROA)	(11.55%)	(6.26%)	(13.49%	(3.53%)	(3.25%)
ROCE (%)	(68.14)	(49.38)	(89.84)	(20.95)	(20.78)

(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

The above ratios demonstrate that the Company operated with a net loss margin throughout the period from FY 2020-21 to FY 2024-25. Specifically, the net profit ratio stood at (6.87%) in FY 2024-25, compared with (4.40%) in FY 2023-24, (9.93%) in FY 2022-23, (2.79%) in FY 2021-22, and (3.32%) in FY 2020-21, reflecting a persistent inability to convert revenue into bottom-line profitability. Analysis of gross profitability indicated volatility over the five-year period. The gross profit ratio declined from 9.70% in FY 2020-21 to 5.95% in FY 2021-22, further compressed to 2.62% in FY 2022-23, improved to 4.59% in FY 2023-24, and marginally reduced to 4.07% in FY 2024-25. Although some recovery was observed after FY 2022-23, the margin remained significantly below the FY 2020-21 level, indicating continued pressure from cost of electricity and pricing adjustments. The bottom-line performance exhibited structural weakness with recurring deficits. Net losses peaked in FY 2022-23 (Rs. 57,402.20

million). Although the deficit narrowed in FY 2023-24 (Rs. 29,806.52 million), losses widened again in FY 2024-25 (Rs. 45,381.21 million), demonstrating continued operational inefficiencies and cost-revenue mismatch.

Figure 01- Gross & Net Profit Ratio



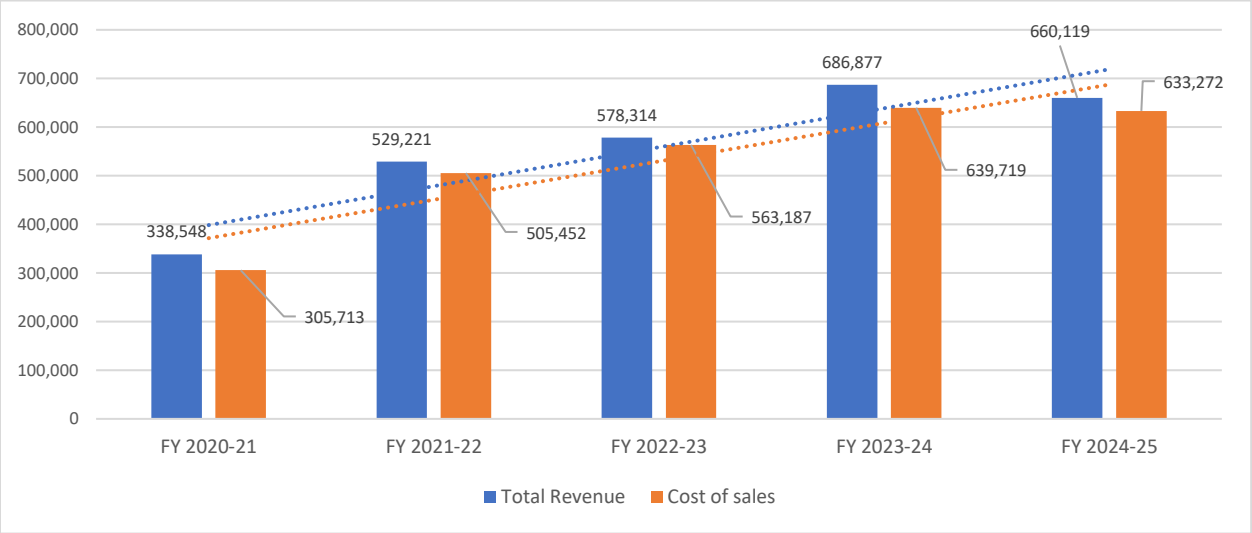
(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

Return on Assets (ROA) remained negative throughout the review period, deteriorating from (3.25%) in FY 2020–21 to a peak adverse position of (13.49%) in FY 2022–23, before improving to (6.26%) in FY 2023–24 and again worsening to (11.55%) in FY 2024–25. This trend reflected persistently inefficient utilization of the asset base in generating operating returns. Similarly, Return on Capital Employed (ROCE) remained negative across all five years, declining from (20.78%) in FY 2020–21 to (20.95%) in FY 2021–22, deteriorating sharply to (89.84%) in FY 2022–23, before improving to (49.38%) in FY 2023–24 and further worsening to (68.14%) in FY 2024–25. The consistently negative ROCE indicated that operating losses substantially exceeded the level of capital employed, signifying continued erosion of stakeholder value and structural inefficiencies in the utilization of the Company's capital base throughout the review period.

SALES & COST OF SALES

During the financial year 2024–25, the Company earned revenue of Rs. 660,118.75 million, reflecting a decline of Rs. 16,623.97 million compared to Rs. 676,742.72 million in FY 2023–24. Nevertheless, from FY 2020–21 to FY 2023–24, the Company recorded consistent year-on-year revenue growth. Cost of sales during FY 2024–25 amounted to Rs. 633,271.84 million, representing a decrease of Rs. 12,376.95 million from Rs. 645,648.79 million in FY 2023–24. Over the five-year period, cost of sales increased substantially from Rs. 305,713.28 million in FY 2020–21 to Rs. 633,271.84 million in FY 2024–25, reflecting an overall increase of 107.15%. Illustratively:

Figure 02: Sales & Cost of Sales



(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

RECEIVABLES AND PAYABLES

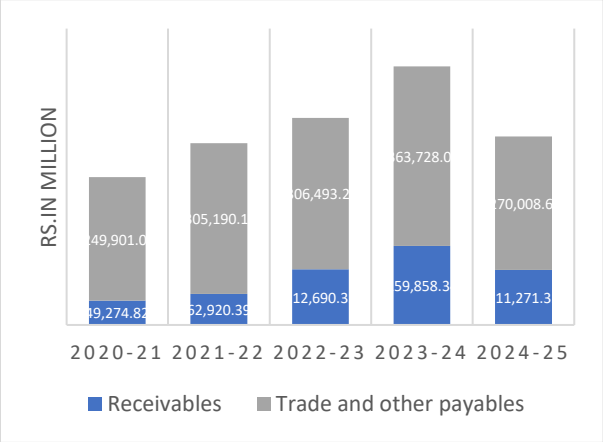
Table-3: Efficiency and Liquidity Ratios

Ratio Category	Ratio	2024-25	2023-24	2022-23	2021-22	2020-21
Efficiency	Debtor Turnover (Days)	62	86	71	43	53
	Creditor Turnover (Days)	156	207	199	220	298
Liquidity	Current ratio	0.72	0.80	0.83	0.88	0.82
	Quick Ratio	0.71	0.8	0.83	0.87	0.81

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

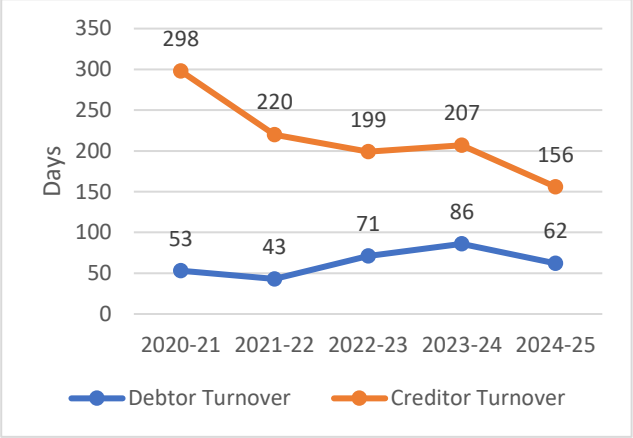
Trade receivables management exhibited volatility during FY 2020-21 to FY 2024-25. Debtor Turnover Days stood at 53 days in FY 2020-21, improved to 43 days in FY 2021-22, deteriorated to 71 days in FY 2022-23, further weakened to 86 days in FY 2023-24, and subsequently improved to 62 days in FY 2024-25. Although the collection cycle shortened in the year under review compared to the preceding year, it remained higher than the FY 2021-22 level, indicating continued inefficiencies in timely recovery of billed revenue. On the liabilities side, Creditor Turnover Days showed a gradual improvement over the five-year period. The payment cycle reduced from 298 days in FY 2020-21 to 156 days in FY 2024-25. Despite this improvement, the settlement period for energy procurement obligations remained substantially longer than the collection period from consumers. Illustratively:

Figure 03- Trade debtor and Creditor



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

Figure 04: Debtor and Creditor collection period



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

The comparative assessment of receivable and payable cycles highlights a persistent structural mismatch. During FY 2024-25, the Company maintained a 62-day collection cycle, whereas payments to creditors averaged 156 days, indicating a gap of 94 days. Similar disparities were observed in prior years, reflecting continued reliance on payable stretching to manage liquidity pressures. The Current Ratio declined from 0.82 in FY 2020-21 to 0.72 in FY 2024-25 signifying that current liabilities exceeded readily realizable current assets.

RESOURCES AGAINST THIRD PARTY CLAIMS

Table-4: Resources against third party claims

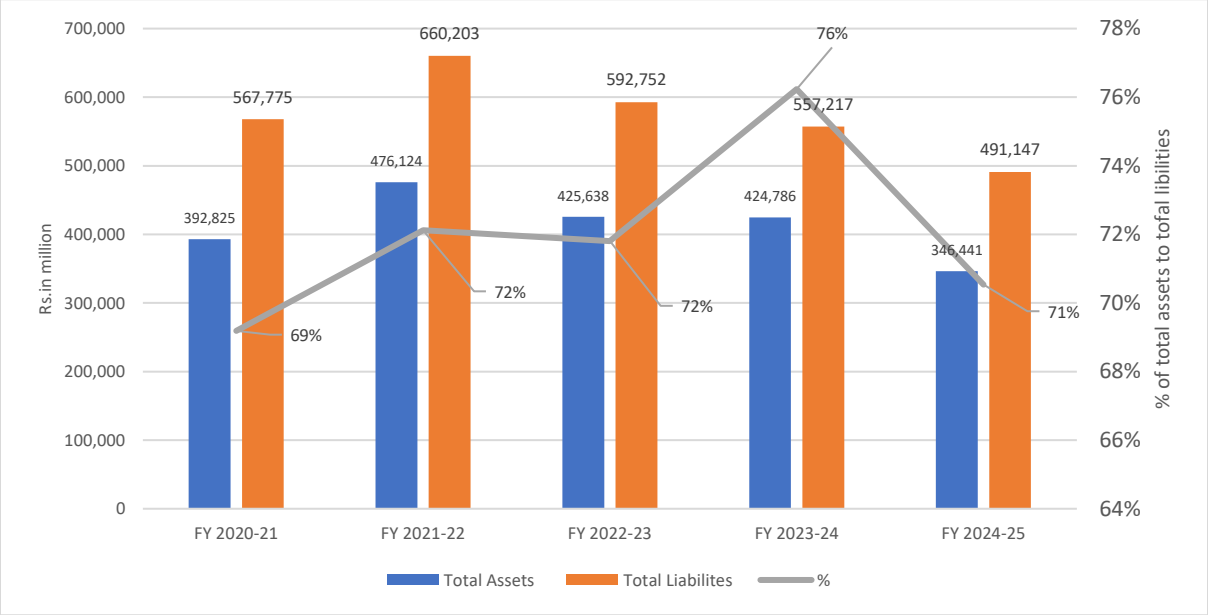
Ratio	2024-25	2023-24	2022-23	2021-22	2020-21
Total Assets /Total Liabilities	69%	72%	72%	76%	71%

(Source: financial ratio calculated based on financial statement from FYs 2020-21 to 2024-25)

The equity of the company remained negative during the last five years. This was due to its significant accumulated losses. The accumulated losses as at 30th June 2025 were Rs. 331,202.87 million and they had increased from Rs. 181,402.72 million as at 30th June 2021, registering an increase in the losses of 82.58% during the five-year period. At the same time, its liabilities had grown to an extent that they were not in a position to be paid off or settled from its total assets.

Illustratively:

Figure 05: Total assets to total liabilities



(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

PROPERTY PLANT AND EQUIPMENT

The property and rights in the assets were transferred to the Company on 01 July 1998 by the WAPDA in accordance with the terms and conditions of the BTA executed between the WAPDA and the Company. However, title of free hold land measuring 4,406 Kanals and 9 Marla still remained in the name of the WAPDA. [1]

Under agreements with Power Holding Limited and Meezan Bank, executed in the FY 2019-20 land assets belonging to the company, have been pledged as security for the issuance of 10-year Suku[2]k certificates, while the company retains title only as a title agent. No detail on the amount of land and the corresponding value pledged viz-a-viz the subject arrangement, were found disclosed in the Financial Statements.

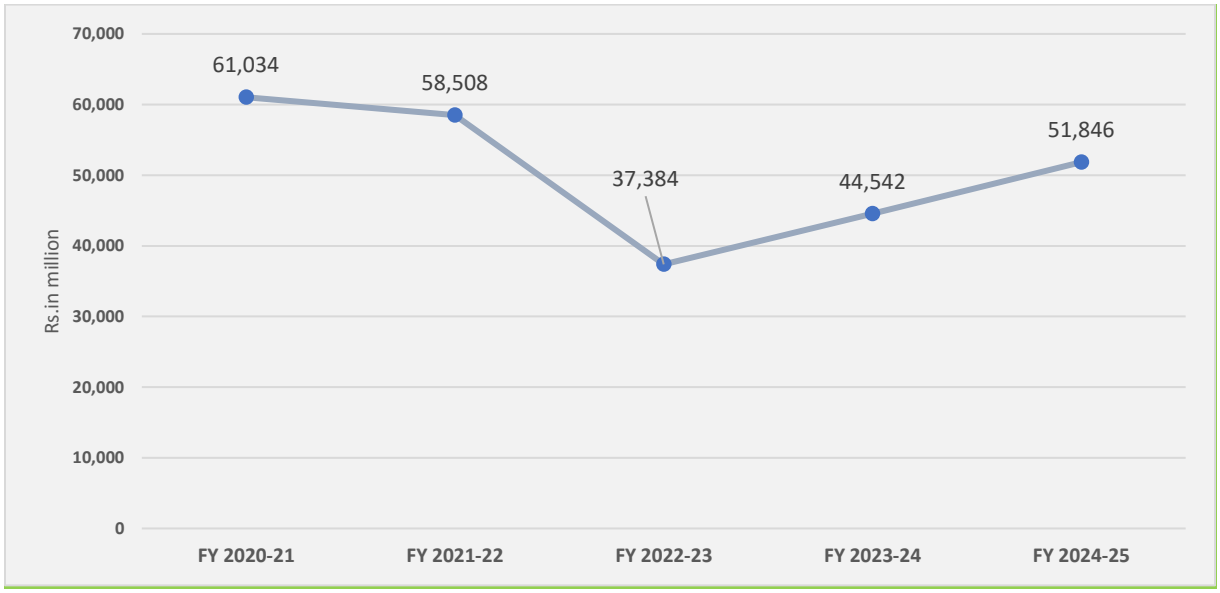
SUBSIDY RECEIVABLES FROM GOVERNMENT OF PAKISTAN

Subsidy receivable from the Government comprised amounts recoverable mainly against tariff differential subsidy (TDS), Industrial Support Package (ISP), Fuel Price Adjustment (FPA) subsidy, agriculture subsidy, Zero-Rated Industrial (ZRI) subsidy and applicable uniform quarterly tariff adjustment. The balance decreased from Rs. 61.03 billion in FY 2020-21 to Rs. 37.38 billion in FY 2022-23, primarily due to

[1] Note 3.1.1 of Financial Statement FY 2024-25
[2] 3.1.3 of Financial Statement FY 2024-25

reduction in ISP and ZRI subsidy, and thereafter increased to Rs. 44.54 billion in FY 2023–24 and further to Rs. 51.85 billion in FY 2024–25. The increase in FY 2024–25 was due to higher TDS and applicable uniform quarterly tariff adjustment. The accumulation of such receivables reflected continued reliance on budgetary support and exposed the entity to liquidity constraints in case of delayed realization. Illustratively:

Figure 06: Subsidy receivable from Government of Pakistan



(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

The above graph illustrated that the receivables were decreasing from FY 2020-21 to FY 2022-23 and then showed increasing trend till FY 2024-25 causing more financial constraints for the Company.

SUPPLEMENTAL (LATE PAYMENT) CHARGES

The Company continued to face substantial supplemental (late payment) charges arising from delayed settlement of power purchase invoices raised by CPPA-G.

The financial auditors in Note 23.2.2 of financial statement for FY 2024-25 disclosed that 'books of account of the Company are not in agreement with the records of CPPA (G) in respect of the amount payable to CPPA (G). There is a net difference of Rupees 52,770.685 million between the amount confirmed by CPPA (G) and the amount recorded in the books of the Company as of 30 June 2025. Reconciliation of this difference reveals that there are certain charges levied by CPPA (G) that the management does not acknowledge; unless both parties resolve these differences, the amount of the liability recognized in the books of the Company cannot be adjusted.

NO INDEPENDENT GENERAL PROVIDENT FUND

LESCO 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 increased from Rs. 155.08 billion as at 30 June 2021 to Rs. 175.84 billion in FY 2024–25 (2024: Rs. 185.13 billion). The peak was observed in FY 2023–24 at Rs. 185.13 billion before marginal improvement in FY 2024–25 due to actuarial gains and higher contributions. The increase over the five-year period was primarily attributable to recurring service cost, interest cost and actuarial losses.

The present value of defined benefit obligations increased from Rs. 190.48 billion in FY 2020–21 to Rs. 287.11 billion in FY 2024–25. Plan assets increased from Rs. 35.40 billion in FY 2020–21 to Rs. 111.27 billion in FY 2024–25, mainly due to enhanced contributions; however, assets remained significantly lower than obligations, resulting in a substantial net unfunded liability.

Table-5: Staff retirement benefits as % of Sales

FYs	FY 2020–21	FY 2021–22	FY 2022–23	FY 2023–24	FY 2024–25
% of liability to Sales	14%	12%	16%	17%	15%

(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

The staff retirement benefits consistently represented a material double-digit percentage of annual sales, indicating a significant long-term obligation relative to revenue generation. The ratio declined in FY 2021–22 due to temporary improvement in equity position but increased again in FY 2022–23 and FY 2023–24 as obligations expanded faster than revenue growth. Although a marginal reduction is observable in FY 2024–25, the liability remained substantial in proportion to sales, reflecting ongoing actuarial risk and long-term funding pressure on the Company's financial position.

STATEMENT OF CASH FLOWS

Table-6: 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	19,183	14,939	15,034	23,547	21,718
Net cash (used in) investing activities	-3,036	-6,210	-10,761	-21,079	-27,909
Net cash (used in) financing activities	-597	-597	-499	-436	-338
Net (decrease)/increase in cash & cash equivalents	15,549	8,131	3,773	2,032	-6,529
Cash & cash equivalents at year end	56,155	43,570	47,344	13,833	7,303

(Source: Financial Statements of LESCO for the FY 2020-21 to 2024-25)

A review of cash flow performance from FY 2020–21 to FY 2024–25 indicated that, although the Company maintained positive operating cash flows throughout the period, its liquidity position weakened considerably due to escalating investment outflows.

Operating cash flows improved overall from Rs. 19.18 billion in FY 2020–21 to Rs. 21.72 billion in FY 2024–25, reflecting operational resilience and improved recoveries. The peak was recorded in FY 2023–24 at Rs. 23.55 billion.

Investing activities showed a steep upward trend in cash outflows, rising from Rs. 3.04 billion in FY 2020–21 to Rs. 27.91 billion in FY 2024–25—an increase of Rs. 24.87 billion. This substantial expansion in capital spending and investments significantly outpaced operational cash generation and became the primary driver of liquidity pressure.

Net cash movement deteriorated from a positive Rs. 15.55 billion in FY 2020–21 to a negative Rs. 6.53 billion in FY 2024–25. Consequently, cash and cash equivalents declined sharply from Rs. 56.16 billion to Rs. 7.30 billion over the five-year period.

STATEMENT OF CHANGES IN EQUITY

Examination of the Statement of Changes in Equity for the period from FY 2020–21(-144.707 billion) to FY 2024–25 (-175.251 billion) indicated persistent erosion of equity primarily due to recurring losses, partially offset by non-cash capital adjustments and deposits for issuance of shares.

The issued, subscribed and paid-up share capital remained constant at Rs. 6,738,008,700 throughout the period. However, accumulated losses increased substantially from Rs. 181.40 billion as at 30 June 2021 to Rs. 331.20 billion as at 30 June 2025, reflecting continuous annual losses.

Capital reserve (deposit for issuance of shares) showed a rising trend, increasing from Rs. 29.96 billion as at 30 June 2021 to Rs. 149.51 billion as at 30 June 2025. The increase was mainly attributable to non-cash

settlements against deposits for shares, including additions of Rs. 40.03 billion in FY 2021–22, Rs. 20.33 billion in FY 2022–23, Rs. 13.31 billion in FY 2023–24 and Rs. 45.88 billion in FY 2024–25.

Despite growth in capital reserves, total equity remained negative throughout the period. Total equity deteriorated from negative Rs. 144.71 billion as at 30 June 2021 to negative Rs. 174.95 billion as at 30 June 2025.

Overall, the statement indicated continued financial stress, with recurring operational losses eroding equity, and reliance on capital injections (through deposits for shares) to partially mitigate the deficit position.

FINDINGS

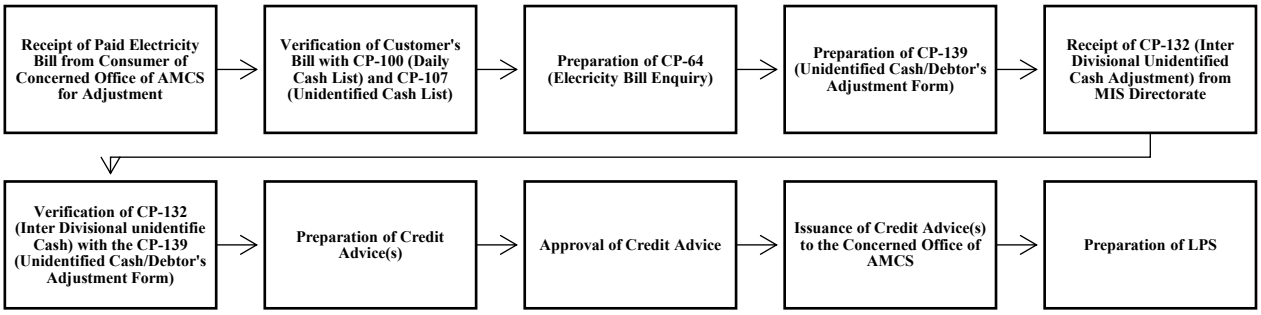
1. FINANCIAL MANAGEMENT

In this section weaknesses in financial management, particularly relating to the non-adjustment of unidentified cash as Rs.165.529 million remained parked under the head "Unidentified Cash" for prolonged periods across multiple divisions, indicating non-reconcile collections with consumer accounts. This reflected ineffective reconciliation procedures, weak internal controls and oversight of cash handling and revenue posting, resulting in blockage of revenue and increased risk of misappropriation. Despite management assurances, no documentary evidence or timely corrective action was provided, pointing to persistent deficiencies in financial discipline and accountability.

1.1 Non-adjustment of unidentified cash

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 (Unidentified Cash List)."

RNR: Flow Chart regarding Adjustment of Unidentified Cash of Collecting Office of AMCS



During the audit of LESCO for the financial year 2024-25, it was observed that an amount of Rs.165.529 million had been lying under the head 'Unidentified Cash' in CP-107 since long and an increasing trend on this account was witnessed during 2022 onwards. It was pertinent to mention here that DISCO's accounting manual clearly lays down procedure for adjustment of unidentified cash which was not adhered to by the management. This indicated that the corresponding revenue had been blocked and not properly recorded in the respective consumers' accounts.

Table-7: Un-identified cash Balance as on June-2025

(Rs. in million)

Sr. No.	PDP No.	Name of Formation	No. of Divisions	Unidentified cash Balance as on June-2025
1.	1838/2025-26	Manager Operations Central Circle	7	140.901
2.	1938/2025-26	Manager Operations Okara Circle	5	24.628
	Total		**12**	**165.529**

(Source: CP-107 of LESCO for FY 2024-25)

The accumulation of unidentified cash in suspense accounts demonstrates ineffective reconciliation, record discrepancies, and weak internal control over cash handling and consumer account postings. This not only distorted revenue reporting but also increased the risk of fraud, misappropriation, or loss of revenue.

Inefficient financial management resulted in non-settlement of long outstanding unidentified cash amounting to Rs.165.529 million up to financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that revenue Offices under Central Circles reported unidentified cash balances arising from time to time due to unforeseen obligations, which are subsequently reconciled with the IT Center through CP-107. CP-107 (Un-Identified cash) is a continuous process and varies periodically; however, proper monitoring is being carried out to minimize such balances.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit documentary evidence regarding reconciliation/adjustment of unidentified balances as stated by the management in the DAC meeting within a week.

Audit recommends that instances of non-reconciliation may be probed and amount credited to correct head of accounts after observing all codal formalities to avoid any misappropriation of cash.

(Draft Para No.1838/2025-26/AMIS 2025_COM0000000145_F01947)
(Draft Para No.1938/2025-26/AMIS 2025_COM0000000145_F02097)

2. STATED MANDATE, ROLE AND RESPONSIBILITIES

The governance framework establishes the system of rules, roles, and accountability mechanisms through which distribution of authority and responsibilities among governing bodies, management, and operational units are defined 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. Audit examined certain weaknesses in BoD oversight for effective monitoring and operational efficiencies in LESCO.

2.1 Review of BoDs' monitoring against Strategic Road Map Targets (SRM) and non-preparation of measurable KPIs in LESCO

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. The Ministry of Energy (Power Division) or its designated entity shall also be responsible for monitoring the performance of state-owned distribution companies in the context of the roadmap approved."

According to Section-5 of the 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 LESCO for the financial year 2024-25, it was observed that a Strategic Roadmap Agreement (SRA) was executed on February 24, 2025 between the Ministry of Energy (Power Division) and the BoD of LESCO to improve operational, technical, and commercial performance and enhance service delivery through stipulated targets. However, comparison of approved financial year 2024-25 targets with actual achievements revealed under performance across most key indicators, as summarized below:

Table-8: FY 2024-25 Targets vs. Achievements

Sr. No.	Component	Units	Target FY 25	Progress ending Jun-25	Increase/ Decrease
1	Development and Strengthening of Safety System	%	75%	71%	-4%
2	Deployment of SCADA	%	10%	0%	-10%
3	Completion of GIS Mapping & Tagging of HT Network	%	20%	10%	-10%
4	Completion of GIS Mapping & Tagging of LT Network	%	20%	5%	-15%
5	Deployment of AMI (Three Phase Meters)	%	3%	1%	-2%
6	Deployment of Computerized Energy Audit up to Distribution Transformer	%	10%	3%	-7%
7	Implementation of SLA with CPP	%	100%	0%	-100%
8	Implementation of O&M agreement with SEZ	%	100%	0%	-100%
9	T&D Losses	%	13.1	13.39	0.29
10	Recovery (Computed Billing)	%	100	99.7	-0.3
11	AT&C Losses	%	13.1	13.65	0.55
12	Feeder rehabilitated	No.	133	90	-43
13	Distribution Transformer-Addition/Augmentation	No.	2,340	1,687	-653
14	Grid Station- Addition/Augmentation	No.	9	6	-3
15	Capacitor	No.	102	50	-52
16	HT Line-Addition/Re-conducting	km	723	335	-388
17	LT Line-Addition/Re-conducting	km	349	294	-55
18	Transmission Line -Addition/Re-conducting	km	20	0	-20
19	ABC Cable	km	108	48	-60
20	AMI Metering at Transformers	No.	1,598	1,149	-449

(Source: PPMCL Performance Report of DISCO's FY 2024-25)

From the above table, it can be assessed that overall performance remained low as there were instances where achievements against targets were 0%. Major shortcomings were seen in implementation of Service Level Agreement (SLA) with CPP and implementation of O&M agreement with Special Economic Zone (SEZ). Such a situation indicated weak monitoring and oversight by the

BoD in implementation of the Strategic Roadmap and achievements of targets despite the facts that BoD carried out 24 meetings during the year. Further, against the total target of 160,285 AMI meters, only 32,958 meters were installed, reflecting an overall achievement of 20.56% of the annual target. These installations were limited to tube-wells and industrial connections, representing 50% of their category target of 65,441 meters. Moreover, no AMI meters were installed on high-loss feeders, against the target of 94,844 meters. To meet the multi-year development plan, LESCO had to reinforce execution oversight, and ensure timely contractor performance during financial year 2025-26. Audit further analyzed that LESCO had not developed or implemented measurable KPIs across its operational units and departments. Departmental functions were being carried out without formally documented role definitions, output-based performance targets, or accountability benchmarks. In the absence of standardized and measurable KPIs, management was unable to objectively monitor departmental performance, evaluate risks and control failures. These deficiencies occurred due to weak governance oversight by the BoD, ineffective monitoring of the Strategic Roadmap implementation, and non-establishment of a standardized, KPI-driven performance management framework.

Suboptimal monitoring of BoD and absence of measurable KPIs resulted in low achievement against approved Strategic Roadmap targets during financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the LESCO initiated a turnkey tender for AMI smart meters in October 2024; however, the tender was cancelled ab-initio in July 2025 without financial or legal implications. Consequently, NEPRA-approved AMI deployment targets for FY 2024-25 were partially achieved, and revised targets are under approval by the Board of Directors. The PMU LESCO follows the KPI framework approved by LESCO Head Office; however, due to procedural delays, documented KPIs could not be presented during audit fieldwork. The matter has been taken up with HR, approved KPIs are being provided and the observation is documentary in nature and stands complied with.

The DAC, in its meeting held on January 28-30, 2026, directed the management to initiate/accelerate efforts to install the meters which may be completed upto June 30, 2026 and submit the report to audit along with documentary evidence along with the justification as to why priority was not given to the high loss feeders. Moreover, the copy of KPIs with reference to the job descriptions along with officer/officials may be provided to the audit as well as Ministry of Energy and Ministry of Finance. Failing which the responsibility be fixed against the responsible officer/official within a week.

Audit recommends that BoD should strengthen oversight by regularly monitoring Strategic Roadmap targets, ensure corrective actions for deviations on timely basis, besides directing LESCO management to implement a standardized, KPI-based performance framework with clear roles and measurable targets across all operational units

(Drat Para No.788/2025-26/AMIS 2025_COM0000000145_F00886)
(Draft Para No.1968/2025-26/AMIS 2025_COM0000000145_F02049)

3. HUMAN RESOURCE MANAGEMENT

LESCO has 18,176 employees at its payroll. The audit of LESCO for financial year 2024-25 revealed serious governance and accountability weaknesses, particularly in the handling of NAB-referred complaints against company officials, where a significant number of cases remained unfinalized or untraceable, reflecting unsatisfactory record management and weak compliance. Moreover, prolonged postings of officers in PMU LESCO in violation of rotation policies, coupled with inordinate delays in disciplinary inquiries related to illegal electrification, highlighted ineffective internal controls and lack of managerial oversight. These lapses not only undermined statutory accountability mechanisms but also resulted in revenue losses, increased safety risks, and compromised system integrity, while management responses remained largely unsatisfactory due to the absence of documentary support and credible justifications.

3.1 Non-finalization of complaints / inquiries referred by NAB to LESCO

According to Clause-20 of State-Owned Enterprises (Governance and Operations) Act, 2023, "The Board shall ensure the integrity of the systems of internal control and any person who is found liable for a deviation or violation from the company's code of conduct or other systems of internal control shall be subject to disciplinary proceedings in accordance with the state-owned enterprise's internal policies."

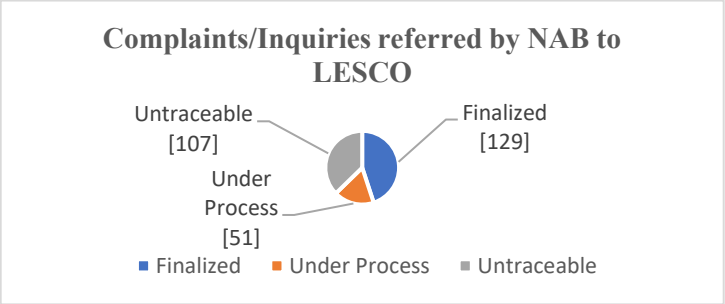
During the audit of LESCO for the financial year 2024-25, it was observed that a total of 287 complaints / inquiries cases for the period from 2019-20 to 2023-24 were forwarded / transferred to the Chief Executive Officer, LESCO for investigation and necessary departmental action against LESCO employees. Further scrutiny of record reveled that out of total 287 cases, only 129 (45%) cases have been completed so far. Fifty-one (51) complaints / inquiries were still under process and the status of remaining 107 complaints / inquiries was "untraceable". The non-finalization of such a significant number of complaints/enquiries and missing complaints was a matter of serious concern. This situation reflected operational inefficiency of the management which requires immediate justification and corrective action.

Table-9: Status of complaints / inquiries referred by NAB to LESCO

Total No of Complaints	Complaints Completed	Complaints Under process	Complaints Untraceable
287	129	51	107

(Source: Information provided by HR complaint cell LESCO)

Figure-7: Complaints/Inquiries referred by NAB to LESCO



(Source: Information provided by HR complaint cell LESCO)

Non-adherence to SOE Act, 2023 resulted in non-finalization and missing complaints/inquiries referred by NAB at LESCO up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026.

The management replied that as per LESCO record 133 complaints has been resolved, 47 are under process while 107 complaints have not been received.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit documentary evidence with reference to efforts made by LESCO to expedite the complaints and complete the process within two weeks.

Audit recommends the management to look into the matter to fix responsibility on the person(s) at fault besides establishing a monitoring mechanism to ensure timely investigation and finalization of all complaints/enquiries referred by NAB.

(Draft Para No.2005/2025-26/AMIS 2025_COM0000000145_F02076)

3.2 Non-rotation of officers contrary to the Government Policy

As per transfer posting policy of officers in DISCOs notified by PEPCO vide No.MD PEPCO/GM HR/HRD/3137-50 dated November 28, 2017, the job rotation, after two consecutive tenures, in one field, the officer should be rotated to another field.

During the audit of LESCO for the financial year 2024-25, it was observed that several officers posted in the PMU LESCO had been serving at the same positions ranging from 4 to 15 years, in violation of the government's prescribed policy regarding rotation and tenure. As per applicable rules, no officer should remain posted at a particular seat for more than three years to ensure transparency, and encourage organizational efficiency. However, no evidence of periodic rotation or justification for prolonged postings was provided to audit. This state of affairs indicated weak enforcement of administrative controls and professional growth of staff.

Table 10: Details of officers posted in PMU LESCO

Sr.#	Name of Officer	Designation	Date of Posting in PMU	Time Period
1.	Malik Asim	AM (Finance)	01.10.2009	15 years 9 months
2	Hafiz Hamad Arif	AM (P&S)	22.08.2011	14 years
3.	M. Hassan Qayyum Khan	AM (Proc.)	29.01.2013	12 years 5 months
4.	Tahseen Yousaf	AM (Environment)	27.08.2014	11 years
5.	M. Abbu Bakar Khan	AM DM (Proc.)	30.10.2014	10 years 8 months
6.	Zia Mohyuddin	DM (E&S)	03.08.2015	10 years
7.	Asim Zamir	DM (Proc.)	12.01.2018	7 years 5 months
8.	Ms. Maryam Rishi	AM (Proc.)	30.12.2020	4 years 6 months

(Source: HRD office order file of LESCO)

Non-adherence to transfer/posting policy of officers in DISCOs resulted weak administrative control due to non-rotation of officers in PMU LESCO contrary to the policy of government up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that it is acknowledged that during FY 2024–25 certain PMU officials remained posted for longer periods due to the specialized nature of assignments, continuity requirements of ongoing projects, and non-availability of suitable replacements. However, after the close of the financial year, management has initiated implementation of the rotation policy. The Manager Environment, Chief Engineer (PMU), and Deputy Manager (Procurement) have been transferred/reposted accordingly, remaining positions are under review to ensure timely rotations in future.

The DAC, in its meeting held on January 28-30, 2026, directed the management to provide the breakup of total no of officers/officials, date of appointment and work under the post since appointment, training and submit documentary evidence under the vetting of CEO LESCO.

Audit recommends that the management should strictly adhere to the government's rotation policy and take corrective action to ensure timely rotation of officers for continuous professional growth.

(Drat Para No.736/2025-26/AMIS 2025_COM0000000145_F00885)

4. PROCUREMENT

The audit of LESCO for the financial years under review revealed weaknesses in procurement related activities and non-compliance of PPRA Rules, 2004. The procurement plan was approved for Rs. 16,212 million and expenditure of Rs. 12,657 million was incurred during FY 2024-25 in all 139 tenders were opened during the year while 17 were scrapped on various accounts. Audit observed irregularities in contract awards and deviations from competitive bidding requirements. Documentation and approvals for these procurements were frequently incomplete or missing, indicating weak internal controls and oversight.

4.1 Procurement of AMI Smart Energy Meters at Higher Rates

Public Procurement Rule-4, 2004 states, "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 LESCO for the financial year 2024-25, it was observed that tender No.4013, opened on March 26, 2024 was floated by LESCO for supply of 35,000 three-phase AMI Smart Energy Meters along with Meter Data Concentrator (MDC). After evaluation, M/s. Accurate (Pvt.) Ltd. was declared the lowest evaluated responsive bidder for Lot No.1 and Lot No.3 and consequently purchase order No. 4488 dated September 12, 2024 for Rs.985.00 million was issued in its favor.

Audit observed that the unit rates offered by the successful bidder (Rs.44,125 and Rs.43,250 per meter) were 119.13% higher than the rates of Rs.19,737 per meter obtained in an international tender (No.DIIP/AMI-03-2023) floated by LESCO PMU for the same item during April, 2024. Procurement at such inflated rates imposed an avoidable extra financial burden of Rs.524.50 million on LESCO.

It was further noted that Deputy Manager (MM Wing), LESCO recorded on noting file that the bidders had quoted in a "monopolistic scenario hampering healthy competition" and recommended scrapping of the tender ab-initio and re-tendering through International Competitive Bidding (ICB) under Rule-36(b) of Procurement Rules, 2004 to ensure fair, transparent, efficient and economical procurement. The impact of inflated rates is evident from the following comparison:

Table-11: Rate comparison AMI Energy Meters

(Rs. in million)

Description	Name of Items	Quantity (Nos.) Lot-1 & Lot-3	Rate per meter	Total Cost
Rate quoted by M/s. Accurate (26.03.2024)	AMI Energy Meters	23,333	42,215	985.00
Rate obtained in PMU LESCO (04.04.2024)	AMI Energy Meters	23,333	19,737	460.50
Excess amount paid				**524.50**

(Source: LESCO's Bidding documents & Noting file of tender No.4013)

Audit holds that procurement planning and rate analysis were deficient, leading to acceptance of inflated rates, which was neither economical nor feasible.

Non-adherence to Procurement framework and principle of economy resulted in procurement at inflated rates of Rs.524.5 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that all the proceedings of the tenders where procurement was finalized on the basis of single bid on competitive price, fully meets the requirement of PPRA rules 2004 especially rule-21. In compliance of same rule, AMI smart energy meters were procured through purchase order # 4013 dated 26.03.2024 on lowest competitive rates as compared to the rates of other DISCOS despite the fact that the value of USD against Pak Rupee was considerably high at the time of approval. As far as the tender of PMU is concerned, the tender has been scrapped, therefore, the comparison of rates with PMU tender cannot be made.

The DAC, in its meeting held on January 28-30, 2026, directed the CEO LESCO to inquire the matter under PPRA Rules and submit the report to audit within one month.

Audit recommends that the matter may be investigated to identify lapses in tender evaluation process for necessary corrective actions.

(Draft Para.1844/2025-26/AMIS 2025_COM0000000145_F01953)

4.2 Issuance of purchase order without addressing grievance of non-responsive bidder

According to Rule-48 (2) & (3) of Public Procurement Rules, 2004, any party may file its written complaint against the eligibility parameters, evaluation criteria or any other terms and conditions prescribed in the bidding documents if found contrary to the provisions of the procurement regulatory framework, and the same shall be addressed by the Grievance Redressal Committee (GRC) well before the proposal submission deadline. Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances within seven days of announcement of the technical evaluation report and five days after issuance of final evaluation report.

During the audit of LESCO for the financial year 2024-25, it was observed that two (02) tenders (No. 4074 & 4075) were floated for the procurement of 255 Desktop Computers with LCD, keyboard & mouse and 101 laptop computers (Core-i7), opened on October 02, 2024. Two bidders, M/s. Riz Technology and M/s. Computer Tips participated in the bidding process. The bids submitted by M/s. Computer Tips were not considered on the grounds that the Call Deposit Receipt (CDR) of the bid security/earnest money was issued by MCB Islamic Bank, which was not included in the list of specified banks mentioned in the bidding documents.

Table-12: Purchase Orders issued to M/s. Riz Technology, Lahore

(Rs. in million)

Sr. No.	Tender No & Date	Supplier	PO No/Date	Description of material	Amount
1	4074 02.10.24	M/s. Riz Technology, Lahore	4522 28.01.25	Laptop Core- i7	35.073
2	4075 02.10.24	M/s. Riz Technology, Lahore	4523 28.01.25	Desktop Computer with LCD, Keyboard & Mouse	76.498
Total					**111.571**

(Source: LESCO's Purchase orders Nos.4522 & 4523 dated January 28, 2025)

Subsequently, M/s. Computer Tips, vide its letter dated October 09, 2024, lodged a grievance with the Chief Engineer (MM), stating that the AA rating list in the bidding documents included MCB Bank Limited, and that MCB Islamic Bank Limited is a wholly owned subsidiary of MCB Bank Limited. The bidder also provided a clarification letter from the bank and requested that its bids be considered, further intimating that its quoted prices were significantly lower than those of the competing vendor. However, no action was taken either by the Procurement Committee or the Grievance Redressal Committee (GRC) on the bidder's complaint. Consequently, both tenders were awarded to M/s. Riz Technology, and two separate purchase orders amounting to Rs.111.571 million were issued on January 28, 2025.

Non-adherence to the Rule-48 (2) & (3) resulted in undue favor being extended to the supplier, in violation of Procurement Rules, 2004 during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the bid submitted by M/s Computer Tips was not

announced by the designated tender opening committee, as the Bid bond / earnest money furnished by the firm was issued by MCB Islamic Bank, which is not included in the list of specified banks as clearly mentioned in the bidding documents. The same was duly conveyed to the firm vide letter No. 3638-40/LESCO/CEMM/Pro dated October 15, 2025. The grievance was received after the bids had already been forwarded for evaluation and was not filed at the appropriate stage as prescribed under PPRA Rules. Since the bid was not opened/announced, there is no evidence to establish the firm as the lowest bidder, nor was any supporting documentary proof provided.

The DAC, in its meeting held on January 28-30, 2026, directed the management to look into the matter for identification/rectification on account of non-acceptance of bid of the supplier besides the matter may be taken up with austerity committee of Finance Division for regularization of the said procurement from the Finance Division.

Audit recommends the management to look into the matter at the appropriate level, fix responsibility on the persons at fault, and report compliance to audit.

(Draft Para No.2093/2025-26/AMIS 2025_COM0000000145_F02230)

4.3 Irregular award of tender award to 2nd lowest bidder

According to Rule-4 of Public Procurement Rules, 2004, "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. 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."

Further, according to Rule-31, of ibid Rules, Clarification of bids 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. 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 LESCO for the financial year 2024-25, it was observed that Tender No.4013, opened on March 26, 2024 for procurement of '3-Phase AMI Smart Energy Meters' No. 35,000(in three lots), was awarded to the second lowest bidder in violation of transparency and fairness principles of procurement.

- In Lot-1, M/s. Transfopower Industries (Pvt). Ltd. And M/s. Accurate (Pvt).Ltd participated but the former quoted the lowest rate of Rs.43,589 per unit and declared technically non-responsive on the grounds that technical data/details of software & hardware of MDC were not attached, which was mandatory as per IT-10 (10.4), II-13 (13.10), and Clause 1-(B)(f) & (g) of the bidding documents as outlined in para 5.1.2 of evaluation report of tender No.4013. The tender was awarded to M/s. Accurate (Pvt). Ltd.
- In Lot-2, only two bidders participated, namely M/s. Creative Electronics and M/s. Microtech Industries (Pvt). Ltd. Both were declared technically non-responsive on the grounds that technical data/details of software & hardware of MDC were not attached, which was mandatory as per IT-10 (10.4), II-13 (13.10), and Clause 1-(B)(f) & (g) of the bidding documents as outlined in para 5.3.2 & 5.4.2 of evaluation report of tender No.4013.

- In Lot-3, M/s Transfopower Industries (Pvt). Ltd and M/s. Accurate (Pvt) Ltd. participated but M/s Transfopower was declared non-responsive, consequently the tender was awarded to M/s Accurate Pvt Ltd, for both Lot-1 and Lot-3

Subsequently, Purchase Order No. 4488 dated September 12, 2024 amounting to Rs.985.02 million was issued in favor of M/s. Accurate (Pvt). Ltd. Audit observed irregularities in the procurement process as M/s. Accurate (Pvt). Ltd. failed to produce at least two satisfactory performance certificates from end users, a mandatory requirement under the standard bidding documents, yet the firm was awarded the contract. Further, scrutiny revealed that although the Manager (Design), LESCO, through letter dated April 23, 2024, highlighted deficiencies in bidding documents of all participants and sought clarifications through CE (MM) prior to bid evaluation, no clarification was sought regarding the grounds on which the lowest bidders of Lot-1 and Lot-2 were declared technically non-responsive. This selective omission was pointed out by M/s. Transfopower Industries (Pvt). Ltd, M/s. Creative Electronics and M/s. Microtech Industries (Pvt). Ltd.

Consequently, the GM (Technical), LESCO, constituted an inquiry committee on June 26, 2024 to examine the matter. The committee reasoned that in the PMU tender, bidders had submitted some technical data, so clarifications were required, whereas in tender no.4013, bidders had submitted no technical data at all; hence, the committee concluded that there was no need to seek post-bid clarification, and declaring the lowest bidders technically non-responsive was justified.

Audit observed that since the bidders had provided technical data related to energy meters. Furthermore, inspection of the post-bid clarification letter dated May 24, 2024 for the CE PMU tender DIIP-AMI-03 which showed that M/s. MTL did not submit MDC server hardware technical data, drawings, or architecture in its bid, yet post-bid clarification was requested in that tender. Therefore, the inquiry committee's justification for omitting clarifications in tender 4013 was not supported by the facts.

These lapses indicated weak internal controls, lack of transparency in procurement due to selective applications of rules resulting in irregular award of tender to the second lowest bidder amounting to Rs.985.02 million.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the tenders where procurement was finalized from single bidder on competitive price, it fully meets the requirement of PPRA rules 2004 especially rule-21. In compliance of same rule, AMI smart energy meters were procured through tender No. # 4013 dated 26.03.2024 on lowest competitive rates. As far as the tender of PMU is concerned, the tender has been scrapped. Therefore, the comparison of rates with PMU tender cannot be made.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit complete justification for declaring three (03) participating bidders as non-responsive along with documentary evidence to audit duly vetted by CEO LESCO.

Audit recommends that the matter be investigated at an appropriate level to ascertain the justification for declaring the lowest bidders technically non-responsive.

(Draft Para.1846/2025-26/AMIS 2025_COM0000000145_F01955)

4.4 Awarding of tender despite existing valid tender for the same items

According to Rule-34(2) of Public Procurement Rules, 2004, the procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary. According to Rule-33(3) of Public Procurement Rules, 2004, Notice of the rejection of all bids or proposals shall be given promptly to all suppliers or contractors that submitted bids or proposals.

During the audit of LESCO for the financial year 2024-25, it was observed that tender No.4078 was floated on September 05, 2024 and opened on September 26, 2024 for procurement of 900 Nos. 100-kVA transformers in two Lots. Two bidders M/s. Grit (Pvt). Ltd. and M/s. Sigma Power (Pvt). Ltd. participated in the bidding process in two separate lots. After evaluation M/s. Grit (Pvt). Ltd. and M/s. Sigma Power (Pvt). Ltd. were declared lowest responsive bidders in both Lots and evaluation report was published on PPRA website on November 07, 2024. Multiple extensions in bid validity up to February 23, 2025 were requested by the management and the same were granted by the bidders but the tender was not finalized. The management neither issued purchase order to the lowest evaluated bidders nor scrapped the tender and intimated the bidders as required by Rule-33(3) of procurement rules.

In the meanwhile, another tender No.4125 for procurement of same equipment for same quantity was floated on December 07, 2024 and opened on December 26, 2024. Four (04) bidders participated in the bidding process. After evaluation M/s. Transfopower Industries Ltd. declared lowest responsive bidder in both Lots and evaluation report was published on PPRA website on January 31, 2025. Purchase order No.4539 against tender No. 4125 amounting to Rs.423.44 million dated February 28, 2025 was issued to M/s. Transfopower Industries (Pvt). Ltd., Lahore.

After publication of evaluation report of tender No. 4125, M/s. Sigma Power (Pvt). Ltd. vide its letter dated February 07, 2025 submitted his grievance on tender No.4125 in which it pointed out that they participated in tender No.4078 for the same procurement and had been declared lowest responsive bidder but were not awarded the contract even after a lapse of five months. The case was referred to LESCO Grievance Redressal Committee (GRC). The committee concluded the rates of M/s. Sigma Power (Pvt). Ltd. were approximately 8.53% higher than the rates of new FCS unit rate therefore subject grievance was not justified.

Non-adherence to the Procurement Rules 2004 resulted in non-transparent procurement of transformers amounting to Rs.423.44 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the tender No. 4087 for 900 Nos. 100 KVA transformers could not be finalized due to litigation of M/s Grit and imminent expiry of bid validity on 31.12.2024, while LESCO stock levels were also nearing exhaustion. Accordingly, with BOD approval, a fresh tender No. 4125 was floated. The new tender resulted in a lower unit rate and total saving of Rs.82.90 million (Rs. 443.60 million vs Rs. 526.50 million). PPRA Rules place no restriction on floating a new tender during an existing tender, and both tenders were duly uploaded on the PPRA website without objection. Hence, no loss was sustained by LESCO during floating of new tender

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit approval of the competent authority who approved the parallel tenders along with solid justification within one week.

Audit recommends the management to look into the matter at higher level to fix responsibility for this omission under report to audit.

(Draft Para No.2088/2025-26/AMIS 2025_COM0000000145_F02222)

4.5 Award of purchase order to firm engaged in misrepresentation practices

According to Clause-20 of State-Owned Enterprises (Governance and Operations) Act, 2023, "The Board shall ensure the integrity of the systems of internal control and any person who is found liable for a deviation or violation from the company's code of conduct or other systems of internal control shall be subject to disciplinary proceedings in accordance with the state-owned enterprise's internal policies."

As per Rule-2(f) (iv)of Public Procurement Rules, 2004, "fraudulent practices" which means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation."

As per the standard bidding documents for tender No. 4087, "bidders are required to submit details of all litigations, arbitration and other claims whether pending, threatened or resolved in last five years. The employer / Purchaser may disqualify bidder in the event that the total amount of pending or threatened litigations, arbitration and other claims represents twenty five percent (25%) of the bidder's net worth. Details in this regard should be submitted in the Bid on attached form of pending litigation (along with proof / documentary evidences of required net worth) as per Annexure-C."

During the audit of LESCO for the financial year 2024-25, it was observed that Tender No.4087, opened on October 15, 2024 for procurement of 400 units of ACSR Dog conductor, was awarded to M/s. Steel Complex Pvt. Ltd. vide Purchase Order No.4546 dated March 10, 2025. As per the standard bidding documents, all firms participating in the tender were required to furnish complete and accurate disclosure of pending litigations. The firm had submitted a certificate declaring that no litigation was pending with LESCO or any other DISCO. However, it was later established that the firm did, in fact, had pending litigations with other DISCOs.

Subsequently, the firm itself admitted this fact later in its letter dated February 06, 2025 addressed to the GM (Technical). Moreover, the matter was placed before the Board of Directors in its 284th meeting held on February 06, 2025, wherein the Board directed that "the management will issue a warning letter to M/s. Steel Complex on account of misrepresentation of facts in its certificate stating no legal case is pending with LESCO or any other DISCOs."

It was pertinent to mention that the bid evaluation had been finalized earlier on November 15, 2024, relying on the firm's false certificate. This concealment of facts vitiated the evaluation process, as the mandatory requirement to verify whether pending litigations exceeded 25% of the bidder's net worth could not be applied. Despite this, no punitive action was taken against the firm, and the purchase order of Rs.176 million was awarded in violation of bidding conditions.

Non-adherence to procurement framework resulted in irregular issuance of purchase order amounting to Rs.176.00 million to the firm found involved in misrepresentation of facts during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that evaluation of the tender was conducted based on information provided by the firm. Upon confirmation of M/s Steel Complex's litigation with MEPCO, the matter was placed before BOD LESCO, which directed issuance of a warning letter. The firm clarified that no litigation existed with LESCO and that the MEPCO case related only to an additional 15% quantity, against which 100% of the original purchase order had already been supplied. The pending litigation is below 25% of the firm's net worth and caused no loss to LESCO. Moreover,

100% material was delivered within the stipulated period. Accordingly, the litigation did not affect tender evaluation.

The DAC, in its meeting held on January 28-30, 2026, observed that the LESCO management was unable to specifically reply on the point that despite mis-statement of the contractor about the pending litigation the management issued the purchase order. Moreover, the board recommended issuance of a warning letter instead of imposing penalty and cancellation of the PO. The Chief Engineer (MM) was directed to provide details of the case in chronological order duly vetted by CEO LESCO within two weeks. Moreover, PPMC may inquire the matter and submit the report to audit within one month.

Audit recommends fixing responsibility against officers/officials who failed to detect misrepresentation during bid evaluation. Management should ensure independent verification of litigation and net worth declarations, initiate proceedings against M/s. Steel Complex Pvt. Ltd. under Procurement Rule-2(f)(iv) for fraudulent practices, and strengthen evaluation controls to prevent recurrence.

(Draft Para No.1843/2025-26/AMIS 2025_COM0000000145_F01952)

4.6 Purchased material lying at manufacturer's premises in violation of Purchase Order clause

According to Purchase Orders General Conditions (Terms of Delivery) "Spun Poles will be supplied on FCS basis and the cost of transportation charges will be borne by the firm/manufacturer in case of supply at above mentioned Regional Stores or at the destinations nearest to Regional Store concerned designated by the PD Construction, LESCO or Dy. Manger Regional Store Shalamar, Walgon Sohail and Pattoki according to percentage defined in the Letter of Intent and Purchase Order without involving any foreign exchange element & further cost of transportation charges etc."

According to DISCOs Accounting Manul Volume-II, IMM-1 "A) This process covers the activities regarding the receipt of material from supplier by the Regional Store, B) Material was received along with the supporting documents at the Regional Store, C) Goods Received Note (GRN) is prepared at the Regional Store, D) Store Account and supplier Ledger are updated on the basis of GRN and LPS is prepared to update the accounts accordingly." Further in IMM-1.6 Key Control Matrix "1) The Deputy Manager Regional Store check that quantity and quality of material received is as per PO, Deputy Manager Regional Store then countersigns the delivery challan and inspection certificate, 2) GRN is prepared by the Store Keeper, checked by AO&AA, verified by AMA by matching it with the PO and delivery challan."

During the audit of LESCO for the financial year 2024-25, it was observed on-site physical inspection of Regional Stores Shalamar, Pattoki, and Walgon Sohail of LESCO, it was observed that 5,772 HT Spun Poles of 36 ft and 45 ft (procured vide P.O. Nos. 4481, 4480 & 4525) and 1,600 LT Spun Poles of 31 ft (procured vide P.O. No. 4534) were not found in the stores. The joint on-site inspection report, signed by both the auditee and the auditor, also confirmed the non-availability of these poles. Examination further showed that GRNs for these items were issued on various dates and payments were processed by the CFO Office on the basis of these GRNs. Upon physical stock verification, it was disclosed that the material was lying with the manufacturer, who issued it directly to the field stores on the basis of gate-passes issued by the respective Regional Stores. It is pertinent to mention that no such provision exists in the relevant purchase orders allowing material to remain with the manufacturer or authorizing direct issuance to field stores without physical receipt and verification at the designated store.

Audit holds that issuance of GRNs and releasing payment without taking physical possession of material placed LESCO in a vulnerable position, as ownership is deemed transferred upon GRN certification. Such an arrangement may also result in avoidable disputes and litigation, leading to potential financial loss and undermining the reliability of inventory controls. Moreover, Inventory recorded as 'received' in financial and ERP systems but not physically present leads to overstatement of assets and misrepresentation of LESCO's financial position.

Non-adherence to rules and PO clause by irregular issuance of GRNs without physically receiving the items against resulted in inventory risk of Rs.405.12 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the PC poles were not shifted to regional stores as they are heavy pre-stressed concrete items and are normally transported directly from the manufacturing plant to the installation site to avoid damage and loss of strength due to repeated handling. This practice is uniformly followed by all DISCOs. The pole plant manufacturers provide undertakings to deliver poles to designated sites at their own cost, and each purchase order is secured with a performance guarantee, enforceable in case of non-performance. This approach saves storage space and prevents damage.

The DAC, in its meeting held on January 28-30, 2026, directed the GM (Operation), LESCO to inquire the matter as indicated by the audit specifically in the light of terms and conditions of the purchase order whereby the transportation cost was to be borne by the manufacturers besides reconciliation of the GRNs with the material physical available at site. Moreover, a joint inspection may be arranged including representative of the audit and the management for transparency today positively.

Audit recommends that a detailed inquiry be carried out whereby the circumstances under which GRNs were issued without physical receipt as well as the reasons for cost of transportation being borne by LESCO contrary to the terms of the PO may be examined, and fix responsibility on the officials concerned. LESCO management should immediately reconcile Goods Received Notes with actual field deliveries and ERP data under intimation to Audit.

(Draft Para.2155/2025-26/AMIS 2025_COM0000000145_F02294)

4.7 Irregular award of purchase orders despite expired pre-qualification

i) According to Rules-15 of Public Procurement Rules, 2004, Pre-qualification of suppliers and contractors: (1) A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily. (2) A procuring agency while engaging in pre-qualification may take into consideration the following factors, namely:- "Prescribed financial limit which is applicable under sub-clause (i) of the clause (b) of rule-42 (a) relevant experience and past performance; (b) capabilities with respect to personnel, equipment, and plant; (c) financial position; (d) appropriate managerial capability; and (e) any other factor that a procuring agency may deem relevant, not inconsistent with these rules.

ii) As per invitation for Bids 'Lahore Electric Supply Company (LESCO) invites sealed bids from LESCO/DISCOs/NTDC/PPMC/WAPDA's pre-qualified and registered manufacturers / suppliers; registered with Income Tax and Sales Tax Department and who are on Active Taxpayers list of the Federal Board of Revenue."

During the audit of LESCO for the financial year 2024-25, it was observed that on sample basis twelve (12) purchase orders were selected, which were issued by the Chief Engineer (MM), LESCO, to suppliers/manufacturer, who were pre-qualified during 2014 to 2016 and their pre-qualifications had already expired. Owing to expired pre-qualification, LESCO cannot assess the supplier/manufacturer's capacity for manufacturing/supply of goods and other technical, financial, and performance parameters, which defeats the very purpose of the pre-qualification process and compromises the transparency and integrity of the procurement system. With expired pre-qualification, LESCO could not properly evaluate the supplier's capacity and reliability, which increased the risk of engaging technically or financially ineligible firms, supply of substandard material, delayed deliveries (**Annexure-I)**

Non-adherence to provisions of the Invitation for Bids and relevant procurement rules, which clearly stipulate that only currently pre-qualified and registered manufacturers/suppliers are eligible to participate in bidding and receive purchase orders, resulted in irregular award of purchase orders despite expired pre-qualification during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that in the light of NAB letter dated Jan 08, 2014 the firms once registered or prequalified by any DISCO is forever and no further renewal of registration / Prequalification is required. It is further intimated that above narrated facts have been corroborated by Ministry of Energy Power Division Islamabad vide letter dated Jan 07, 2026 that revision of above referred letter of NAB on periodic basis is not required under PPRA Rules 2004.

The DAC, in its meeting held on January 28-30, 2026, directed the management to take up the matter with PPRA for necessary clarification as the directive issued by MoE lacks clarity. Besides the certified record related to pre-qualification of firms prior to 2014 may be provided along with documentary evidence to audit within a week.

Audit recommends the management to ensure that necessary clarification from PPRA on this account may be sought at the earliest besides responsibility be fixed on the officers/officials responsible for issuance of purchase orders to suppliers with expired pre-qualification.

(Draft Para.2095/2025-26/AMIS 2025_COM0000000145_F02234

4.8 Inconsistent bid evaluation in award of tenders

According to clause-9.1(f) of Bidding Documents, Bid may be rejected forthwith if; "submitted by a bidder who has previously failed to perform properly works of similar nature."

During the audit of LESCO for the financial year 2024-25, it was observed that a tender No.4112 for procurement of 65,000 Mtrs. L.T. Aerial Bundled Cable 96 mm2 was opened on 19th November, 2024. Two (02) bidders M/s. Newage Cables (Pvt). Ltd. and M/s. Fast Cables Ltd. participated in bidding process and quoted their rates as Rs.1,230/- & Rs.1,258/- per meter, respectively. The case was sent to tender evaluation committee for evaluation of the bids. The tender evaluation committee (TEC) vide para 5.1 of the evaluation report declared M/s. Newage Cables (Pvt). Ltd. technically non-responsive with the remarks that M/s. Newage Cables (Pvt). Ltd. has claimed to have litigation in four (04) cases with LESCO & MEPCO equal to 1.05% of the bidder's net worth. Although litigation amount mentioned by M/s. Newage Cables (Pvt). Ltd. is less than 25% but bidder

has not delivered the material to LESCO and MEPCO against 15% quantity of purchase order and M/s. Newage Cables (Pvt) Ltd failed to comply with the Clause-9.1(f) of bidding documents. Therefore, the tender was awarded to the 2nd lowest bidder i.e. M/s. Fast Cables Ltd.

Further scrutiny of tenders revealed that two (02) other tenders No.4079 and No. 4091 for procurement of 150 KM Insulated Ant Conductor and 12 KM 15-kV XLPE 3/C 35mm sq Cable were opened on October 01, 2024 and October 17, 2024 respectively. M/s. Newage Cables (Pvt). Ltd. participated as single bidder in tender No.4079 and No.4091 respectively. It was observed that M/s. Newage Cables (Pvt). Ltd. in both cases submitted "Annexure-C - Non/Involvement Litigation Certificate" in which the bidder was involved in three (03) litigation cases with LESCO and in one (01) case with MEPCO." The bid evaluation committee declared M/s. Newage Cables (Pvt). Ltd. technically and commercially responsive bidder ignoring Clause-9.1(f) of bidding documents.

Previously two (02) purchase orders for supply of "ACSR Osprey Conductor" and "Insulated Rabbit Conductor" were awarded to M/s. Newage Cables (Pvt). Ltd. wherein LESCO reserved the right to increase or decrease the quantity up to 15% of total quantity during the currency of the contract or within 6 months from the date of issuance of purchase order. M/s. Newage Cables (Pvt). Ltd. violated above said condition mentioned in purchase order and filed Writ Petitions No. 36683/2019 and 19633/2021 against LESCO and after dismissal of the said writ petition M/s. Newage Cables (Pvt). Ltd. filed CPLA No.1385/2023 and CPLA No.1386/ 2023 which were still pending before honorable Supreme Court of Pakistan.

Further, legal opinion regarding procurement from M/s. Newage Cables (Pvt) Ltd was also solicited from the Chief Law Officer (CLO) vide its memo dated 18.11.2024 also confirmed that at present CPLA No.1385/2023 and CPLA No.1386/2023, filed by M/s. Newage Cables (Pvt). Ltd. against LESCO were sub-judice before Honorable Supreme Court of Pakistan, Islamabad. In the light of which the CLO advised the Chief Engineer (MM) that the purchase order cannot be issued to M/s. Newage Cables (Pvt). Ltd. as the firm is in litigation with LESCO.

However, instead of retendering two (02) purchase orders No.4531 amounting to Rs.49.560 million and No.4530 dated February 18, 2025 for Rs.73.45 million were awarded to M/s. Newage Cables (Pvt). Ltd.in violation of Clause-9.1(f) of bidding documents. Further, two standards were being observed, in one case the same clause of bidding documents was implemented while in the other case the same was violated which clearly shows weak internal controls, inconsistence applications of rules by bid evaluation committee.

Non-adherence to the bidding document clause and ignoring the legal opinion of CLO resulted in irregular award of tenders amounting to Rs.123.01 million to M/s. Newage Cables (Pvt). Ltd. in violation of bidding conditions during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that in tender No. 4112, M/s Newage Cables was declared non-responsive based on CLO LESCO's legal decision dated November 18, 2024. No grievance was filed by the firm. The purchase order was placed on the 2nd lowest bidder, M/s Fast Cables, at a lower unit rate, resulting in cost savings to LESCO. Tenders No. 4079 and 4091 had already been fully executed and duly approved prior to the CLO decision. Evaluation of all three tenders was carried out in accordance with bidding documents, material was delivered within time, and no loss or violation occurred.

The DAC, in its meeting held on January 28-30, 2026, directed the CEO LESCO to look into the matter and submit the report to audit within one month along with proper justification.

Audit recommends the management to look into the matter at higher level to fix responsibility on concerned officers for non-observance of procurement rules and for adopting inconsistent evaluation standards under intimation to audit.

(Draft Para.2096/2025-26/AMIS2025_COM0000000145_F02235)

4.9 Non-issuance of minutes of pre bid clarification meeting and acceptance of single bid

According to Rules-31 (2) of Public Procurement Rules, 2004, Clarification of Bids, 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.

According to Rule-20 of Public Procurement Rules, 2004, 'principal method of procurement' - "Save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works."

According to Rule-4 of Public Procurement Rules, 2004, 'Principles of procurements' - "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 LESCO for the financial year 2024-25, it was observed that a tender No. 4118 was floated on October 26, 2024 for procurement of 5,500 Nos. 3-Phase AMI Smart Energy Meters, and 1 No. MDC Server Hardware with supply installation, configuration and commissioning. Four bidders procured the bidding documents and tender was opened on December 17, 2024. Due to technical complexities, a pre-bid meeting for Tender Nos.4116, 4117, and 4118 was held on December 03, 2024 in the office of Chief Engineer (Technical Services), LESCO, Lahore.

After the meeting, bidders M/s. KBK Electronics (Pvt). Ltd., M/s Creative Electronics (Pvt). Ltd., and M/s. Transfopower Industries (Pvt). Ltd. raised several technical and commercial queries seeking clarification to enable them to submit comprehensive bids. However, the management did not issue minutes of the pre-bid meeting nor did it respond to any of the bidders' queries / bidders' questions. As a result, when the tender was opened on December 17, 2024, only a single bidder, M/s. KBK Electronics (Pvt). Ltd., participated in the subject procurement. A purchase order No.4545 dated 10th March, 2025 amounting to Rs.255.02 million was awarded to the same bidder.

Audit was of the view that non-issuance of pre-bid meeting minutes and lack of response to bidder queries'/ bidders' questions discouraged competition, undermined the principles of open, fair, and transparent procurement as required under procurement Rules. This resulted in a single-bidder situation, compromising the spirit of competitive bidding and potentially affecting value for money.

Non-adherence to the Public Procurement Rules, 2004 resulted in non-compliance with principles of open competitive bidding and transparency in tendering process during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that during the pre-bid meeting, all queries were addressed and no extension in tender opening was approved. As per PPRA Rules 2004, particularly Rule-21, procurement from a single bidder is permissible if the tender is properly advertised and the bid meets evaluation criteria. Accordingly, tender No. 4118 dated October 26, 2024 for AMI Smart Energy Meters was finalized on a single-bid basis at the lowest competitive rate, fully complying with PPRA Rules. All procurement objectives were achieved, and PO No. 4545 dated March 01, 2025 was awarded to M/s KBK without any irregularity.

The DAC, in its meeting held on January 28-30, 2026, directed the management to produce detailed justification with reference to non-preparation of the minutes of the meeting of the pre-bid meeting within one week.

Audit recommends the management to look into the matter at higher level to fix responsibility who failed to issue the pre-bid clarifications, resulting in limited competition.

(Draft Para No.2097/2025-26/AMIS 2025_COM0000000145_F02237)

4.10 Acceptance of material without submission of required type test reports

According to clause-5.2.3 of the bid evaluation report, conditional responsiveness was subject to the provision of valid type test reports within the delivery period. Furthermore, as per clause-7 of Purchase order the supplier shall supply valid type test report according to WAPDA/NTDC specification and NTDC type test policy (amended to date) along with bid for the equipment offered.

During the audit of LESCO for the financial year 2024-25, it was observed that a purchase order No.539 amounting to Rs.361.871 million was awarded to M/s. PEL against tender No.659 for procurement of 11 kV outgoing panels. As per bid evaluation report, the bidder was declared conditionally responsive, subject to submission of valid type test reports/ data type test reports of bus bar sleeves, duly verified and approved by the Design Department of NTDC within the stipulated delivery period. However, the required type test reports were not submitted by the contractor within the delivery period. Despite this, the material was accepted by the procuring agency without fulfilling the conditional requirements stated in the evaluation Report. This reflected a serious violation of procurement terms and raises concerns regarding the quality assurance and technical compliance of the procured material. Audit held that acceptance of material without mandatory type test reports undermines procurement integrity, may compromise the quality and reliability of equipment and exposes the Company to potential operational and financial risks.

Non-compliance of technical specifications and weak enforcement of procurement conditions resulted in irregular acceptance of material amounting to Rs.361.871 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that M/s PEL was declared conditionally responsive and, after submission of undertakings, PO No. 539 dated 13.09.2024 was issued. Although submission of type test reports for bus bar sleeves was required, NTDC (custodian of specifications and type test approvals) extended the submission timeline by six months, which was further extended unconditionally.

The DAC, in its meeting held on January 28-30, 2026, observed that the management is unable to submit a convincing reply as per the observation of the audit. The management is directed to submit details of the case in a chronological order including evidence of approval of NTDC for time extension on this account. Failing which the performance of the concerned officer may be clubbed with the performance or KPIs and placed in the dossier.

Audit recommends fixing responsibility for non-enforcement of type testing provisions and ensuring that future procurements strictly adhere to approved testing protocols to safeguard system integrity and reliability.

(Drat Para No. 550/2025-26/AMIS 2025_COM0000000145_F00676)

5. OPERATIONAL PROCESSES

The audit observations under section revealed persistent weaknesses in LESCO's operational controls, energy and billing management systems, resulting in significant financial losses and revenue leakages. Energy losses on independent feeders consistently exceeded the permissible limit due to ineffective feeder monitoring, incorrect feeder coding. Despite recurring high loss trends over multiple years, no meaningful technical or administrative corrective actions were taken, indicating weak oversight and accountability at both field and managerial levels.

In addition, serious billing irregularities were observed, including the application of load factors exceeding NEPRA-prescribed limits, unjustified refunds through bill segregation to running consumers, incorrect meter readings, and wrong assessment of detection bills. These practices reflected inadequate verification of consumption data, weak internal checks within the billing system, and ineffective supervision of meter reading and billing staff. Overall, these deficiencies demonstrated systemic lapses in operational governance, non-compliance with NEPRA's Consumer Service Manual, and an absence of timely remedial action by management.

5.1 Non-utilization of allocated energy quota resulting in payment of surplus capacity payments to CPPA-G

According to NEPRA's Tariff Determination and Power Purchase Agreements (PPA) with CPPA-G, Distribution Companies (DISCOs) are required to manage power drawl efficiently and utilize the allocated quota in accordance with the approved demand forecast to ensure economy, efficiency and effectiveness in operations.

During the audit of LESCO for the financial year 2024-25, it was observed that a total of 34,695,000 kW load was allocated against the company's demand of 33,392,000 kW. However, LESCO managed to utilize 31,301,000 kW load, which was 90% of the allocated quota. In this context, it was further analyzed that company had executed load management plan i.e. load shedding in specific areas resulting in non-utilization of allocated quota and surplus capacity as illustrated:

Table-13: Financial burden of Capacity Transfer Price (CTP) due to Load Management

(Rs. in million)

FY	Allocated Quota (kW)	Drawn (kW)	Un-utilized (kW)	Financial Burden on account of capacity payment
2024-25	34,695,000	31,301,000	3,394,000	17,946.370

(Source: Data Shared by Finance Director LESCO &Power Dispatch Center for the FY 2024-25)

It is pertinent to mention here that LESCO was required to pay capacity charges based on the allocated quota. However, due to underutilization of the allocated quota, the sale of energy decreases, while the capacity payments remain fixed. This mismatch resulted in a financial burden on LESCO which was subsequently transferred to the consumers. Furthermore, the demand of LESCO remained lower than the allocated quota; however, capacity charges were being paid on the entire allocated capacity, resulting in payment for unutilized capacity. Audit was of the view that non-utilization of allocated quota was inefficiency on the part of the management as the company is responsible to monitor daily demand and dispatch trends and can control the financial burden on account of excess capacity payments through vigilant monitoring.

Less-utilization of allocated energy quota resulted in shifting of financial burden amounting to Rs.17,946.370 million to consumers due to payment of Capacity Transfer Price to CPPA-G during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the Power Dispatch Center (PDC) functions only as an implementing unit and acts strictly on directions issued by LESCO Management and the Ministry of Energy (PD). The matter already stands replied by CE (O&M) T&G LESCO and pertains to the Customer Services Directorate. Load management is being carried out since 2018 on high-loss feeders based on AT&C loss data provided by PITC, in accordance with directives of the Ministry of Energy, PEPCO, and NTDC. Subsequent instructions issued by the Ministry regarding categorization and upgradation of feeders further confirm compliance with government policy. LESCO is implementing the approved Strategic Roadmap Agreement (FY-2025 to FY-2029), which targets progressive reduction in commercial load shedding. The current number of high-loss feeders is already below the target set for the financial year 2025-26, reflecting effective compliance and performance.

The DAC, in its meeting held on January 28-30, 2026, directed the management to share a work plan for reducing the number of loss making feeders in a year's time besides sharing feedback on account of load management with Ministry of Energy (MoE), as the burden on account of capacity payment is being shifted to the consumers. After feedback from the LESCO the MoE is requested to

look into the matter along with the identical matters of other DISCOs and take appropriate decision to resolve the issue.

Audit recommends the management to take-up the matter of revision of allocated quota proactively with the quarter concerned to avoid financial burden of CTP.

(Draft Para.1841/2025-26/AMIS 2025_COM0000000145_F01950)

5.2 Non-observance of NEPRA benchmark

As per NEPRA Distribution of Power Tariff under Multi-year Tariff Regime for the financial year 2023-24 to 2027-28, NEPRA vide letter No. NEPRA/DIR(TECH)/ LAD-05/2325-31 dated 26th April, 2023 filed by LESCO under section 32 "fixed targets of T&D losses 8.38%, (Transmission Losses 1.63% & Distribution loss 7.83%) for the financial years 2024-25 in respect of LESCO".

During the audit of LESCO for the financial year 2024-25, it was observed that LESCO sustained total Transmission and Distribution (T&D) losses at 11.90%, exceeding the NEPRA prescribed limit of 9.46% for the year. Although transmission losses were contained within the permissible level at 0.60% against the target of 1.63%, the distribution losses surged to 11.3% against the allowed limit of 7.83%. This deviation resulted in excess energy losses of 878.9 million units, inflicting a financial impact of Rs.38,952.85 million.

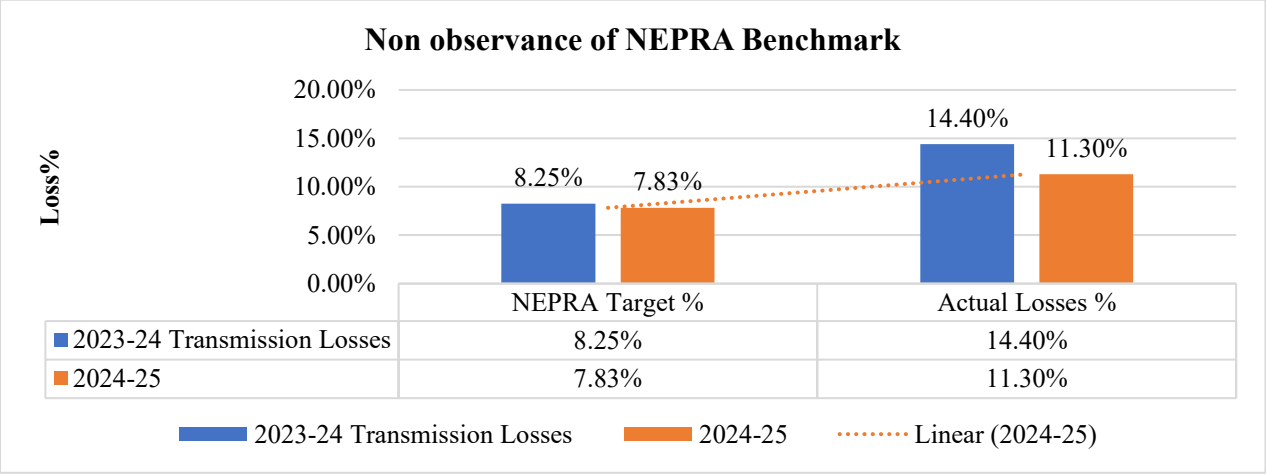
Table-14: Financial impact of line losses on feeders

(Units & Rs. in million)

FY	Description of Loss	NEPRA Target (%)	Actual Losses (%)	Units Received at 11-kV(kW)	Units Sold (kW)	Unit Lost (kW)	%age of Excess units lost	Excess Units. Lost (kW)	Financial Impact @ Rs.44.32 per kW
2023-24	Transmission Losses	1.75%	0.70%	24,995	21,400	3,595	6.12%	1,532.9	-
	Distribution Losses	8.25%	14.4%						
	T&D Losses	**10.0%**	**15.1 %**						
2024-25	Transmission Losses	1.63%	0.60%	25,646	22,759	2,887	3.40 %	878.9	38,952.85
	Distribution Losses	7.83%	11.3%						
	T&D Losses	**9.46%**	**11.90%**						

(Source: CP-22-A of LESCO for the FY 2023-24 & 2024-25)

Figure-8: Non observance of NEPRA Benchmark



(Source: CP-22-A of LESCO for the FY 2023-24 & 2024-25)

The excess distribution losses indicate systemic inefficiencies in the 11 kV distribution networks, attributed mainly to overloaded feeders, defective and sluggish meters, un-monitored / unauthorized connections, weak enforcement against pilferage (relates to anti-theft) and insufficient system maintenance. The effect of these deficiencies led to avoidable financial loss to LESCO amounting to Rs.38,952.85 million, erosion of company profitability and non-compliance with NEPRA's performance benchmarks, ultimately burdening consumers and distorting energy efficiency targets.

Further scrutiny of CP-22-A for the financial year 2024-25 revealed that out of 1,818general distribution feeders, the Distribution losses on 1,007 Nos. feeders ranging above 8.90% to 99.70% remained abnormally high during the year, this situation resulted in 1,782.952million units of energy lost beyond the NEPRA threshold.

Table-15: Showing the financial impact due to line losses

FY	PDP No.	Total No. of General Feeders	No. of Feeders (Abnormal line losses)	NEPRA Target (Distribution losses)	Actual Loses (Range)	Unit lost beyond NEPRA Target	Unit Rate as per CP-22 June, 2025
2024-25	1840/ 2025-26	1,818	1,007	7.83%	8.90% to 99.70%	1,782.952	44.32

(Source: CP-22-A of LESCO 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 for the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the LESCO has filed review petition with NEPRA for revision of T&D losses targets which is not finalized yet. As per third party study LESCO average T&D losses are 11.834% and 9.664% for distribution network in 2016. Furthermore, NEPRA allows T&D losses to company which is not applicable at feeder level. The reply was not tenable as the line losses were abnormally higher on the feeders.

The DAC, in its meeting held on January 28-30, 2026, directed the management that to improve the mechanism with detailed breakup may be shared with audit including future road map. The management is further directed to expedite the review petition by NEPRA besides submission of an application by CEO LESCO to the Regulator for an early hearing.

Audit recommends the management to look into the matter for abnormal lines losses on mentioned feeders besides taking action against the delinquents.

(Draft Para No.1840/2025-26/AMIS 2025_COM0000000145_F01949)

5.3 Unauthorized load extension by consumers

As per Para-8.2.10 of NEPRA's 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 LESCO for the financial year 2024-25, it was observed that 2,161 consumers had extended their connected load without obtaining approval from the competent

authority. Audit is of the view that unauthorized extension of load by the consumers severely affects the assets of the company owing to system constraints in distribution network **(Annexure-II)**

Table-16: Recoverable amount from consumers due to extension of load

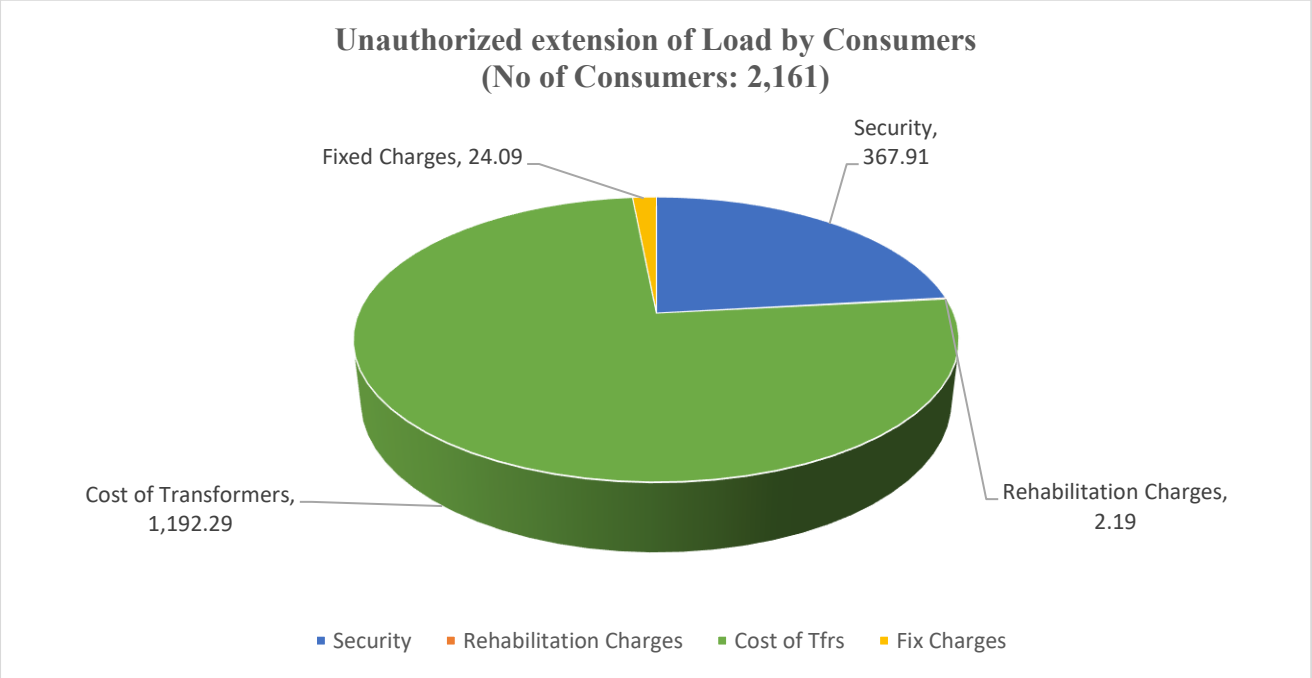
(Rs. in million)

Sr. No.	PDP No.	Formation	Consumer Nature & Tariff	No. of connections running beyond Sanctioned load	Security	Rehabili -tation Charges	Cost of Transfor-mers	Fix Charges	Grand Total
1	1949, 1994	Chief Executive Officer	B-II, B-II & B-IV	249	292.011	-	283.312	4.855	580.178
2	1819, 1829 & 1821	Manager Operations Central Circle	B-I, B-II, A-2(c) & D-2b	832	43.61	-	415.451	6.966	466.027
3	1925, 1979 & 1927	Manager Operations Okara Circle	B-I, B-II, A-2(c) & D2b	750	24.58	-	377.958	2.353	404.891
4	145, 146, 147 & 165	Manager Operations Kasur Circle	B-I, B-II, A-2c, A-3 & D-2b	330	7.707	2.19	115.57	9.918	135.386
Total				**2,161**	**367.91**	**2.19**	**1,192.29**	**24.09**	**1586.482**

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

As a result, inadequate monitoring of MDI reading and non-enforcement of supply condition, LESCO was unable to recover mandatory security deposits, feeder rehabilitation charges, transformer/capital cost and fixed charges, leading to a financial loss of Rs.1,586.480 million to the company.

Figure-9: Un-authorized extension of Load by Consumers



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

Non-adherence to provisions of CSM resulted in undue favor extended to the commercial, industrial and agricultural consumers on account of non-regularization of unauthorized extension of

load and non-recovery of security deposits, rehabilitation charges and capital cost amounting to Rs.1,586.48 million from consumers up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that most cases of unauthorized load have been regularized through disconnections, removal of illegal load, recovery of dues, and issuance of EOL notices, while remaining consumers have applied for load extension. Responsible officers have been directed to take action as per SOPs.

The DAC, in its meeting held on January 28-30, 2026, directed the concerned Superintending Engineers to submit the record as narrated by the management within one (01) day.

Audit recommends the management to fix responsibility upon officials who extended this favor to specific consumers and regularize the extended load as per SOP besides ensuring the recovery from respective consumers expeditiously.

(Draft Para No.1949/2025-26/AMIS 2025_COM0000000145_F02046)
(Draft Para No.1994/2025-26/AMIS 2025_COM0000000145_F02065)
(Draft Para No.1819/2025-26/AMIS 2025_COM0000000145_F01928)
(Draft Para No.1829/2025-26/AMIS 2025_COM0000000145_F01938)
(Draft Para No.1821/2025-26/AMIS 2025_COM0000000145_F01930)
(Draft Para No.1925/2025-26/AMIS 2025_COM0000000145_F02084)
(Draft Para No.1979/2025-26/AMIS 2025_COM0000000145_F02100)
(Draft Para No.1927/2025-26/AMIS 2025_COM0000000145_F02086)
(Draft Para No145/2025-26/AMIS 2025_COM0000000145_F00108)
(Draft Para No146/2025-26/AMIS 2025_COM0000000145_F00109)
(Draft Para No147/2025-26/AMIS 2025_COM0000000145_F00110)
(Draft Para No.165/2025-26/AMIS2025_COM0000000145_F00183)

5.4 Non-enforcement and non-recovery reported during anti-theft campaign

According to Para-1.3 of WAPDA's Commercial Procedure 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 LESCO 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 57,329 FIRs were requested; however, 57,273FIRs were registered, against which 4,878 persons were arrested. Additionally, 04 employees were arrested and 11 were suspended for their involvement. LESCO charged 90.042 million units amounting to Rs.4,014.987 million as detection bills, out of which Rs.641.344 million was recovered, leaving a sizeable balance of Rs.3,373.646 million outstanding for the period from September 07, 2023 to June 30, 2025.

Table-17: Showing the recoverable amount of detection charged to the consumers

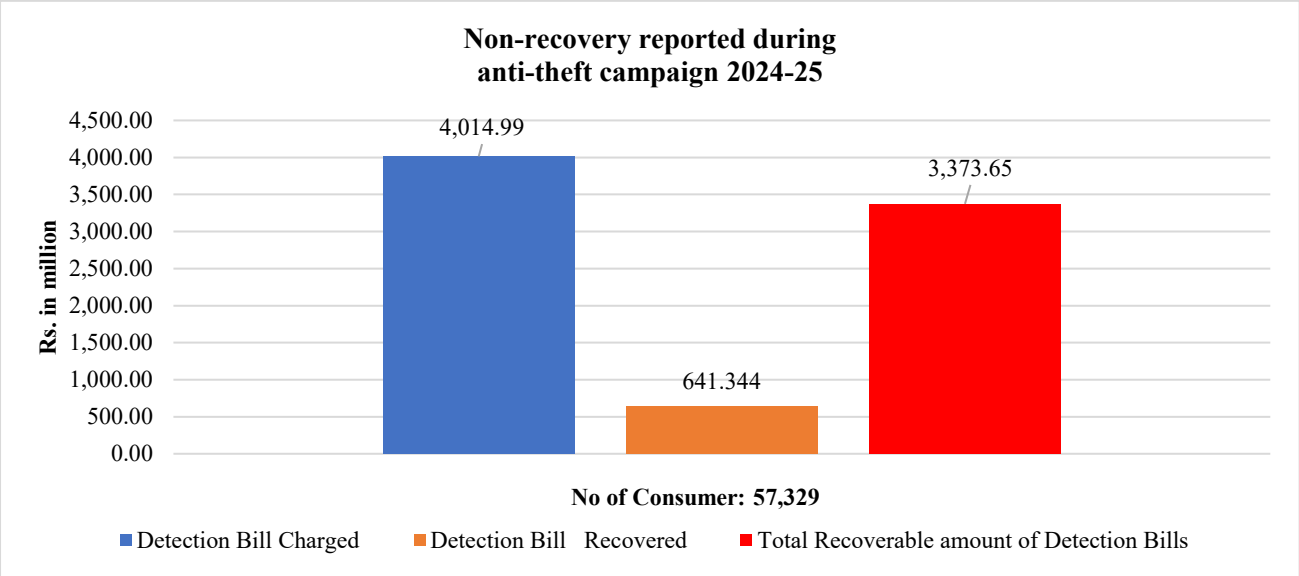
(Units &Rs. in million)

Sr No.	PDP No.	Name of Formation	No. of Consumers	FIR Requested	FIR Registered	Total Units Charged	Detection Bill Charged	Detection Bill Recovered	Total Recoverable amount of Detection Bills
1	1997/ 2025-26	Chief Executive Office LESCO	46,628	46,590	39,419	78.614	3,415.848	492.463	2,923.386
2	1834/ 2025-26	Manager Operation Central Circle	7,708	7,690	7,550	8.612	562.641	148.286	414.356

3	1926/ 2025-26	Manager Operation Okara Circle	2,993	2,993	2,904	2.816	36.498	0.595	35.904
Total			**57,329**	**57,273**	**49,873**	**90.042**	**4,014.987**	**641.344**	**3,373.646**

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

Figure-10: Non-recovery reported during anti-theft campaign 2024-25



(Source: Management Anti-theft data of LESCO 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 amount remained unrecovered, reducing the financial effectiveness of the anti-theft campaign and weakening deterrence against electricity theft.

Non-adherence to rules resulted in pending enforcement and recovery up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that partial recovery from consumers have been effected and the recovery of the remaining balance is under process. The concerned field divisions have been making utmost efforts to recover the balance amount.

The DAC, in its meeting held on January 28-30, 2026, directed the management to provide the recovery record to audit for verification within two (02) weeks and ensure to develop a comprehensive mechanism for recovery with special reference to the anti-theft reported cases.

Audit recommends the management to look into the matter and expedite the recovery from the delinquents.

(Draft Para.1997/2025-26/AMIS 2025_COM0000000145_F02068)
(Draft Para.1834/2025-26/AMIS 2025_COM0000000145_F01943)
(Draft Para.1926/2025-26/AMIS 2025_COM0000000145_F02085)

5.5 Waiving off late payment surcharge (LPS) to consumers

According to section-6(a), chapter-3 of State-Owned Enterprises (Governance and Operations) 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 LESCO for the financial year 2024-25, it was observed that Late Payment Surcharges (LPS) amounting to Rs.2,099.059 million imposed on 20,391Government and private consumers were waived off by field offices. Further review revealed that while LESCO 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.23,732.236 million, whereas LPS recovered and transferred by LESCO to CPPA-G stood at Rs.7,941.928 million, resulting in a net shortfall of Rs.15,790.308 million during the financial year 2024-25. It is pertinent to mention here that financial auditor of the company has also raised concerns regarding non-reconciliation of LPS figures with CPPA-G **(Annexure-III)**.

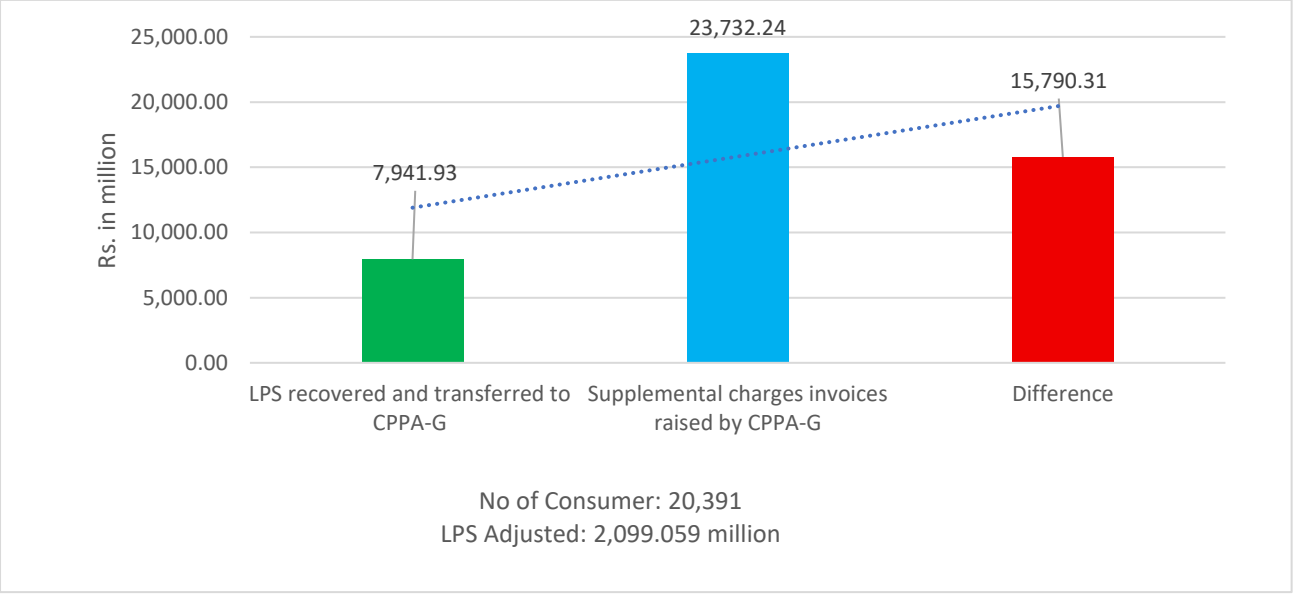
Table-18: LPS amount adjusted against Government/Private consumers

(Rs. in million)

Category	No. of Consumers	LPS Waived Off	LPS Recovered & transferred to CPPA-G	Supplemental Charges raised by CPPA-G	Difference
Government	2,373	979.808	7,941.927	23,732.236	15,790.308
Private	18,018	1,119.250			
Total	**20,391**	**2,099.059**	**7,941.927**	**23,732.236**	**15,790.308**

(Source: LESCO MIS Data and Financial Data (Dr/Cr Advices) for the FY 2024-25)

Figure-11: LPS amount adjusted against Government/Private consumers



(Source: LESCO MIS Data and Financial Data (Dr/Cr Advices) 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 LESCO's potential revenue but also increased its financial burden as it had to pay supplemental charges for delayed payments to IPPs, thereby adversely affecting its cash flow and financial sustainability.

Management decision to waive off 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 in December, 2025 and reported to Ministry in January, 2026. The management replied that Late Payment Surcharge (LPS) is initially levied due to procedural delays in bill corrections and is subsequently waived in accordance with the Commercial Procedures and the Consumer Service Manual. Therefore, the discrepancies pointed out by Audit are not factually linked to LPS. The waiver of LPS was carried out with the approval of the Competent Authority. Furthermore, the LPS related to bill corrections processed as credit adjustments could not be waived initially due to CIBS system constraints; however, these amounts were later credited to the respective consumers. Hence, no unauthorized waiver or credit of LPS was made.

The DAC, in its meeting held on January 28-30, 2026, directed the management to provide detailed justification for grant of LPS waiver to private and government consumers. DAC further directed the management to share the existing rules governing LPS with the members of the committee.

Audit recommends reviewing the policy of waiving off LPS to consumers as payment of supplemental charges has to be made invariably by the Company to CPPA-G on account of delayed payment to IPPs.

(Draft Para No.1993/2025-26/AMIS 2025_COM0000000145_F02064)
(Draft Para No.1911/2025-26/AMIS 2025_COM0000000145_F01983)
(Draft Para No.1980/2025-26/AMIS 2025_COM0000000145_F02101)
(Draft Para No.157/2025-26/AMIS 2025_COM0000000145_F00120)

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

According to Para 1.3 of WAPDA's 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 LESCO for the financial year 2024-25, it was observed that 543 11-kV feeders out of 2,256 were reported in negative figures in CP-22A. Audit compared the feeder wise position with previous year and it was observed that as the number of feeders increased the trend of negative figures also reflected an increase on year to year basis. The negative figures revealed that the units billed were in excess of units received on feeders, resultantly 305.864 million energy units were overbilled to the consumers.

Further, out of 2,256 feeders, 568 feeders for the audit period showed negative energy losses. In these cases, the units sold exceeded the units received, indicating overbilling of approximately 308.286 million units. The occurrence of negative losses meant that the energy billed to consumers was higher than the actual energy supplied to these feeders. This situation reflected overstated revenue of Rs.13,615.99 million. Such overbilling was not justified and results in a loss of consumer trust, as it reflects inaccuracies in the billing process and undermines the reliability of the system **(Annexure-IV).**

Furthermore, audit carried out a comparison of data of two years to examine the trend of excess unit loss percentage which remained high previously reported units lost %. The comparison of the two year data is as under:

Table-19: Comparison of Negative Units on LESCO Feeders

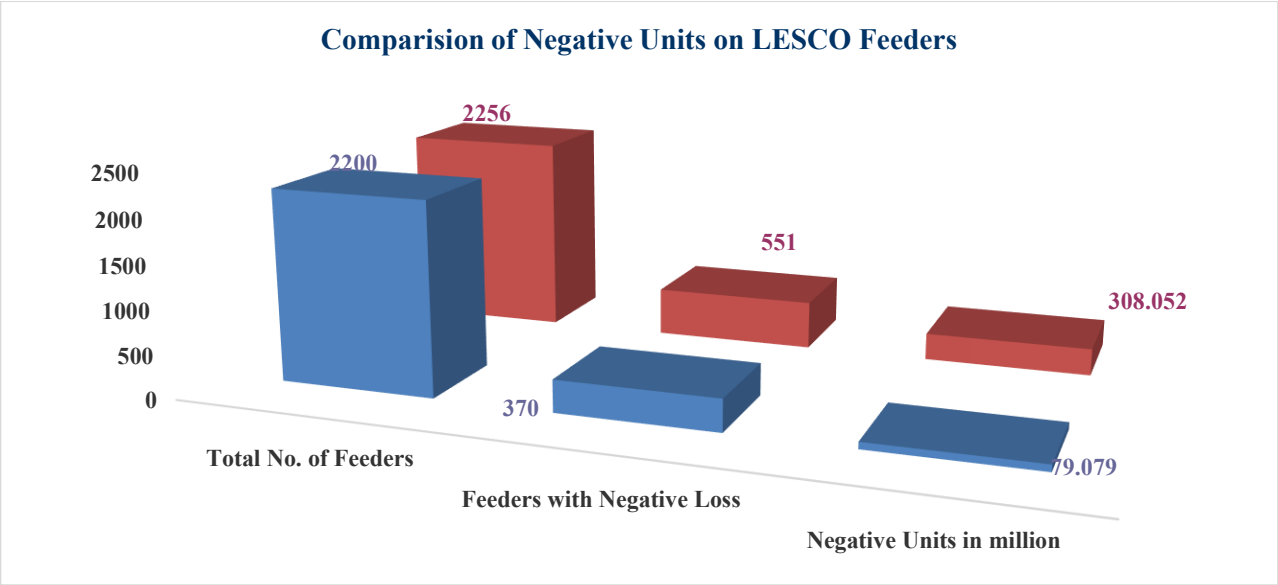
(Units in million)

Financial Year	Total No. of Feeders	No. of Feeders with negative figures	Units Excess billed
2023-24	2200	370	79.07
2024-25	2256	551	308.05

(Source: LESCO Progress Report & CP-22A for the FY: 2023-24 & 2024-25)

The data shows an increasing trend in feeders with negative figures from financial year 2023-24 to financial year 2024-25 which increased from 370 (16.8%) to 551 (24.4%), while excess billed units rose sharply from 79.08 million to 308.05 million units. This significant increase indicates serious weaknesses in data accuracy, and billing controls, posing a high risk of revenue misstatement and consumer overbilling and require urgent corrective measures.

Figure-12: Comparison of Negative Units on LESCO Feeders



(Source: CP-22A of LESCO for the year 2023-24 & 2024-25)

Non-adherence to WAPDA Commercial Procedures Manual resulted in undue generation of revenue of Rs.13,615.99 million through over billing to the consumers during the financial years 2020-21 to 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the feeders involved in this para are mostly independent feeders. The negative loss appears due to difference of reading and billing dates. Remaining feeders are mixed feeders and negative losses appears due to wrong feeders coding or due to occasional shifting of load from feeder to another and due to coupling of dual source feeder. The premise raised by audit in the instant para that overbilling was carried out on this feeder is not substantiated by the actual facts. The management reply is not tenable as audit selected a certain data range whereby negative losses on feeders were on the higher side for which corrective actions are required by the management.

The DAC, in its meeting held on January 28-30, 2026, directed the management to provide twenty (20) cases as a test case to the audit along with the documentary evidence to substantiate their view point within 02 weeks besides evidence of corrective action taken on account of feeder coding, load shifting and coupling of dual source feeders etc.

Audit recommends the management to provide feeder wise reply followed by authentic documentary evidence to Audit in order to substantiate the matter under question.

(Draft Para No.1848/2025-26/AMIS 2025_COM0000000145_F01957)
(Draft Para No.1823/2025-26/AMIS 2025_COM0000000145_F01932)
(Draft Para No.1920/2025-26/AMIS 2025_COM0000000145_F02079)
(Draft Para No151/2025-26/AMIS 2025_COM0000000145_F00114)

5.7 Non-installation of independent feeder at Khayaban-e-Amin Housing Society

As per Note of Clause-2.6 of NEPRA's Consumer Service Manual - 2021, DISCO (DISCO to insert its name) may grant connection to an applicant from the existing Dedicated Distribution System (DDS), provided that it is technically feasible and the prospective consumer has obtained no objection certificate from the owner of the DDS. ii) In areas where Common Distribution System is not available, the connection will be granted on cost-deposit basis. If in future the system is converted into Common Distribution System by DISCO (DISCO to insert its name), the cost so incurred i.e. transformer, LT line etc., except HT line shall be reimbursed to the owner as per Clause 4-A of NEPRA (Consumer Eligibility Criteria), 2003. iii) If any applicant opts for installation of dedicated system instead of obtaining connection from a Common Distribution System, the same shall be provided on cost deposit basis. iv) The sharing charges in respect of Grid station, 11 kV feeder and transformers were recoverable from the applicants proportionate to the load subject to availability of capacity/load and with mutual consent of both the parties.

During the audit of LESCO for the financial year 2024-25, it was observed that the sponsor of M/s. Eden Housing Ltd., vide letter dated August 26, 2025, requested LESCO to remove additional loads from its independent 11-kV feeders emanating from the 132-kV Rehbar Grid Station. Audit further noted that, over the past six years, the load of M/s. Khayaban-e-Amin Society and other rural areas had been shifted onto the Edenabad Feeder, which was originally established as an independent feeder for Eden Housing Society. Consequently, the feeder experienced frequent tripping, voltage fluctuations, and potential damage to grid-end equipment.

Despite repeated requests by the sponsor of Eden Housing Ltd. to provide a separate independent feeder for M/s. Khayaban-e-Amin Society, considering its substantial connected load, no action was taken by LESCO management. Failure to electrify M/s. Khayaban-e-Amin through an independent feeder on a cost-deposit basis deprived LESCO of legitimate revenue that should have been recovered from the society or its beneficiaries in accordance with Clause-2.6 of the Consumer Service Manual. This omission not only resulted in cross-subsidization of one private housing scheme at the expense of others but also constituted an undue financial favour, as a recoverable cost was neither assessed nor billed. Consequently, potential revenue to LESCO remained unrealized, adversely affecting its financial interests. This situation reflects undue favour extended to M/s. Khayaban-e-Amin by allowing continued utilization of another society's independent feeder without due justification or recovery of proportional costs.

Non-adherence to the Consumer Service Manual, which requires that large housing schemes be electrified through independent feeders on a cost-deposit basis, resulted in both operational inefficiency and financial loss.

The matter was taken up with the management in December, 2025. The management replied that the existing independent 11-kV feeder of M/s. Edenabad Housing scheme emanating from 132-kV DHA Rahbar Grid Station was sanctioned as per agreed terms and conditions. As per clause 15(iii) of the said letter: "LESCO had all rights reserved for extension of system from the housing scheme". In the light of stated clause, it is clarified that the load on 11-kV Edenabad feeder has been sanctioned under technically feasible conditions to M/s. Khayaban-e-Amin and other nearby areas as stop gap load arrangement. The feeder is operating within the defined technical parameters and load has been energized under the required condition with legitimate rights. It is pertinent to mention here that the entire load of M/s. Edenabad Housing Society would be energized through their dedicated 132-Kv Grid Station in future (to be constructed by LESCO). Hence, the spare feed line would

ultimately become property of LESCO. Moreover, the external electrification of M/s. Khayaban-e-Amin Housing Scheme through 5 No. proposed independent 11-kV underground feeders to emanate from 132-kV Khayaban-e Amin Grid station was approved to be carried out by the sponsor privately and the execution of external electrification inside the housing scheme has been started by the consumer. As the matter of Grid Station with M/s. Khayaban-e-Amin had been resolved therefore no undue favor has been granted to M/s.Khayaban-e-Amin. The reply was not tenable as the management reply does not satisfactorily address the audit observation. Clause-15(iii) of the approval letter allowing extension of the system does not override the mandatory provisions of CSM, which require electrification of large housing schemes through independent feeders on a cost-deposit and cost-recovery basis. The plea of a "stop-gap arrangement" for an extended period resulted in continued utilization of another society's independent feeder without assessment or recovery of proportional costs, leading to cross-subsidization and loss of legitimate revenue to LESCO. Approval of future grid stations or feeders does not regularize past non-compliance, and the absence of documented cost recovery from M/s. Khayaban-e-Amin, coupled with operational inefficiencies.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit documentary justification in support of their stance whereby competence of LESCO to supply energy to M/s. Khayaban-e-Amin through feeder of another housing society.

Audit recommends the management to take immediate steps for provision an independent feeder to M/s. Khayaban-e-Amin in compliance with the CSM and recover the proportional cost from the sponsor or beneficiaries accordingly.

(Draft Para No.2091/2025-26/AMIS 2025_COM0000000145_F02227)

5.8 Energy losses on independent feeders beyond permissible limit

According to table-5 'Maximum permissible Voltage Drop (VD) and losses' of planning criteria of distribution and rehabilitation guidelines, "The maximum voltage drops and Annual Energy Losses (AEL) for HT circuit (HT feeders) is 3% for rural/urban areas."

During the audit of LESCO for the financial year 2024-25, it was observed from CP-22A that percentage of annual progressive energy losses on seventy-one (71) independent feeders (ranging from 4% to 100%) remained over & above the permissible limit of 3%, which entailed loss of 23.438 million units amounting to Rs.995.140 million. The losses above the permissible limit were either due to illegal extension of load or the conductor was incapacitated to withstand running load; however, no action was taken **(Annexure-V)**.

Furthermore, audit carried out a comparison of data of two years to examine the trend of excess units lost %age which remained high against previously reported unit lost %.

Table-20: Comparison of Energy Losses on Independent Feeders

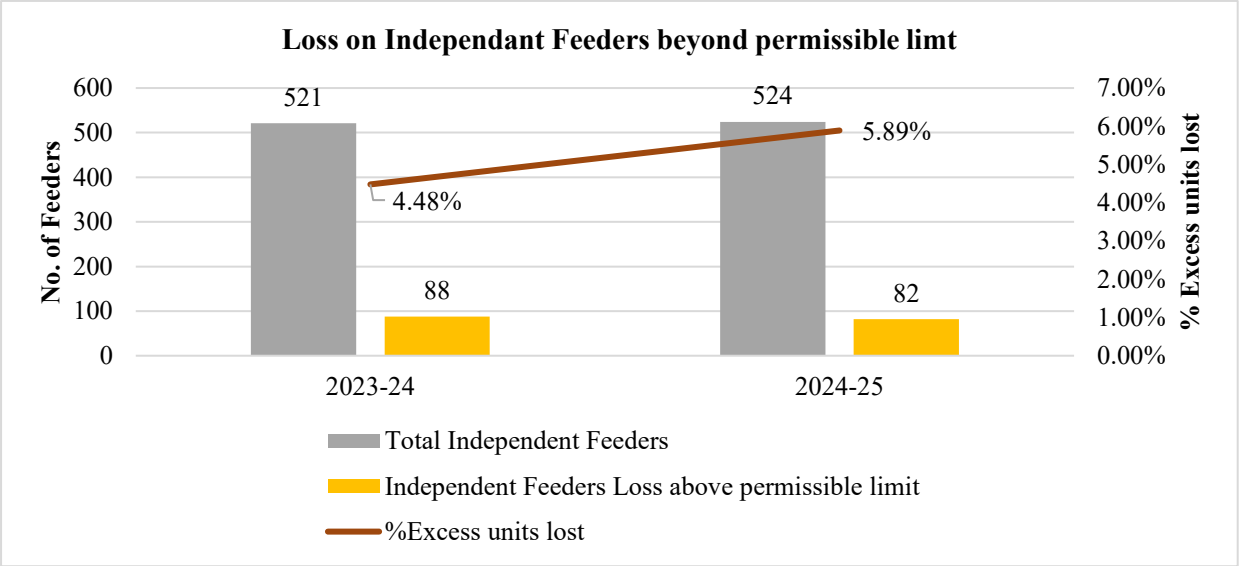
(Units in million)

Financial Year	Target %	Actual Losses %	Total Independent Feeders	Independent Feeders Loss above permissible limit	units received kW at II kV	Units Sold kW	Unit Lost kW	%Excess units lost	Excess units. kW lost
2023-24	3.00%	3.1% to 100%	521	88	507.570	469.567	38.003	4.48%	22.776
2024-25	3.00%	3.1% to 100%	524	82	447.723	407.910	39.813	5.89%	26.381

(Source: CP-22A of LESCO for the FY 2023-24 & 2024-25)

Despite a constant loss target of 3.00%, actual losses on independent feeders remained above the permissible limits in both years. In financial year 2024-25, although fewer feeders exceeded limits, unit losses increased from 38.00 million to 39.81 million units. The excess loss percentage rose from 4.48% to 5.89%, with excess units lost increasing to 26.38 million units which indicate concentrated high losses and weak internal controls.

Figure-13: Comparison of Energy losses on independent feeders



(Source: CP-22A of LESCO for the FY 2023-24 & 2024-25)

Non-adherence to Distribution Rehabilitation Guidelines resulted in energy losses amounting to Rs.995.140 million on independent feeders beyond permissible limit up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the increase in losses on Zamer Textil and Yousaf Chakwal feeders is due to operational and consumption variations. Losses in seven feeders of Raiwind Division arose from differences between meter reading and billing dates, with no overbilling involved; one feeder supplies VVIP premises with dual-source supply, while two Dream Garden Housing Society feeders are managed by the society and are expected to normalize. Losses in three feeders of Shah Pur Division are within permissible limits, with no excess billing after feeder shifting and dual-source supply to Indus Hospital. Further, management stated that higher losses on 57 feeders are attributable to technical factors such as bundled feeders, low consumption, reading differentials, and occasional load shifting, which are unavoidable in nature. The reply was not tenable as no documentary evidence was provided by the management in support of reply.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit documentary evidence in support of technical justification provided by the management within two days.

Audit recommends inquiring the matter for fixing responsibility upon person(s) at fault besides ensuring the recovery from the respective independent consumers.

(Draft Para No.1850/2025-26/AMIS 2025_COM0000000145_F01959)
(Draft Para No.1822/2025-26/AMIS 2025_COM0000000145_F01931)
(Draft Para No.152/2025-26/AMIS 2025_COM0000000145_F00115)

5.9 Inaccurate billing to Government connection by applying load factor above 100%

As per Annexure-V of NEPRA's Consumer Service Manual (CSM), the acceptable range of load factor for various consumer categories is between 15% and 70%, depending on the nature of the connection.

As per Para-8.2.10 of NEPRA CSM, 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 LESCO for the financial year 2024-25, it was observed that in 32,070 consumer connections of various tariff categories, a total of 615.051 million units were billed on running metered connections by applying load factors exceeding 100%, whereas the CSM prescribes specific load factor percentages for each consumer category as determined by NEPRA. Audit scrutiny revealed that 457.437 million (74.37%) units were billed in excess of the NEPRA' determined load factors, indicating that consumers utilized extended loads without proper regularization by the management **(Annexure-VI)**.

Table-21: Units billed in excess of NEPRA determined load factor

(Units in million)

Sr. No.	Tariff Description	Tariff Category	Tarif Code	No of consumer cases	Ranging of above 100% Load Factor	Unit 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
1	General Service	A-3(66)	Tariff-66	902	100kW to 2401kW	59.266	6.666	52.600
2	Public Light	G-1 (72) G-2 (73)	Tariff-72 Tariff-73	430	104 kW to 1534kW	21.788	3.417	18.371
Total				**1,332**		**81.054**	**10.083**	**70.971**

(Source: MIS Data of LESCO for the FY 2024-25& Kasur Circle for FY 202122 & 2022-23)

Audit picked up sample of 1,332 Government connections out of 32,070 falling under General Service A-3(66) *and* Public Lighting, G-I&II (72&73) categories etc., it was analyzed that 81.054 million units were charged during corresponding months due to application of load factors above 100% which resulted in billing of 70.97 million units. The 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. Weak internal controls over load verification, inadequate supervision of metering and billing processes, and ineffective enforcement of CSM provisions regarding load regularization led to the irregular application of load factors.

Non-adherence to provision of CSM resulted in 70.971 million units inaccurate billed to consumers by applying load factor above 100% without regularization of extended load for the year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that the excessive billing cannot be established on the basis of load factor. The consumer utilizes electricity as per his need / requirement. However, Govt. connections especially unmetered connections like street lights points and according to festivals / events taking place in the vicinity of local Govt. territory. The Govt. departments are least concerned

about regularization of load due to budgetary constraints and administrative approvals. The field formations /divisions have issued notices to the consumers for regularization of their unauthorized extended load without further notice to secure the interest of LESCO in compliance to NEPRA directives. The reply was not tenable as the consumers load was not regularized as per their excess utilization of energy but were debited units.

The DAC, in its meeting held on January 28-30, 2026, directed the management to provide breakup of connections along with documentary evidence with reference to billing by applying above 100% load factor as narrated by the management. Further, a clear road map for regularization of unauthorizedly extended load may be submitted to audit within a week.

Audit recommends the management to investigate all cases where billing was made by applying load factors exceeding 100%, regularize the extended load of such consumers as per CSM provisions.

(Draft Para No.1855/2025-26/AMIS 2025_COM0000000145_F01964)
(Draft Para No.1815/2025-26/AMIS 2025_COM0000000145_F01924)
(Draft Para No.1919/2025-26/AMIS 2025_COM0000000145_F02078)
(Draft Para No.150/2025-26/AMIS 2025_COM0000000145_F00113)

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

According to Para-6.4.2 of NEPRA's 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.

During the audit of LESCO for the financial year 2024-25, it was observed that an amount of Rs.7,013.653 million was credited under Type-B adjustments to 164,757 domestic A-1(a) consumers by splitting their electricity bills to provide slab benefits or tariff relief during the financial year 2024-25. According to the regulations, bill segregation was only permitted for new connections and RCO cases with accumulated units. However, a sample review of 3,160 cases (excluding new connections and RCO during the financial year 2024-25) revealed that significant amounts of Rs.234.324 million (above Rs.50,000/ per consumer) were credited to existing consumers by splitting their accumulated units over more than two months. This was done without taking action against the Meter Readers, Meter Inspectors and SDOs responsible for accurately recording and billing the actual monthly consumption. 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.

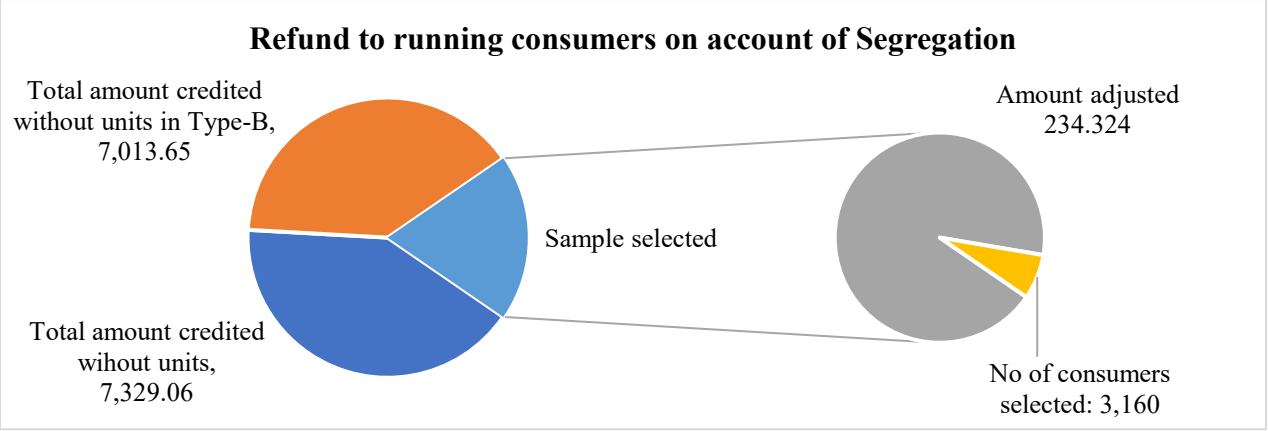
Table-22: Units adjusted against segregation of electricity bills

(Units in million)

Sr. No	PDP No.	Name of Formation	Total amount credited without units	Total amount credited without units in Type-B	Avg of Type-B Adjustment in %age	Total No. of Type-B Consumers	No. of sample consumers	Amount Adjusted
1	1940/ 2025-26	Chief Executive Officer	6,238.003	5,981.373	95.89	127,049	2,705	202.016
2	1820/ 2025-26	Manager Operations Central Circle	785.744	734.660	93.50	23,483	348	25.200
3	1924/ 2025-26	Manager Operations Okara Circle	305.315	297.620	97.48	14,225	107	7.108
Total			**7,329.062**	**7013.65**		**164,757**	**3,160**	**234.324**

(Source: LESCO MIS data & sample e-bills of consumers)

Figure-14: Units adjusted against segregation of electricity bills



(Source: LESCO MIS data & sample e-bills of consumers)

Non-compliance with NEPRA's CSM resulted in an unjustified refund of huge amounts to running consumers through the segregation of electricity bills amounting to Rs.234.324 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that credit adjustments through segregation were carried out strictly in accordance with NEPRA CSM clause 6.4.2 and LESCO policy, which provide for preparation of segregated bills in cases of accumulated readings to allow slab benefit and consumer relief. These segregations were made to redress genuine consumer grievances. It was further stated that refunds to running consumers were processed only upon receipt of complaints arising from accumulated billing due to reconnection (RCO), new connection (SCO), or defective meter cases (MCO). The reply was not tenable as segregation was not allowed without units to running consumers instead of new consumers.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit Circle wise reply with reference to the segregation along with the approval of the competent authority who allowed segregations to audit under vetting of CEO LESCO, failing which the disciplinary proceeding may be initiated against the concerned officer/official.

Audit recommends inquiring the matter for fixing responsibility regarding irregular refund to running consumers on account of segregation of electricity bills besides ensuring billing accuracy on timely basis.

(Draft Para No.1940/2025-26/AMIS 2025_COM0000000145_F02037)
(Draft Para No.1820/2025-26/AMIS 2025_COM0000000145_F01929)
(Draft Para No.1924/2025-26/AMIS 2025_COM0000000145_F02083)

5.11 Refund of units due to wrong reading and wrong assessment of detection bills charged 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 LESCO for the financial year 2024-25, it was observed that 102.61 million units were credited to 106,191 consumers as a result of revision incorrect readings and wrong assessment of detection charged to consumers through adjustment notes. A trend analysis of these credits showed that 61.27 million units, were attributed to A-type adjustments (revision of incorrect readings) however, 1.665 million units were charged to consumers under D-Type i.e. wrong assessment of detection was also made during the financial year 2024-25. Audit picked up the sample

of 5,296 consumers having credited amount above Rs.100,000/- under A-Type & D- Type adjustment. It was observed that 62.94 million units totaling amount Rs.3,510.83 million were initially debited to the consumers and subsequently credited on account of wrong reading and revision of detection bills.

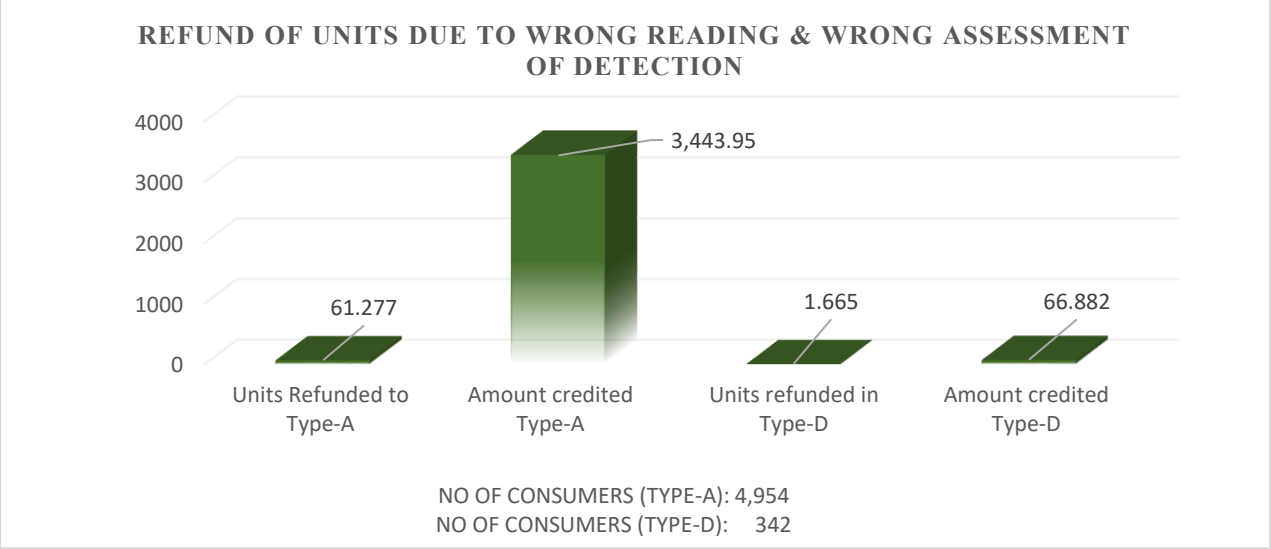
Table-23: Units adjusted against wrong reading and wrong assessment of detection charged

(Rs. in million)

Sr. No.	PDP No.	Name of Formation	No of Consumers		Wrong Reading (Type-A)		Wrong Assessment of detection charged (Type-D)	
			Type-A	Type-D	Units	Amount credited	Units	Amount credited
1	1857/2025-26	Chief Executive Officer	4,087	214	46.557	2,539.786	0.580	33.634
2	1856/2025-26							
3	1816/2025-26	Manager Operations Central Circle	728	6	13.884	853.796	0.120	4.564
4	1837/2025-26							
5	1921/2025-26	Manager Operations Okara Circle	139	81	0.836	50.370	0.475	19.600
6	1934/2025-26							
7	155/2025-26	Manager Operations Kasur Circle	-	41	-	-	0.490	9.084
Total			**4,954**	**342**	**61.277**	**3,443.952**	**1.665**	**66.882**

(Source: LESCO MIS data & sample e-bills of consumers)

Figure-15: units adjusted against wrong reading and wrong assessment of detection charged



(Source: LESCO MIS data & sample e-bills of consumers)

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

Inefficient operational management resulted in refund of units due to wrong reading/wrong assessment of units charged to consumers amounting to Rs. 66.88 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that all refunds and credit adjustments were made after completion of codal formalities to rectify genuine billing errors, in accordance with LESCO policy,

NEPRA directives, CRC recommendations, and approved commercial procedures. Detection bills were raised strictly on the basis of laboratory results. Unauthorized adjustments are not allowed, and disciplinary action has been initiated against delinquent officials wherever wrong readings or negligence were observed. Management further stated that accurate billing is ensured through 100% MMR ratio, and the allegation of concealment of line losses is unfounded as Central Circle losses remained within NEPRA-prescribed limits. The reply was not agreed to as the refund of units on account of wrong reading and wrong assessment of detection charged to consumers was rampant and refund of wrongly charged over billing/detection charged was made without any action against the responsible.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit details of the inquiry reports with reference to the officers/officials to audit within 02 days besides the SE concerned is further directed to improve the mechanism to avoid this scenario in future.

Audit recommends the management to investigate the matter and fix the responsibility against responsible(s) who were involved in wrong reading and wrong assessment of detection charges.

(Draft Para No.1857/2025-26/AMIS 2025_COM0000000145_F01966)
(Draft Para No.1856/2025-26/AMIS 2025_COM0000000145_F01965)
(Draft Para No.1816/2025-26/AMIS 2025_COM0000000145_F01925)
(Draft Para No.1837/2025-26/AMIS 2025_COM0000000145_F01946)
(Draft Para No.1921/2025-26/AMIS 2025_COM0000000145_F02080)
(Draft Para No.1934/2025-26/AMIS 2025_COM0000000145_F02093)
(Draft Para No.155/2025-26/AMIS 2025_COM0000000145_F00118)

5.12 Less recovery of rehabilitation charges from industrial consumers

According to provision 2.6 (xiv) of NEPRA's Consumer Service Manual, 2021 the rehabilitation charges are applicable in case of industrial category where connection is given from common 11 kV feeder up to 1000 kW as per following rate:

Description	Rate (Rs. per kW)
15 kW to 40 kW	250
41 kW to 100 kW	400
101 kW to 500 kW	1200
501 kW to 1000 kW	3000

During the audit of LESCO for the financial year 2024-25, it was observed that the estimates for 86 industrial connections were prepared by calculating rehabilitation charges on a slab basis instead of the actual applied load. The applied load was divided into slabs and charged at slab rates, which resulted in under-assessment of rehabilitation charges and provided undue financial benefit to the consumers. Consequently, the company sustained a loss of Rs.8.321 million due to the less recovery of rehabilitation charges.

Table-24: Recover rehabilitation charges

(Rs. in million)

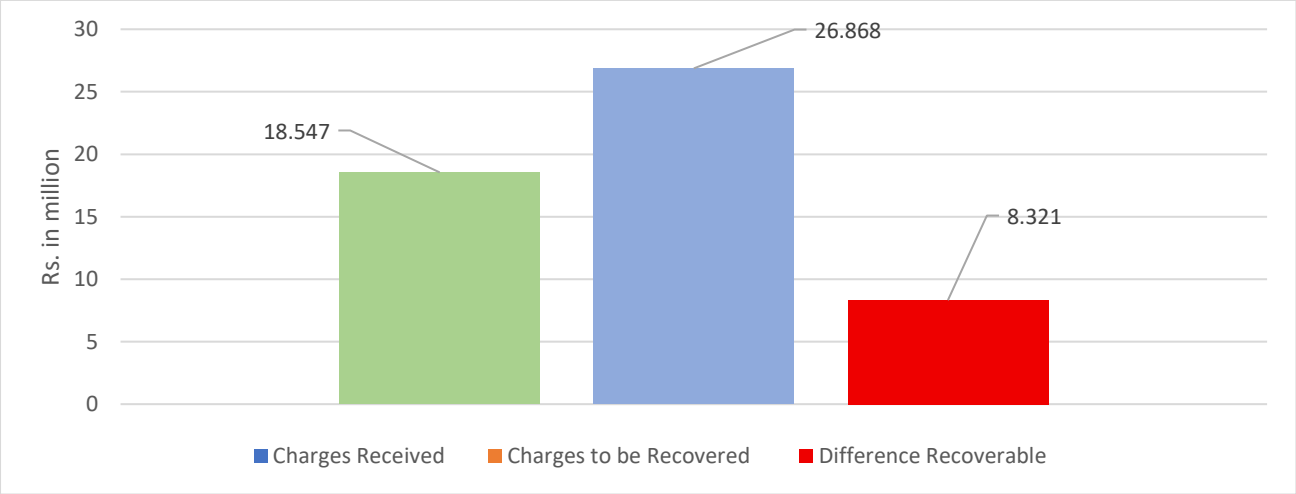
Sr. No	PDP No.	Name of Formation	No of Cases	Load kW		Rehabilitation Charges Recovered	Rehabilitation Charges to be Recovered	Difference of Rehabilitation Recoverable
				Min	Max			
1	1996/ 2025-26	CEO LESCO	05	750	980	8.182	13.131	4.949
2	1830/ 2025-26	Manager Operations Central Circle	35	17	495	5.676	7.535	1.859

3	1928/ 2025-26	Manager Operations Okara Circle	46	18	498	4.689	6.202	1.513
Total			**86**			**18.547**	**26.868**	**8.321**

(Source: Estimates & Demand Notices issued by LESCO)

The table shows the loss of Rs.8.321 million due to less recovery of rehabilitation charges in 86 industrial connections cases.

Figure-16: Recoverable rehabilitation charges



(Source: Estimates & Demand Notices issued by LESCO)

Violation of the provision of CSM resulted in loss amounting to Rs.8.321 million due to less recovery of rehabilitation charges from consumers during the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that Management replied that the matter has been referred to NEPRA vide Chief Engineer (P&D) LESCO memo dated January 16, 2026 for clarification.

The DAC, in its meeting held on January 28-30, 2026, directed the management to share outcome of correspondence with NEPRA at the earliest.

Audit recommends the management to expedite the matter with NEPRA besides ensuring recovery of rehabilitation charges from the consumers.

(Draft Para No.1996/2025-26/AMIS 2025_COM0000000145_F02067)
(Draft Para No.1830/2025-26/AMIS 2025_COM0000000145_F01939)
(Draft Para No.1928/2025-26/AMIS 2025_COM0000000145_F02087)

6. ENVIRONMENT& SAFETY POLICY

The audit observations under this section disclosed serious shortcomings in environmental compliance, regulatory oversight, and safety management within LESCO. Construction of 132-kV Grid Stations was allowed to proceed without obtaining mandatory environmental approvals under the Pakistan Environmental Protection Act, 1997, and in one case, on the basis of forged EPA approvals, reflecting inadequate due diligence and failure to verify the authenticity of statutory clearances.

Additionally, repeated fatal and non-fatal accidents highlighted weak enforcement of safety standards prescribed under the NEPRA Power Safety Code. Although safety frameworks, SOPs, and inquiry mechanisms existed, their ineffective implementation, unsatisfactory monitoring, and lack of accountability resulted in loss of human lives and financial losses. Recommendations of inquiry committees were not fully implemented, indicating a gap between policy and practice. Overall, the observations pointed to systemic failures in enforcing environmental safeguards and occupational safety controls, under scoring the need for stronger governance, proactive oversight, and strict accountability to prevent recurrence.

6.1 Illegal construction of 132-KV Grid Station by submitting fake approvals of EPA by M/s. Indus Home Limited

As per regulation-4 of Pakistan Environmental Protection Agency (PEPA) review of Initial Environmental Examination and Environmental Impact Assessment Regulations 2000; Project requiring an Environmental Impact Assessment (EIA) "A proponent of a project falling in any category specified in Schedule-II shall file an EIA with the Federal Agency and the provisions of Section-12 of the Act shall apply to such project.

As per section-12 of the Pakistan Environmental Protection Act 1997; initial environmental examination and environmental impact assessment. (1) No proponent of a project shall commence construction or operation unless he has filed with the [Provincial Agency] an initial environmental examination or where the project is likely to cause an adverse environmental effect, an environmental impact assessment, and has obtained from the [Provincial Agency] approval in respect thereof. (2) The [Provincial Agency] shall (a) review the initial environmental examination and accord its approval, or require submission of an environmental impact assessment by the proponent; or (b) review the environmental impact assessment and accord its approval subject to such conditions as it may deem fit to impose, or require that the environmental impact assessment be re-submitted after such modifications as may be stipulated, or reject the project as being contrary to environmental objectives.

As per section-17. of the Pakistan Environmental Protection Act 1997,Penalties,(1) Whoever contravenes or fails to comply with the provisions of sections 11,12,13, or section 16 or any order issued there under shall be punishable with fine which may extend to [five million] rupees, and in the case of a continuing contravention or failure, with an additional fine which may extend to one hundred thousand rupees for every day during which such contravention or failure continues and where such contravention or failure continues: Provided that if contravention of the provision of section 11 also constitutes contravention of the provisions of section 15, such contravention shall be punishable under sub-section (2) only.

As per letter No.902/AD/(E)/KSR, dated March 13, 2024 furnishing false information to public servant is an offense i.e. registration of FIR u/s 177 of PPC 1860 having imprisonment of either description for a term, which may extend to two years or with fine, or with both.

During the audit of LESCO for the financial year 2024-25, it was observed that M/s. Indus Homes Ltd on May 08, 2019 applied for extension of load from 4900 KW to 8000 KW and change of tariff from B-III to B-IV against reference No.24.11919-0229000. The Chief Engineer (P&D) vide its memo No.22296-312/P&D/DRW-521/KSR, dated June 20, 2019 accorded sanction and technical clearance for extension of load through proposed 132-KV (Private) Grid Station (with IN/OUT feeding arrangement) at 2.5-KM Manga Raiwind Road, Manga Mandi on full cost deposit basis. The G.M. Technical allowed construction of 132-KV Grid Station subject to provision of Environmental Impact Assessment (EIA) report and No Objection Certificate (NOC) from Environmental Protection Department (EPD) Punjab within 06-months along with analysis of environmental indicators within 03-months. M/s. Indus Home Ltd provided required NOC from Environmental Protection Agency (EPA) on February 06, 2024 after completion of the 132-KV Grid Station and applied for further extension of load from 08-MW to 11.7-MW (net extension 3.7-MW). Meanwhile, a summon under Section 7(F) of Punjab Environmental Protection Act 1997 dated March 13, 2024 was issued to M/s. Indus Home Ltd, Kasur. Mr. Bilal Afzal, Deputy GM attended the hearing on behalf of CEO of the company and submitted construction and operational phase environmental approvals of the Grid

Station. The Assistant Director Environment, Kasur checked the record at EPA office, Kasur and revealed that the no public hearing, News advertisement, Compliance Status report of CSR was done and signature on the environmental approvals were faked (as confirmed from the concerned AD EIA) and company had submitted fake environmental approvals. The Assistant director Environment, Kasur recommended the Director General, EPA, Punjab, Lahore for proper inquiry and strict legal action against the people involved in generating fake environmental approval and fraudulently misusing the power of the authority. This scenario depicted that the LESCO management unable to detect the fraudulent activities and fake submission of necessary approvals during the construction of 32-KV Grid Station by verifying the environmental approval from EPA Punjab.

Non-adherence to EPA Rules resulted in illegal construction of 132-KV Grid Station valued at Rs.166.25 million by submitting fake approvals of EPA by M/s. Indus Home Limited up to the financial year 2024-25.

The matter was taken up with the management in December, 2025 and reported to Ministry in January, 2026. The management replied that this office exercised due diligence and took timely preventive and corrective actions strictly in accordance with the Pakistan Environmental Protection Act, 1997. This office issued Letter No. 4768-74 dated November 25, 2020 to Chief Engineer (P&D), LESCO, clearly advising that environmental clearance was mandatory prior to commencement of civil works. The project proponent informed that the case was under consideration with EPA Punjab. A site inspection was also conducted on March 11, 2025 under EPA Punjab's supervision, confirming continued regulatory oversight. M/s. Indus Homes Limited later submitted an Environmental Approval dated December 28, 2023, which upon verification from EPA Punjab was found to be forged. Immediately, this office issued Letter No. 2745 dated March 19, 2024 seeking clarification and advising disconnection of power supply due to non-compliance.

Subsequently, a fresh Environmental Approval dated December 02, 2024 was submitted, which was verified and confirmed as genuine by EPA Punjab vide Letter dated December 23, 2024. The submission of forged documents constitutes an offense under Section-17 of the Pakistan Environmental Protection Act, 1997 and Section-177 PPC, the jurisdiction of which lies with EPA Punjab and law-enforcement agencies, not LESCO. In view of the above, it is evident that this office neither facilitated nor overlooked any irregularity. The issue was identified, reported, and addressed promptly. The reply was not tenable as checking authenticity of the environmental approval was the responsibility of LESCO which was ignored.

The DAC, in its meeting held on January 28-30, 2026, directed the CEO LESCO to inquire the matter and responsibility be fixed if established against the responsible officer who allowed the work without the legitimate NOC within one month and the same may be clubbed with his performance and placed in the dossiers.

Audit recommends the management to complete the inquiry at the earliest and share its outcomes with all concerned under intimation to audit.

(Draft Para.1842/2025-26/AMIS 2025_COM0000000145_F01951)

6.2 Non conducting of Environmental Impact Assessment (EIA) of 132 KV Grid Station

As per regulation-4 of Pakistan Environmental Protection Agency review of Initial Environmental Examination and Environmental Impact Assessment Regulations 2000; Project requiring an Environmental Impact Assessment "A proponent of a project falling in any category specified in Schedule-II shall file an EIA with the Federal Agency and the provisions of Section-12 of the Act shall apply to such project.

As per Section-12 of the Pakistan Environmental Protection Act 1997; initial environmental examination and environmental impact assessment. (1) No proponent of a project shall commence construction or operation unless he has filed with the Provincial Agency an initial environmental examination or where the project is likely to cause an adverse environmental effect, an environmental impact assessment, and has obtained from the Provincial Agency approval in respect thereof. (2) The Provincial Agency shall (a) review the initial environmental examination and accord its approval, or require submission of an environmental impact assessment by the proponent; or (b) review the environmental impact assessment and accord its approval subject to such conditions as it may deem fit to impose, or require that the environmental impact assessment be re-submitted after such modifications as may be stipulated, or reject the project as being contrary to environmental objectives.

During the audit of LESCO for the financial year 2024-25, it was observed that the approval for construction of 132-KV Grid Station against underground external electrification network of M/s. Green View Cooperative Housing Scheme Ltd, Sheikhupura Road, Lahore was accorded on September 16, 2020. The construction and operational phase environmental approvals of the Grid Station were mandatory requirement as per Environmental Protection Act 1997 & DISCOS SOPs on Environmental Safeguards before starting construction activity. A series of reminders were issued but no response was given by the company. On the other hand, the construction of Grid Station was in progress and civil wok had already been completed including foundation and roof of the Control Building. Further the purchase of all electrical equipment and materials was under process. The construction of the Grid Station without necessary approvals from the Environmental Protection Department (EPD) Punjab was against the Environmental Protection Act 1997. The management neither stopped the illegal project nor was any fine/penalty imposed on the sponsor of the project which needs justification.

Non-adherence of EPA regulations resulted in Illegal construction of 132-KV Grid Station amounting to Rs.126.056 million in violation of EPA-1997 up to the financial year 2024-25.

The matter was taken up with the management in December, 2025. The management replied that the matter was taken up with the project proponent on multiple occasions. Several reminders were issued to M/s. Green View Cooperative Housing Scheme Ltd. for submission of the requisite environmental approval and related information/data. Simultaneously, the issue was also taken up with the Chief Engineer (P&D), LESCO, vide No. 15112-14 dated November 06, 2024, with the request to pursue the matter with the proponent and ensure compliance with environmental regulations prior to further progress of the project. Despite repeated reminders and follow-ups, the proponent unable to submit the requisite information/data and did not provide evidence of having obtained the mandatory IEE/EIA approval from EPD. The delay and non-compliance are therefore attributable to the proponent, who did not respond despite formal notices. The case was being pursued at the appropriate level, and further action, including escalation to higher authorities and coordination with EPD for necessary regulatory measures, was under consideration. Audit would be kept informed of further developments.

The DAC, in its meeting held on January 28-30, 2026, directed the management to submit detailed justification in support of reply for verification by audit.

Audit recommends the management to look into the matter at higher level to fix responsibility against the person(s) at fault.

(Draft Para.2076/2025-26/AMIS 2025_COM0000000145_F02208)

6.3 Fatal accidents due to non-observance of safety standards

i) According to Clause-20 of State-Owned Enterprises (Governance and Operations) Act, 2023, "The Board shall ensure the integrity of the systems of internal control and any person who is found liable for a deviation or violation from the company's code of conduct or other systems of internal control shall be subject to disciplinary proceedings in accordance with the state-owned enterprise's internal policies."

ii) According to the NEPRA Power Safety Code, 7.24.11 "When it may not be possible to maintain the appropriate minimum distance, then the adjacent circuit or circuits must be de-energized, OFF isolated, locked, tagged, and grounded by opening circuit breakers, isolators and closing the earthing switch at all ends of the connected grids".

iii) As per 7.24.13 of Power Safety Code "when working on de-energized overhead lines near existing energized high voltage lines in the hot zone, there is a risk of induced voltages due to the significant electromagnetic fields present around energized overhead lines that can deliver lethal electric shocks".

During the audit of LESCO for the financial year 2024-25, it was noticed that eleven (11) fatal and non-fatal incidents (LESCO employees and General public) occurred during the period under review which included five (05) fatal accidents. The number of fatal accidents illustrated that the company has not implemented safety standards as prescribed in performance standards and distribution code. The main causes of accidents among employees and general public were identified as the non-usage of live line testers, improper isolation of work areas, incorrect implementation of Permits to Work (PTW) procedures, and failure to use proper and serviceable Personal Protective Equipment (PPE) and Tools and Plants (T&P). Non-observance of safety standards not only caused loss of precious human lives but also heavy financial loss to the Company as well. It was pertinent to mention that actions were recommended by the inquiry committees but the same were not found implemented.

Table-25: Detail of fatal & non-fatal accidents.

Incident Type	Number of Cases			Causes Identified
	LESCO Employee	General Public	Total	
Fatal	4	01	5	Non-usage of live line testers, improper isolation, incorrect PTW, lack of PPE/T&P
Non-Fatal	5	01	6	

(Source: Inquires reports & Statement of accidents shared by HSE Dept. LESCO)

Figure-17: Fatal & Non-Fatal accidents in LESCO



(Source: Inquires reports & Statement of accidents in LESCO)

Non-adherence to NEPRA directions resulted in loss of precious human lives and financial loss to the company of Rs.24.70 million during the financial year 2024-25.

The matter was taken up with the management in December, 2025. The management replied that the loss of human life is deeply regretted and LESCO reiterates that the safety of employees, contractors and the general public remain its highest priority. The system was evaluated by NEPRA and LESCO achieved 81/100 marks reflecting the existence of a structured and compliant framework. Inquiry and root cause analysis clearly establishes that the accidents did not result from absence of safety systems, but from non-compliance with established SOPs by individuals, despite the availability of PTW systems, PPE, tools, training, and supervision. Only one incident involved structural failure, which was unpredictable in nature and does not indicate systemic deficiency. The reply was not tenable as the management has highlighted the existence of a NEPRA-approved HSE framework and initiatives such as Behavior Based Safety (BBS) trainings, the occurrence of fatal accidents indicates gaps in effective enforcement, monitoring, and accountability of SoP compliance.

The DAC, in its meeting held on January 28-30, 2026, directed the LESCO management to depute a senior official to analyze the matter in detail for identification of factual reasons and submit the report to audit at the earliest.

Audit recommends the management to get the recommendations of inquiry committees implemented and strict enforcement of safety protocols and Permit to Work procedures to prevent recurrence of such fatal accidents.

(Draft Para.1989/2025-26/AMIS 2025_COM0000000145_F02061)

CONCLUSION

The audit of LESCO for the financial years 2020-21 to 2024-25 revealed significant weaknesses in regulatory, financial, and operational compliance. Key issues included weak financial management whereby the financial auditor has shown serious concerns regarding the status of the company as going concerns. Moreover, governance issues highlighted weak oversight of the BoD whereby achievement of stipulated targets could not be made. Instances of excess billing and refund irregularities, unmonitored energy losses, non-recovery from illegal consumers, under-recovery of industrial charges were observed. The procurement related matters witnessed non-compliance of PPRA Rules besides violations of environmental regulations, and unsafe working practices resulting in fatal and non-fatal accidents were significant omissions by the management.

These deficiencies highlight systemic gaps in governance, internal controls, and enforcement mechanisms, which not only caused substantial financial losses, but also posed risks to employee safety, environmental compliance, and organizational accountability.

The audit concludes that immediate corrective actions, strict enforcement of financial discipline, compliance of applicable rules, and accountability of responsible personnel are essential to safeguard company assets, ensure regulatory adherence, and prevent recurrence of financial and operational risks.

RECOMMENDATIONS

- Improve company-wide governance framework wherein the role of BoD should be made proactive besides developing measurable KPIs by the company to ensure effective operational controls.

- Review the financial management practices to address the grave issue regarding the status of the company as a going concern for sustainability of the company as identified by the financial auditor.

- Review cases of overbilling or excess load, regularize connections formally, and adjust billing in line with approved load factors to prevent financial loss and unjustified burden on consumers.

- Upgrade ERP and billing systems to detect anomalies in consumer billing and energy records. Conduct regular audits, verifications, and approvals to ensure accuracy, compliance, and accountability.
- Regularly monitor feeder capacities, energy losses, and billing data. Implement mechanisms to prevent illegal connections, unauthorized load extensions, and ensure accurate reporting of delivered and sold units.
- Conduct thorough reviews of all irregular procurement cases, enforce strict compliance with Procurement Rules, and maintain complete documentation for contracts and approvals. Hold responsible officials accountable to prevent recurrence.
- Verify all Environmental Impact Assessments (EIA) and Initial Environmental Examinations (IEE) before starting projects. Take legal and administrative action against forged approvals and enforce adherence to EPA regulations.
- Expedite follow-up and resolution of NAB-referred complaints and other statutory inquiries to improve record-keeping, accountability and compliance.
- Ensure compliance with NEPRA safety codes, Permit to Work procedures, and mandatory PPE usage. Implement recommendations from inquiry committees to prevent fatal and non-fatal accidents.
- Conduct regular training, audits, and monitoring of staff performance and operational compliance. Assign clear responsibility for lapses to ensure corrective actions are implemented and repeated mistakes are avoided.

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Appendix-I

Audit Objectives

The objective of the audit was to provide an independent assessment of LESCO'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 of SOE Act's provisions, NEPRA regulations, Procurement Rules, 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 LESCO'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 LESCO'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 functions, 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 three circles (Central, Okara & Kasur) 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 (on comparative analysis basis) 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 from Financial Statement of LESCO for FYs 2021 to 2025

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
COMPARATIVE DATA (2021 - 2025)

Description	2025 (Rupees)	2024 (Restated)	2023 (Restated)	2022 (Rupees)	2021 (Rupees)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	154,512.43	139,091.94	122,651.55	109,470.60	102,231.02
Intangible assets	-	-	20.33	54.56	90.63
Long term loans and advances	1,215.61	986.56	704.75	641.91	451.29
Long term deposits	0.70	0.70	0.73	0.74	0.74
Total Non-Current Assets	**155,728.75**	**140,079.20**	**123,377.36**	**110,167.81**	**102,773.69**
CURRENT ASSETS					
Stores, spares and loose tools	3,016.33	2,487.25	1,958.85	1,597.94	1,470.86
Trade debts	111,271.32	159,858.34	112,690.35	62,920.39	49,274.82
Contract assets	--	--	--	56,496.53	7,341.84
Advances	224.02	486.52	527.93	24.05	23.62
Other receivables	20,362.83	77,342.85	101,596.05	84,892.15	82,633.51
Receivable from Govt. of Pak	51,846.44	44,541.83	37,383.92	58,508.14	61,034.41
Short term investments	40,798.63	34,486.09	35,543.27	34,732.15	27,321.75
Bank balances	7,303.34	13,832.64	11,800.25	8,838.17	8,117.42
Others (Interest/Loans/Tax)	2,273.23	3,008.92	760.15	6,609.09	6,448.82
Total Current Assets	**237,096.15**	**336,044.45**	**302,260.75**	**314,618.60**	**243,667.05**
TOTAL ASSETS	**392,824.90**	**476,123.65**	**425,638.11**	**424,786.41**	**346,440.73**
EQUITY AND LIABILITIES					
EQUITY					
Issued, sub. & paid up capital	6,738.01	6,738.01	6,738.01	6,738.01	6,738.01
Deposit for shares	149,514.45	103,630.04	90,318.87	69,988.06	29,958.62
Accumulated losses	-331,202.87	-294,447.83	-264,170.93	-209,156.55	-181,403.24
Total Equity	**-174,950.41**	**-184,079.78**	**-167,114.05**	**-132,430.48**	**-144,706.61**
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term financing	7,455.38	7,665.04	8,046.82	--	--
Staff retirement benefits	176,090.18	185,125.87	175,686.14	158,537.77	155,079.93
Deferred credit	54,681.69	49,956.29	46,297.11	40,809.81	38,472.87
Total Non-Current Liab.	**238,227.25**	**242,747.20**	**230,030.08**	**199,347.58**	**193,552.80**
CURRENT LIABILITIES					
Trade and other payables	270,008.65	363,728.02	306,493.24	305,190.16	249,901.01
Short term security deposit	23,694.59	21,884.57	20,253.17	18,789.60	17,189.77
Receipt against deposit work	20,900.76	15,975.21	14,541.48	15,623.60	12,380.17
Accrued mark-up / interest	4,259.70	6,077.74	5,846.44	5,660.29	5,188.11
Provision for taxation	10,430.80	9,408.91	15,151.65	3,623.35	2,769.64
Current portion of L.T loans	253.56	381.78	436.10	8,982.32	9,579.76
Other current liabilities	--	--	--	--	586.08

Total Current Liabilities	**329,548.05**	**417,456.23**	**362,722.08**	**357,869.31**	**297,594.54**
			0.00		
TOTAL EQUITY & LIAB.	**392,824.90**	**476,123.65**	**425,638.11**	**424,786.41**	**346,440.73**
Total liabilities	**567,775.30**	**660,203.43**	**592,752.16**	**557,216.89**	**491,147.34**
Total assets	392,824.90	476,123.65	425,638.11	424,786.41	346,440.73

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS

COMPARATIVE DATA (2021 – 2025)

(Rupees in million)	**2025**	**2024**	**2023**	**2022**	**2021**
Electricity sales – net	640,222.66	**677,953.84**	495,232.31	434,479.84	281,492.64
Tariff adjustment	-40,850.46	**-24,023.55**	14,399.10	-1,351.58	-8,827.73
Subsidy from Govt. of Pakistan	60,746.55	**22,812.43**	68,682.44	96,093.21	65,883.16
Total Revenue	660,118.75	**676,742.72**	578,313.85	529,221.47	338,548.07
Cost of electricity	-633,271.84	**-645,648.79**	-563,187.16	-505,452.16	-305,713.28
Gross Profit	26,846.91	**31,093.93**	15,126.69	23,769.31	32,834.79
Gross Profit %	4.07%	**4.60%**	2.62%	4.49%	9.70%
Operating Expenses					
Distribution cost	-43,294.25	**-46,409.78**	-41,470.17	-35,465.07	-31,007.37
Administrative expense	-36,862.68	**-22,291.91**	-12,899.37	-11,466.05	-12,583.73
Customer service cost	-4,309.49	**-4,652.58**	-3,891.05	-3,259.02	-2,915.58
Expected credit loss on trade debts	--	--	-7,614.15	-2,769.43	-4,843.32
Total Operating Expense	-84,466.42	**-73,354.28**	-65,874.74	-52,959.57	-51,350.00
Operating Loss	-57,619.52	**-42,260.35**	-50,748.05	-29,190.26	-18,515.21
Other income	22,768.17	**21,759.58**	14,376.51	12,373.66	12,454.75
Finance cost	-2,266.95	**-834.36**	-878.89	-967.41	-1,092.07
Loss before levy/tax	-37,118.29	**-21,335.13**	-37,250.43	-17,784.01	-7,152.53
Levy	-8,262.92	**-8,471.39**	-20,151.77	-5,417.86	-4,090.01
Loss before taxation	-45,381.21	**-29,806.52**	-57,402.20	-23,201.87	-11,242.54
Taxation	--	--	--	--	--
LOSS FOR THE YEAR	-45,381.21	**-29,806.52**	-57,402.20	-23,201.87	-11,242.54
Gross profit	**4.07%**	**4.59%**	**2.62%**	**4.49%**	**9.70%**
Net Profit	-6.87%	-4.40%	-9.93%	-4.38%	-3.32%

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE 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			
Loss before levy and taxation		(37,118,293,071)	(21,335,125,610)
Adjustments for non-cash charges and other charges:			
Depreciation	3	6,176,034,833	5,695,549,877
Amortization of intangible assets	4	-	20,330,337
Provision for obsolete / slow moving items	6	187,016,736	37,902,246
Tariff adjustment	9	40,850,459,292	24,023,554,481
Amortization of deferred credits	17	(2,752,871,702)	(2,411,919,659)
Provision for employee retirement benefits	16	19,850,222,804	30,531,579,404
Allowance for expected credit loss on trade debts	28	26,158,315,193	7,011,890,900
Finance cost	31	2,266,947,563	834,362,474
Profit on bank deposits	30	(8,792,143,334)	(10,711,438,345)
		83,943,981,385	55,031,811,715
Net cash flow before working capital changes		46,825,688,314	33,696,686,105
Decrease/ (increase) in current assets			
Stores and spares		(716,096,325)	(566,308,038)
Advances		262,501,261	41,403,469
Trade debts		36,873,620,760	(54,179,832,809)
Other receivables		1,684,642,701	229,643,830
Receivable from the Government of Pakistan		(7,304,604,165)	(7,157,910,459)
		30,800,064,232	(61,633,004,007)
Increase/ (decrease) in current liabilities			
Trade and other payables		(47,834,960,631)	70,545,950,277
Deferred credit / receipt against deposit work		12,403,821,989	7,504,826,428
		(35,431,138,642)	78,050,776,705
		42,194,613,904	50,114,458,803
Payment of staff retirement benefits	16	(2,146,740,109)	(1,711,640,119)
Contribution to employee benefit plan		(18,113,000,000)	(19,850,647,445)
Taxes paid		(7,241,027,061)	(14,214,130,888)
Interest received		9,527,835,151	8,462,663,899
Finance cost paid		(4,084,995,872)	(603,062,159)
Proceeds against short term security deposits - net		1,810,015,585	1,631,400,359
Payments against long term loans, advances and deposits		(229,052,632)	(281,780,917)
		(20,476,964,938)	(26,567,197,270)
Net cash generated from operating activities		21,717,648,966	23,547,261,533
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(21,596,524,425)	(22,135,942,993)
Short term investment - net		(6,312,542,090)	1,057,175,445
Net cash used in investing activities		(27,909,066,515)	(21,078,767,548)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(337,878,000)	(436,101,000)
Net cash used in financing activities		(337,878,000)	(436,101,000)
Net (decrease) / increase in cash and cash equivalents		(6,529,295,549)	2,032,392,985
Cash and cash equivalents at the beginning of the year		13,832,638,432	11,800,245,447
Cash and cash equivalents at the end of the year	12	7,303,342,883	13,832,638,432

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levy and income tax		(37,250,431,331)	(9,567,677,610)
Adjustments for items not involving movement of funds:			
Depreciation	8.1.4	5,048,120,270	5,239,152,548
Amortization of intangible assets	9	34,230,002	36,074,079
Amortization of deferred credits	24	(2,228,716,960)	(2,051,524,689)
Provision for employee retirement benefits	23.7	24,290,834,245	18,203,692,697
Provision for obsolete / slow moving items	11	7,396,007	1,295,906
Income from non-utility operations	35	(1,987,294,086)	(1,638,880,073)
Allowance for expected credit loss on trade debts	12	7,614,146,030	2,769,433,917
Tariff adjustment	15	(14,399,102,730)	1,351,582,277
Finance cost	36	878,887,381	967,405,566
Profit on bank deposits	35	(5,910,728,253)	(4,774,280,914)
Net cash flow before working capital changes		(23,902,659,425)	10,536,273,704
Decrease/ (increase) in current assets			
Stores and spares		(368,306,959)	(128,370,389)
Advances		4,724,862	(435,348)
Trade debts and contract assets		(1,154,836,612)	(65,302,387,595)
Other receivables		(2,304,792,002)	(3,610,227,433)
Receivable from the Government of Pakistan		21,124,211,853	2,526,275,730
		17,301,001,142	(66,515,145,035)
Increase/ (decrease) in current liabilities			
Trade and other payables		41,399,477,113	86,834,965,425
Contract liability		-	(586,084,100)
Defered credit / receipt against deposit work		6,633,900,908	7,631,904,554
		48,033,378,021	93,880,785,879
Cash generated from operations		41,431,719,738	37,901,914,548
Payment of employee retirement benefits		(1,725,187,525)	(1,399,953,892)
Contribution to employee benefit plan		(17,293,509,648)	(17,897,366,867)
Taxes paid		(7,887,423,415)	(4,564,143,721)
Finance cost paid		(692,729,888)	(495,232,655)
Proceeds against short term security deposits		1,463,571,911	1,599,825,649
Payments against long term loans, advances and deposits		(262,640,895)	(206,434,302)
		(26,397,919,460)	(22,963,305,788)
Net cash generated from operating activities		15,033,800,278	14,938,608,760
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(16,241,775,160)	(10,839,849,508)
Profit on bank deposits		5,480,572,037	4,629,821,316
Net cash used in investing activities		(10,761,203,123)	(6,210,028,192)
CASH FLOW FROMS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(499,403,014)	(597,436,000)
Net cash used in financing activities		(499,403,014)	(597,436,000)
Net increase in cash and cash equivalents		3,773,194,141	8,131,144,568
Cash and cash equivalents at the beginning of the year		43,570,316,876	35,439,172,308
Cash and cash equivalents at the end of the year	39	47,343,511,017	43,570,316,876

The annexed notes from 1 to 48 form an integral part of these financial statements.

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CHIEF EXECUTIVE **DIRECTOR**

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(17,784,007,165)	(7,152,530,064)
Adjustments for items not involving movement of funds:			
Depreciation	6.1.4	5,239,152,548	4,235,257,236
Amortization of intangible assets	7	36,074,079	3,906,080
Amortization of deferred credits	22	(2,051,524,689)	(1,896,917,160)
Provision for employee retirement benefits	21.7	18,203,692,697	16,368,520,903
Provision for shortage of material	9	-	24,963,305
Provision for obsolete / slow moving items	9	1,295,906	5,285,502
Income from non-utility operations	33	(1,638,880,073)	(946,125,735)
Allowance for expected credit loss on trade debts	10	2,769,433,917	4,843,324,556
Tariff adjustment	13	1,351,582,277	8,827,731,089
Finance cost	34	967,405,566	1,092,065,298
Profit on bank deposits	33	(4,774,280,914)	(4,084,361,081)
Net cash flow before working capital changes		2,319,944,149	21,321,119,929
Decrease/ (increase) in current assets			
Stores and spares		(128,370,389)	(34,321,469)
Advances		(435,348)	7,827,915
Trade debts and contract assets		(65,569,668,528)	(6,642,347,643)
Other receivables		(3,610,227,433)	(2,418,662,282)
Receivable from the Government of Pakistan		2,526,275,730	(5,438,104,781)
		(66,782,425,968)	(14,525,608,260)
Increase/ (decrease) in current liabilities			
Trade and other payables		95,318,575,913	18,412,641,562
Contract liability		(586,084,100)	586,084,100
Defered credit / receipt against deposit work		7,631,904,554	6,008,103,953
		102,364,396,367	25,006,829,615
Cash generated from operations		37,901,914,548	31,802,341,284
Payment of employee retirement benefits		(1,399,953,892)	(6,211,180,706)
Contribution to employee benefit plan		(17,897,366,867)	(35,397,864,841)
Taxes paid		(4,564,143,721)	(4,902,958,018)
Finance cost paid		(495,232,655)	(704,694,854)
Proceeds against short term security deposits		1,599,825,649	1,655,522,631
(Payments) / Proceeds against long term loans, advances and deposits		(206,434,302)	128,807,324
		(22,963,305,788)	(45,432,368,464)
Net cash generated from/ (used in) operating activities		14,938,608,760	(13,630,027,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(10,839,849,508)	(10,643,635,940)
Additions to intangible assets		-	(81,404,248)
Profit on bank deposits		4,629,821,316	4,236,480,115
Net cash used in investing activities		(6,210,028,192)	(6,488,560,073)
CASH FLOW FROMS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(597,436,000)	(597,492,344)
Net cash used in financing activities		(597,436,000)	(597,492,344)
Net increase/ (decrease) in cash and cash equivalents		8,131,144,568	(20,716,079,597)
Cash and cash equivalents at the beginning of the year		35,439,172,308	56,155,251,905
Cash and cash equivalents at the end of the year	36	43,570,316,876	35,439,172,308

The annexed notes from 1 to 45 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Issued, subscribed and paid-up share capital	Deposit for issuance of shares	Accumulated loss	Total
	----------	----------	Rupees ----------	----------
Balance as at 30 June 2023	6,738,008,700	90,318,871,429	(273,797,644,147)	(176,740,764,018)
Effect of restatement (Note 2.21)	-	-	9,626,718,943	9,626,718,943
Balance as at 30 June 2023 - restated	6,738,008,700	90,318,871,429	(264,170,925,204)	(167,114,045,075)
Non-cash settlement against deposit for shares	-	13,311,165,256	-	13,311,165,256
Loss for the year-restated	-	-	(29,806,518,148)	(29,806,518,148)
Other comprehensive loss for the year	-	-	(470,382,003)	(470,382,003)
	-	-	(30,276,900,151)	(30,276,900,151)
Balance as at 30 June 2024 - restated	6,738,008,700	103,630,036,685	(294,447,825,355)	(184,079,779,970)
Non-cash settlement against deposit for shares	-	45,884,410,954	-	45,884,410,954
Loss for the year	-	-	(45,381,210,464)	(45,381,210,464)
Other comprehensive loss for the year	-	-	8,626,170,599	8,626,170,599
	-	-	(36,755,039,865)	(36,755,039,865)
Balance as at 30 June 2025	6,738,008,700	149,514,447,639	(331,202,865,220)	(174,950,408,881)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

(Source: Financial Statement for FY 2020-21 to 2024-25)

LAHORE ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Note	Issued, subscribed and paid-up share capital	Capital reserve: Deposit for issuance of shares	Revenue reserve: Accumulated losses	Total
		(Rupees)			
Balance as at June 30, 2020		6,738,008,700	38,037,320,895	(153,244,667,953)	(108,469,338,358)
Loss for the year		-	-	(11,242,540,823)	(11,242,540,823)
Impact of restatement as per IAS 8		-	-	6,047,721,085	6,047,721,085
Other comprehensive loss for the year		-	-	(16,916,030,582)	(16,916,030,582)
Non cash adjustment		-	(8,078,698,853)	-	(8,078,698,853)
Balance as at June 30, 2021- restated		6,738,008,700	29,958,622,042	(175,355,518,273)	(138,658,887,531)
Loss for the year- restated		-	-	(14,985,536,695)	(14,985,536,695)
Other comprehensive loss for the year		-	-	(4,551,439,989)	(4,551,439,989)
Non cash adjustment	21	-	40,029,433,175	-	40,029,433,175
Balance as at June 30, 2022- restated		6,738,008,700	69,988,055,217	(194,892,494,957)	(118,166,431,040)
Loss for the year		-	-	(57,402,198,819)	(57,402,198,819)
Other comprehensive loss for the year		-	-	(21,502,950,371)	(21,502,950,371)
Non cash adjustment	21	-	20,330,816,212	-	20,330,816,212
Balance as at June 30, 2023		6,738,008,700	90,318,871,429	(273,797,644,147)	(176,740,764,018)

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

(Source: Financial Statement for FY 2020-21 to 2024-25)

Annexure-I
Para 4.7

Detail of bidders whose pre-qualifications have been expired

(Rs. In million)

Sr. No	Tender No	PO No	Name of Firm	Item Description	Unit	Total Qty.	Per Unit Rate	Amount (Rs.)	S. Total (Rs.)	With Sales Tax (Rs.)	Pre-Qualification Up-to
1	4111	4557/ 21.04.25	Naseem Associates	Lineman Safety Hat	Nos.	3,100	934	2.895	2.895	3.417	30.06.15
2	4096	4534/ 19.02.25	Engineer Associated Precast	LT PSC spun Poles 31 ft	Nos.	1,600	21,300	34.080	34.080	40.214	30.06.14
3	4116	4547/ 12.03.25	Accurate	3/P AMI Smart Energy Meters	Nos.	16,330	34,000	555.220	555.220	655.160	30.06.14
4	4116	4548/ 12.03.25	KBK Electronics	3/P AMI Smart Energy Meters	Nos.	16,330	34,000	555.220	555.220	655.160	30.06.16
5	4116	4550/ 26.03.25	Microtech Industries	3/P AMI Bi-Directional Smart Meters	Nos.	14,000	34,000	476.000	476.000	561.680	30.06.14
6	4108	4502/ 12.12.24	Creative Electronics	Single Phase Static Meters	Nos.	187,500	4,500	843.750	843.750	995.625	30.06.14
7	4108	4504/ 13.12.25	Microtech Industries	Single Phase Static Meters	Nos.	187,500	4,500	843.750	843.750	995.625	30.06.14
8	4108	4506/ 16.12.25	Pak Elektron Ltd (PEL)	Single Phase Static Meters	Nos.	187,500	4,500	843.750	843.750	995.625	30.06.15
9	4108	4505/ 13.12.25	KBK Electronics	Single Phase Static Meters	Nos.	187,500	4,500	843.750	843.750	995.625	30.06.16
10	4087	4543/ 03.03.25	Fast Cables	ACSR Osprey Conductor	Km	800	978,000	782.400	782.400	923.232	30.06.15
11	4087	4546/ 10.03.25	Steel Complex	ACSR Dog Conductor	Km	400	440,000	176.000	176.000	207.680	30.06.14
12	4036	4478/ 05.08.24	Mutahir Metal Works	GS Wire 10mm	Kg	72,119	367	26.468	26.468	31.232	30.06.14
Total									**5,983.283**	**7060.275**	

(Source: Bidding documents and purchase orders for the FY 2024-25)

Annexure-II
Para 5.3

Unauthorized load extension by consumers

(Rs. In million)

Sr. No.	PDP No.	Name of Formation	No. of consumers			Total Consumers	Security Amount	Rehabilitation Charge	Cost of Trans-former	Fix Charges	Total Amount
			B-I/ B-II/ B-III/ B-IV	A-2	D-1						
1	1949/2025-26	Chief Executive Office LESCO	62	-	-	62	116.083	-	-	-	116.083
2	1994/2025-26		187	-	-	187	175.928	-	283.312	4.855	464.095
3	1819/2025-26	Manager Operations Central Circle LESCO	318	323	-	641	43.61	-	353.088	-	396.698
4	1829/2025-26		-	-	122	122	-	-	62.363	-	62.363
5	1821/2025-26		69	-	-	69	-	-	-	6.966	6.966
6	1925/2025-26	Manager Operations Okara Circle LESCO	350	129	-	479	24.58	-	249.178	-	273.758
7	1979/2025-26		-	-	247	247	-	-	128.78	-	128.78
8	1927/2025-26		24	-	0	24	-	-	-	2.353	2.353
9	145/2025-26	Manager Operations Kasur Circle LESCO	3	-	0	3	1.659	-	-	-	1.659
10	146/2025-26		38	39	92	169	6.048	2.191	115.57	-	123.809
11	147/2025-26		74	-	-	74	-	-	-	9.918	9.918
12	165/2025-26		-	84	-	84	-	-	-	-	-
Total			**1,125**	**575**	**461**	**2,161**	**367.908**	**2.191**	**1192.291**	**24.092**	**1,586.482**

(Source: MIS MDI Data & E-Bill of Consumers for the FY 2024-25)

Annexure-III
Para 5.5

LPS amount adjusted to Government/Private consumers

(Rs. in million)

Sr. No.	PDP No.	Name of Formation	Type of Consumers	No. of Consumers	LPS Adjusted		Total Amount of LPS Adjusted
					Min	Max	
1	1993/ 2025-26	CEO LESCO	Government	1,843	1,019	20,854,661	719.194
			Private	7,324	10,000	2,983,210	434.819
2	1911/ 2025-26	Manager Operations Central Circle	Government	463	20,000	17,312,880	245.645
			Private	3,339	25,000	2,016,760	347.242
3	1980/ 2025-26	Manager Operations Okara Circle	Government	5	1,057	6,216,045	12.373
			Private	294	5,025	299,820	15.831
4	157/ 2025-26	Manager Operations Kasur Circle	Government	62	1,001	695171	2.597
			Private	7,061	1,000	3,951,051	321.358
Total				**20,391**			**2,099.059**

(Source: MIS data & Consumer E-Bills)

Annexure-IV
Para 5.6

Statement Regarding discrepancy in units received and billed on distribution/independent feeders in LESCO 2024-25

(Units & Rs. in million)

Sr. No.	Circle Name	No of Feeders Overbilled	Units Received	Units Billed	Units Overbilled	Amount as per CP-22@ Rs.44.32- per Unit
1	Northern	45	475.705	492.502	16.797	744.429
2	Central	127	1,138.378	1,234.837	96.459	4,275.059
3	Eastern	73	503.832	545.284	41.451	1,837.124
4	Okara	15	74.929	77.625	2.696	119.480
5	Southern	159	1,194.714	1,317.226	122.512	5,429.724
6	Sheikhupura	34	276.842	292.813	15.971	707.836
7	Kasur	26	88.234	90.381	2.147	95.177
8	Nankana	11	120.489	122.092	1.603	71.061
9	Industrial Division	53	495.335	501.563	6.228	276.030
		543	**4,368.458**	**4,674.323**	**305.864**	**13,555.92**

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

Detail regarding discrepancy in units received and billed on distribution/independent feeders in Kasur Circle LESCO 2020-21 to 2023-24

(Units & Rs. in million)

Sr. No.	Financial Year	No of Feeders	Unit received	Units billed	Units Overbilled	Amount
1	2020-21	1	28.932	28.939	0.006	0.102
2	2021-22	22	200.774	203.180	2.406	59.566
3	2023-24	2	7.451	7.460	0.009	0.412
	Total	**25**	**237.157**	**239.578**	**2.421**	**60.079**

(Source: CP-22A of LESCO for the FYs 2023-24 & 2024-25)

Annexure-V
Para 5.8

Energy losses on independent feeders

(Units & Rs. in million)

Sr. No	PDP No.	Name of Formation	Total Independent Feeders	Feeders running in excess of permissible limit	Units Received	Units Sold	Units Lost	Units Lost in Excess of 3% permissible limit	%age of Units Lost	Amount as per CP-22 @ Rs. 44.32 per Unit
1	1850/ 2025-26	Chief Executive Officer	436	57	361.744	333.823	27.921	17.069	4% to 100%	756.477
2	1822/ 2025-26	Manager Operations Central Circle	70	10	35.421	29.886	5.535	4.472	5% to 100%	198.221
3	152/ 2025-26	Manager Operations Kasur Circle	44	4	44.486	41.254	3.232	1.897	4.79% to 9.97%	40.442
Total			**550**	**71**	**441.651**	**04.963**	**36.688**	**23.438**		**995.140**

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

Statement showing the detail of line losses of Independent Feeder in LESCO 2024-25

(Units & Rs. In million)

Circle Name	No. of Feeders Losses excess of permissible limit @ 3%	UNITS RECEIVED	UNITS SOLD	Units Lost	Permissible limit of loss of independent feeder @ 3%	Units Lost in Excess of permissible limit	Amount as per CP-22 @ Rs.44.32/- Per Unit
Northern	12	46.040	43.255	2.785	1.381	1.404	62.213
Central	10	35.421	29.886	5.535	1.063	4.472	198.221
Eastern	2	0.820	0.006	0.814	0.025	0.789	34.989
Southern	12	61.571	51.583	9.988	1.847	8.141	360.820
Sheikhupura	21	219.208	207.453	11.755	6.576	5.179	229.537
Kasur	5	7.162	6.129	1.034	0.215	0.818	36.286
Industrial Division	5	26.941	25.397	1.544	0.808	0.736	32.630
Total	**67**	**397.165**	**363.709**	**33.456**	**11.915**	**21.541**	**954.697**

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

(Units & Rs. In million)

Statement showing the detail of Line losses of Independent Feeders in Kasur Circle LESCO 2020-21 & 2021-22							
Financial Year	No of Feeders	Units received	Unit sold	Units Lost	Permissible limit of loss of independent feeder @ 3%	Units Lost beyond NEPRA Target	Amount
2020-21	2	22.582	21.234	1.347	0.677	0.669	10.048
2021-22	2	21.905	20.020	1.885	0.657	1.228	30.394
Total	**4**	**44.486**	**41.254**	**3.232**	**1.335**	**1.897**	**40.442**

(Source: CP-22 A of LESCO for the FY 2020-21 to 2021-22)

Annexure-VI
Para 5.9

Inaccurate billing to consumers by applying load factor above 100%

(Units in million)

Sr. No.	PDP No	Formation	Govt Connections	Private Connections	Total Consumers	Units charged	As per NEPRA chargeable	Total Excess units
1	1855	Chief Executive Office LESCO	939	24,988	25,927	401.174	106.635	294.538
2	1815	Manager Operations Central Circle	384	2,820	3,204	83.345	15.953	67.392
3	1919	Manager Operations Okara Circle	131	1,768	1,899	73.069	26.134	46.935
4	150	Manager Operations Kasur Circle	61	979	1,040	57.463	8.891	48.572
		Total			**32,070**	**615.051**	**157.613**	**457.437**

(Source: LESCO MDI MIS Data for the FY 2024-25)

Sample taken of Government Connections

(Units in million)

Sr. No.	Formation	PDP No.	Tariff	Tariff Category	No. of Government Connections	Load Factor (Range)	Sum of Units Charged (100% & above)	Sum of Units as per NEPRA Avg Load Factor	Excess Debit Units
1	CEO	1855	General Supply	A-3	570	100 kW to 2061 kW	40.738	4.147	36.591
			Street Lights	G-1 G-2	222	104 kW to 1534 kW	10.969	1.724	9.245
2	Central	1815	General Supply	A-3	127	100 kW to 806 kW	11.643	1.506	10.137
			Street Lights	G-1 G-2	201	104 kW to 1534 kW	10.808	1.683	9.124
3	Okara	1919	General Supply	A-3	84	100 kW to 738 kW	0.878	0.119	0.760
			Street Lights	G-1 G-2	7	131 kW to 578 kW	0.011	0.009	0.002
4	Kasur	150	General Supply	A-3	75	101 kW to 2401 kW	3.349	0.553	2.795
			General Supply	A-3	46	102 kW to 1455 kW	2.658	0.340	2.318
					1,332		**81.054**	**10.083**	**70.971**

(Source: LESCO MDI MIS Data for the FY 2024-25)

Circle Wise detail of Consumers who have been charged load Factor above 100% in LESCO 2024-25

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Northern	Residential	A-1b	1	221%	0.009	0.001	0.009
	Commercial	A-2C	1574	100% to 1800%	12.294	1.789	10.505
	Industrial	B-1	4824	100% to 364%	27.771	8.223	19.548
		B-2	587	100% to 1252%	37.737	14.531	23.206
		B-3	10	113% to 158%	6.400	3.005	3.395
	Agriculture	D-2b	56	103% to 1280%	0.818	0.165	0.653
	General	A-3	72	103% to 1575%	4.201	0.556	3.645
	Street Light	G & H	89	108% to 1983%	7.079	1.037	6.042
			7213		**96.309**	**29.306**	**67.003**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Central	Residential	A-1b	17	103% to 848%	1.138	0.128	1.010
			157	101% to 1029%	4.011	0.499	3.512
	Commercial	A-2C	1928	100% to 4421%	26.064	3.226	22.838
	Industrial	B-1	390	101% to 1096%	5.124	1.072	4.052
		B-2	121	100% to 783%	18.451	6.320	12.131
		B-3	2	100% to 114%	0.897	0.508	0.390
	Agriculture	D-2b	120	102% to 1172%	1.953	0.504	1.449
	General	A-3	158	100% to 806%	14.355	1.862	12.493
	Street Light	G & H	60	108% to 916%	0.735	0.155	0.580
			328	101% to 1983%	12.489	1.962	10.527
	Total		**3,281**		**85.218**	**16.236**	**68.982**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Eastern	Residential	A-1b	7	107% to 340%	0.149	0.018	0.131
	Commercial	A-2C	934	100% to 1120%	7.304	1.067	6.237
	Industrial	B-1	1372	100% to 1272%	16.023	3.485	12.538
		B-2	163	100% to 773%	30.673	11.681	18.992
		B-3	5	100% to 131%	5.432	2.977	2.456
	Agriculture	D-2b	235	100% to 3761%	2.828	0.843	1.985
	General	A-3	132	100% to 1958%	18.701	1.479	17.222
	Street Light	G & H	4	270%	0.079	0.012	0.067
Total			**2852**		**81.189**	**21.561**	**59.627**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Okara	Residential	A-1b	32	133% to 700%	0.276	0.034	0.242
			296	100% to 1029%	4.716	0.632	4.084
	Commercial	A-2C	260	100% to 892%	3.083	0.553	2.530
	Industrial	B-1	114	100% to 502%	1.143	0.299	0.844
		B-2	11	102% to 156%	0.847	0.361	0.485
		B-3	42	100% to 454%	45.912	19.185	26.727
	Agriculture	D-2b	1064	101% to 741%	16.286	4.948	11.339
	General	A-3	105	100% to 738%	1.071	0.146	0.924
	Street Light	G-1 & G-2	7	131% to 578%	0.011	0.002	0.009
	Total				**73.345**	**26.161**	**47.184**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Southern	Residential	A-1b	30	102% to 200%	0.915	0.176	0.738
	Commercial	A-2C	4859	100% to 1206%	38.557	6.151	32.406
	Industrial	B-1	529	110% to 1256%	9.313	1.512	7.801
		B-2	97	100% to 3392%	10.372	4.137	6.235
		B-3	11	107% to 116%	4.215	2.289	1.926
	Agriculture	D-2b	73	102% to 803%	0.968	0.301	0.667
	General	A-3	301	100% to 1647%	18.710	2.146	16.564
	Street Light	G & H	198	101% to 1253%	3.177	0.496	2.680
Total			**6,098**		**86.226**	**17.209**	**69.017**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Sheikhupura	Residential	A-1b	100	101% to 1029%	1.558	0.153	1.405
	Commercial	A-2C	487	100% to 1499%	5.637	0.763	4.875
	Industrial	B-1	158	148% to 769%	3.829	0.493	3.337
		B-2	40	101% to 154%	6.223	2.763	3.459
		B-3	10	100% to 123%	6.461	3.535	2.925
	Agriculture	D-2b	976	100% to 513%	6.668	2.338	4.330
	General	A-3	69	101% to 695%	1.441	0.153	1.288
	Street Light	G & H	12	105% to 1400%	0.543	0.105	0.437
Total			**1,852**		**32.360**	**10.303**	**22.056**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Kasur	Residential	A-1b	4	180% to 375%	0.161	0.020	0.140
	Commercial	A-2C	371	100% to 2419%	6.128	0.655	5.473
	Industrial	B-1	227	183% to 2723%	11.083	0.788	10.295
		B-2	47	100% to 284%	2.557	1.027	1.530
	Agriculture	D-2b	5053	100% to 1142%	34.432	11.972	22.460
	General	A-3	66	100% to 2061%	3.616	0.448	3.168
	Street Light	G & H	50	100% to 1534%	2.335	0.367	1.968
Total			**5,818**		**60.312**	**15.278**	**45.034**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Nankana	Residential	A-1b	8	142% to 257%	8.483	1.073	7.410
	Commercial	A-2C	166	100% to 958%	1.344	0.243	1.102
	Industrial	B-1	28	909% to 7969%	4.781	0.092	4.689
		B-2	9	106% to 128%	1.819	0.789	1.030
	Agriculture	D-2b	1761	100% to 363%	11.325	4.336	6.989
	General	A-3	17	103% to 670%	0.136	0.017	0.118
	Total		**1,989**		**27.888**	**6.550**	**21.338**

(Source: LESCO MDI MIS Data for the FY 2024-25)

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Industrial Division	Industrial	B-3	10	102% to 454%	22.929	7.096	15.834
	Street Light	G & H	3	103% to 128%	0.224	0.078	0.146
Total			**13**		**23.154**	**7.174**	**15.980**

(Source: LESCO MDI MIS Data for the FY 2024-25)

Detail of Consumers who have been charged load Factor above 100% in Kasur Circle LESCO 2021-22

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Kasur	Commercial	A-2c	159	163% to 2007%	7.014	0.405	6.609
	Industrial	B-1	110	145% to 855%	2.456	0.316	2.140
		B-2	46	100% to 213%	3.181	1.379	1.803
		B-3	6	106% to 127%	5.834	3.064	2.770
	Agriculture	D2b	188	151% to 955%	5.324	0.268	5.056
	General Supply	A-3	77	101% to 2401	3.367	0.556	2.810
	Total		**586**		**27.176**	**5.988**	**21.188**

(Source: LESCO MDI MIS Data for the FY 2021-22)

Consumers who have been charged load Factor above 100% in Kasur Circle LESCO 2022-23

(Units in million)

Name of Circle	Tariff	Tariff Category	No of Consumers	Range of 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
Kasur	Commercial	A-2c	74	143% to 4240%	15.095	0.459	14.637
	Industrial	B-1	96	226% to 1569%	4.643	0.305	4.339
		B-2	37	101% to 168%	2.948	1.329	1.619
	Agriculture	D2b	101	263% to 1621%	4.942	0.470	4.472
	General Supply	A-3	46	102% to 1455%	2.658	0.341	2.318
Total			**454**		**30.287**	**2.903**	**27.384**

(Source: LESCO MDI MIS Data for the FY 2022-23)

Appendix-III

List of MFDAC Paras in respect of Lahore Electric Supply Company (LESCO) for the FY 2024-25 (Audit Report 2025-26)

Sr. No.	Formation	PDP No.	Subject
1	CE (PMU) LESCO	551/2025-26	Repeated repair of power transformers procured under faulty Lot – Rs.73.66 million
2	CE (PMU) LESCO	552/2025-26	Irregular award of contract for procurement of incoming panels for 40 MVA power transformer- Rs. 68.44 million
3	CE (PMU) LESCO	553/2025-26	Unreconciled balances of LD charges against EOT cases at CE (Dev) PMU LESCORs.18.201 million
4	CE (PMU) LESCO	554/2025-26	Absence of institutional ownership and responsibility for PC-I approval of STG projects risk to strategic project governance
5	CE (PMU) LESCO	555/2025-26	Non-preparation of completion report (PC-IV) of 7th STG Program
6	CE (PMU) LESCO	556/2025-26	Non-execution of Procurement Plan for STG Material by PMU LESCO Rs.2, 061.71 million
7	CE (PMU) LESCO	557/2025-26	Non-recovery of cost of material issued on loan basis to other DISCOs - Rs. 8.204 million
8	CE (PMU) LESCO	558/2025-26	Non-issuance and utilization of dead/slow moving material items-Rs.29.087 million
9	CE (PMU) LESCO	559/2025-26	Non-auction of unserviceable/ dismantled material - Rs. 593.876 million
10	CE (PMU) LESCO	560/2025-26	Non-conducting of physical stock verification at Chichoki Malian Warehouse for the FY 2023-24 & 2024-25
11	CE (PMU) LESCO	561/2025-26	Non-implementation of EPADS (e-Pak Acquisition and Disposal System) in violation of instructions of PPRA
12	CE (PMU) LESCO	562/2025-26	Non-forfeiture of Performance Guarantee of the supplier - Rs.6.84 million
13	CE (PMU) LESCO	563/2025-26	Operational Inefficiencies of LESCO due to unclear ownership of Chichokimalian Ware House
14	CE (PMU) LESCO	564/2025-26	Delay in finalization of requests for Extension of Times (EOT)
15	CE (PMU) LESCO	565/2025-26	Non-recovery of GST claims from FBR - Rs.269.171 million.
16	CE (PMU) LESCO	566/2025-26	Non-tagging and revaluation of fixed assets
17	CE (PMU) LESCO	731/2025-26	Non-receipt of material and non-renewal of expired performance guarantees due to pending court cases – Rs.81.027 million
18	CE (PMU) LESCO	732/2025-26	Non-achievement of benefits of Distribution Integrated Investment Plan (DIIP) due to less-utilization of STG investment/ Funds - Rs.3,329.00 million
19	CE (PMU) LESCO	733/2025-26	Non-monitoring of implementation of environmental & social safeguards resettlement policy and SOP
20	CE (PMU) LESCO	734/2025-26	Non-reconciliation of inventory balance as per Trial Balance and Inventory Records -Rs.1.642 million
21	CE (PMU) LESCO	735/2025-26	Non-utilization of allocated budget resulting in lapse of funds – Rs.2,061.71 million
22	CE (PMU) LESCO	787/2025-26	Irregular award of contract to a single bidder and unjustified determination of rate reasonability in violation of PPRA Rules – Rs.29.260 million
23	CEO LESCO	1845/2025-26	Procurement in Violation of PPRA Rules and Unauthorized Use of Vehicle Contrary to LESCO Transport Policy – Rs.7.743 million
24	CEO LESCO	1847/2025-26	Issuance of Irregular Purchase Order in Tender No.4015 - Rs.10.61 million
25	CEO LESCO	1849/2025-26	Unjustified billing to feeders with Zero Consumers - Rs. 1,180.923 million
26	CEO LESCO	1851/2025-26	Blockage of revenue due to non-billing of units pointed out by S&I LESCO Rs.15.72 million
27	CEO LESCO	1852/2025-26	Recoverable amount from consumers due to theft of electricity - Rs. 244.826 million
28	CEO LESCO	1853/2025-26	Non-recovery of energy charges from unregistered (888) consumers - Rs.273.383 million
29	CEO LESCO	1854/2025-26	Theft of electrical material - Rs.24.987 million
30	CEO LESCO	1939/2025-26	Blocked recovery of energy charges due to non-decision by CRC and RRC Rs.631.948 million
31	CEO LESCO	1941/2025-26	Non-return of electrical material against extension of load cases – Rs.34.445 million

32	CEO LESCO	1942/2025-26	Non return of dismantled material amounting to Rs.41.589 million
33	CEO LESCO	1943/2025-26	Non-return of surplus material to store amounting to Rs.101.902 million
34	CEO LESCO	1944/2025-26	Un-justified consumption of material - Rs.58.229 million
35	CEO LESCO	1945/2025-26	Shortage of material pointed out by stock verifier Rs.51.908 million
36	CEO LESCO	1946/2025-26	Blockage of funds due to in active store material pointed out by stock verifier - Rs.19.427 million.
37	CEO LESCO	1947/2025-26	Non-disposal of scrapped/damaged material pointed out by stock verifier - Rs.9.367 million.
38	CEO LESCO	1948/2025-26	Use of official vehicles without allocation - Rs.16.346 million.
39	CEO LESCO	1950/2025-26	Delay in execution/completion of LT works resulting in non-saving of energy units – Rs. 50.14 million
40	CEO LESCO	1967/2025-26	Inordinate Delay in the Finalization of Inquiry into Illegal Electrification of Canal Point Phase II
41	CEO LESCO	1969/2025-26	Non-replacement of meters damaged under warranty period- Rs.1.110 million
42	CEO LESCO	1970/2025-26	Non recovery of 1% water charges from the Civil work contractors Rs 0.105 million
43	CEO LESCO	1971/2025-26	Non transfer of WAPDA titled property in the name of LESCO
44	CEO LESCO	1972/2025-26	Non-finalization of annual accounts/financial statements for the Financial Year 2024-25
45	CEO LESCO	1973/2025-26	Recoverable amount of liquidated damages charges from the supplier Rs.16.845 million
46	CEO LESCO	1974/2025-26	Installation of LT Structures and NGSCs in unelectrified Area
47	CEO LESCO	1975/2025-26	Floating of multiple tenders for the same procurement
48	CEO LESCO	1987/2025-26	Non-provision of Bank Guarantee by the sponsor of the housing society - Rs.45.10 million
49	CEO LESCO	1988/2025-26	Prolonged non-return of loaned material by DISCOs – Rs.47.38 million
50	CEO LESCO	1990/2025-26	Engagement of internal audit department in pre-audit
51	CEO LESCO	1991/2025-26	Non-implementations of recommendations of inquiry committee regarding potential payroll fraud in LESCO Okara Cantt Division
52	CEO LESCO	1995/2025-26	Retention and Use of Vehicles Manufactured Prior to 1990 – CEO LESCO
53	CEO LESCO	1998/2025-26	Non vacation of official residence and non-recovery of standard rent from the Dismissed/Removed officer in LESCO - Rs.4.350 million
54	CEO LESCO	1999/2025-26	Non charging of 5% E&S cost from B-III connections– Rs.4.768 million
55	CEO LESCO	2000/2025-26	Uncollectible Fuel price adjustment subsidy from GoP- Rs.5.470 billion
56	CEO LESCO	2001/2025-26	Uncollectible General Sales Tax subsidy to the agriculture consumers from GoP-Rs.838 million
57	CEO LESCO	2002/2025-26	Loss of Trolley Transformers and Delay in Initiation of Inquiry – Rs.6.100 million
58	CEO LESCO	2003/2025-26	Non-Settlement of Disputed Liability of Rs.1.426 billion against Construction of 132 Kv Transmission Line
59	CEO LESCO	2004/2025-26	Recovery from WAPDA and other entities of power sector on account of pension and cash medical allowance – Rs.9,388.760 million
60	CEO LESCO	2006/2025-26	Unjustified adjustment of bid security in performance guarantee- Rs.0.415 million
61	CEO LESCO	2072/2025-26	Non-dismantlement of idle/De-energized feeders - Rs.520.00 million
62	CEO LESCO	2073/2025-26	Non-inquiring of frequent replacement of energy meters of selective consumers
63	CEO LESCO	2074/2025-26	Un-realistic preparation of annual procurement plan resulted in underutilization of funds – Rs.3,696.80 million
64	CEO LESCO	2075/2025-26	Non-encashment / Non-forfeiture of Performance Guarantees – Rs.2.386 million
65	CEO LESCO	2077/2025-26	Non-provision of Bank Guarantee by the sponsor of the housing society - Rs.73.21 million
66	CEO LESCO	2078/2025-26	Theft of 3000-35000 feet conductor of Al-Khair Rice Mills (Independent Feeder) Renala Rs. 3.00 million
67	CEO LESCO	2079/2025-26	Un-reconciled Adjustment of Rs.838 million Credit/Debit Notes and Rs.1,129 million Tariff Rationalization Surcharge Differences with CPPAG
68	CEO LESCO	2080/2025-26	Differences of electricity between billing and collection in Revenue Office LESCO – Rs.12.055 million
69	CEO LESCO	2081/2025-26	Non-removal of electrical equipment and non-recovery of arrears - Rs.4,620.773 million
70	CEO LESCO	2082/2025-26	Non-recovery of energy dues from permanently disconnected consumers – Rs.7,257.187 million
71	CEO LESCO	2083/2025-26	Non-recovery of energy dues from running defaulted consumers– Rs.11,078.576 million
72	CEO LESCO	2084/2025-26	Blockage of funds due to slow/dead/in active store moving material items - Rs.54.288 million.
73	CEO LESCO	2085/2025-26	Non-disposal of dismantled/unserviceable material - Rs.121.045 million.
74	CEO LESCO	2086/2025-26	Non-forfeiture of bid security of contractors – Rs.0.535 million
75	CEO LESCO	2087/2025-26	Non-recovery of liquidated damage charges from the contractor- Rs.1.560 million

76	CEO LESCO	2089/2025-26	Undue delay in completion of procurement process due to non-conduct of inspection – Rs.104.96 million
77	CEO LESCO	2090/2025-26	Irregular award of tender and undue favour to un-registered supplier and non-enforcement of contractual clauses – Rs.3.35 million.
78	CEO LESCO	2092/2025-26	Non-submission of valid Performance Guarantee as per terms of LOI – Rs.4.212 million
79	CEO LESCO	2094/2025-26	Deficiencies in Tender Documentation and Non-Compliance with BoD Directions.
80	CEO LESCO	2154/2025-26	Non-return of 12-kanal land to the sponsor of M/s. Eden Housing Ltd taken in access in violation of CSM-2021
81	CEO LESCO	2156/2025-26	Issuance of Purchase Order in Violation of NGC directives for Educational Order –Rs.4,614.8 million
82	CEO LESCO	2157/2025-26	Non-maintenance/transferring of rehabilitation charges in separate bank account – Rs.43.211 million
83	Information Systems Audit of LESCO	500/2025-26	Non standardized ID for WAPDA pensioners in CIBS
84	Information Systems Audit of LESCO	501/2025-26	Non-integration of banking data between CIBS and Oracle ERP
85	Information Systems Audit of LESCO	502/2025-26	Award of critical work items outside of contractual provisions
86	Information Systems Audit of LESCO	503/2025-26	Unreliable cash remittance recording in LESCO IT system
87	Information Systems Audit of LESCO	504/2025-26	Lack of data transmission checks in National Utility Bill Collection System (NUBCS)
88	Information Systems Audit of LESCO	505/2025-26	Poor DR site security arrangement due to absence of access control mechanisms
89	Manager Operation Central Circle	1814/2025-26	Loss due to theft of electrical material - Rs.5.987 million
90	Manager Operation Central Circle	1817/2025-26	Non-execution of LT proposals and likely misappropriation of material worth - Rs.1.542 million
91	Manager Operation Central Circle	1818/2025-26	Damage of transformers due to overloading - Rs.6.863 million
92	Manager Operation Central Circle	1824/2025-26	Loss due to parts missing in transformers returned to store – Rs.3.564 million
93	Manager Operation Central Circle	1825/2025-26	Refundable amount to consumers for Store handling charges on self-purchased material – Rs.5.614 million
94	Manager Operation Central Circle	1826/2025-26	Unjustified billing to feeders with Zero Consumers - Rs. 783.939 million
95	Manager Operation Central Circle	1827/2025-26	Non-realization of envisaged benefits due to delay in execution/completion of LT works resulting in non-saving of energy units – Rs. 49.08 million
96	Manager Operation Central Circle	1828/2025-26	Differences of electricity between billing and collection in Revenue Office - Rs.3.583 million
97	Manager Operation Central Circle	1831/2025-26	Recoverable amount from consumers due to theft of electricity pointed out by S&I department - Rs. 66.17 million
98	Manager Operation Central Circle	1832/2025-26	Non-recovery of energy dues from permanently disconnected consumers – Rs.944.713 million
99	Manager Operation Central Circle	1833/2025-26	Blockage of revenue due to non-billing of units pointed out by S&I LESCO - Rs.15.730 million
100	Manager Operation Central Circle	1835/2025-26	Non-recovery of energy dues from running defaulted consumers – Rs.535.901 million

101	Manager Operation Central Circle	1836/2025-26	Non-removal of electrical equipment and non-recovery of arrears Rs.691.444 million
102	Manager Operation Central Circle	1839/2025-26	Non-recovery from consumers after court decisions in favour of LESCO - Rs.104.795 million
103	Manager Operation Central Circle	1912/2025-26	Non-recovery of energy dues against temporary connections - Rs.13.463 million
104	Manager Operation Okara Circle	1918/2025-26	Theft of electrical material - Rs.4.534 million
105	Manager Operation Okara Circle	1922/2025-26	Non-execution of LT proposals and likely misappropriation of material worth Rs.4.952 million
106	Manager Operation Okara Circle	1923/2025-26	Non-return of healthy material to store from chain augmentation works –Rs.2.703 million
107	Manager Operation Okara Circle	1929/2025-26	Non-realization of envisaged benefits due to delay in execution/completion of LT works resulting in non-saving of energy units – Rs. 19.45 million
108	Manager Operation Okara Circle	1930/2025-26	Non-charging of detection bills to consumers found involved in theft of electricity -Rs.1.057 million
109	Manager Operation Okara Circle	1931/2025-26	Non-recovery of energy dues from permanently disconnected consumers - Rs.407.488 million
110	Manager Operation Okara Circle	1932/2025-26	Blocked recovery of energy charges due to non-decision by CRC and RRC - Rs.700.449 million
111	Manager Operation Okara Circle	1933/2025-26	Non-removal of electrical equipment and non-recovery of arrears Rs.1,761.325 million
112	Manager Operation Okara Circle	1935/2025-26	Non-recovery of energy dues from running defaulted consumers - Rs.3,395.413 million
113	Manager Operation Okara Circle	1936/2025-26	Non-recovery of energy charges from unregistered (888) consumers - Rs.1.170 million
114	Manager Operation Okara Circle	1937/2025-26	Non-recovery from consumers after court decisions in favour of LESCO - Rs.167.654 million
115	Manager Operation Okara Circle	1977/2025-26	Non-recovery of energy charges from consumers found involved in theft of energy by Circle Surveillance team - Rs.4.916 million
116	Manager Operation Okara Circle	1978/2025-26	Refundable amount to Consumers for Store Handling Charges on Self-Purchased Material Rs 6.086 million
117	Manager Operation Okara Circle	1981/2025-26	Non recovery of amount of penalties imposed on employees - Rs.20.273 million
118	Manager Operation Okara Circle	1982/2025-26	Loss due to missing parts in transformers returned to store – Rs.1.552 million
119	Manager Operation Okara Circle	1983/2025-26	Bogus salary Payments, payroll forgery and other payments – Rs.247.46 million
120	Manager Operation Okara Circle	1992/2025-26	Damage of transformers due to overload - Rs.6.902 million
121	Manager Operation Kasur Circle, LESCO	148/2025-26	Non-adjustment of security deposits against the arrears of permanently disconnected consumers -Rs. 46.698 million
122	Manager Operation Kasur Circle, LESCO	149/2025-26	Blocked recovery of energy charges due to non-decision by CRC and courts -Rs. 2173.351 million

123	Manager Operation Kasur Circle, LESCO	153/2025-26	Loss due to damage of distribution transformers -Rs. 134.66 million
124	Manager Operation Kasur Circle, LESCO	154/2025-26	Non-updation of security amounts in consumer account / profile -Rs. 77.308 million
125	Manager Operation Kasur Circle, LESCO	156/2025-26	Non-recovery of energy dues pending against kunda connections -Rs.89.923 million
126	Manager Operation Kasur Circle, LESCO	158/2025-26	Loss due to theft of electrical material -Rs.10.128 million
127	Manager Operation Kasur Circle, LESCO	159/2025-26	Significant financial loss incurred by LESCO due to misappropriation of transformers copper -Rs. 8.832 million
128	Manager Operation Kasur Circle, LESCO	160/2025-26	Non-capitalization of cost of consumer's self-purchased Transformers into books of account -Rs. 117.290 million
129	Manager Operation Kasur Circle, LESCO	161/2025-26	Non-adjustment of credit units retrieved by M&T to consumers -Rs. 751.53 million
130	Manager Operation Kasur Circle, LESCO	162/2025-26	Recoverable amount from consumers due to theft of electricity pointed out by S&I department -Rs. 1.945 million
131	Manager Operation Kasur Circle, LESCO	163/2025-26	Irregular excessive charging of 12% department charges on consumer's self-purchased transformers -Rs. 14.074 million
132	Manager Operation Kasur Circle, LESCO	164/2025-26	Non deduction of income tax on house acquisition rental ceiling -Rs. 0.353 million
133	Manager Operation Kasur Circle, LESCO	166/2025-26	Revenue loss due to non-installing different new connection within time frame amounting to -Rs. 237.35 million
134	PD (GSC) LESCO	1154/2025-26	Non-capitalization of completed works of transmission lines / gird stations - Rs.104.24 million
135	PD (GSC) LESCO	1155/2025-26	Violation of PPRA rules due to award of work to 2nd lowest bidder –Rs.12.59 million
136	PD (GSC) LESCO	444/2025-26	Non-completion of capital works and deposit works - Rs.558.482 million
137	PD (GSC) LESCO	628/2025-26	Irregular issuance of work order without proper evaluation of the bid – Rs.12.09 million
138	PD (GSC) LESCO	629/2025-26	Unrealistic estimate due to irregular expenditure incurred on works over and above the estimated cost – Rs.137.80 million
139	PD (GSC) LESCO	630/2025-26	Irregular execution of works without renewal of Bank Guarantee - Rs.4.202 million
140	PD (GSC) LESCO	631/2025-26	Non-returned of dismantled material, transformer & accessories to store –Rs.33.34 million
141	PD (GSC) LESCO	632/2025-26	Non-recovery of LD Charges from the contractors - Rs.2.46 million
142	PD (GSC) LESCO	633/2025-26	Mis-procurement due to non-conducting pre-qualification of contractors before floating of tenders – Rs.469.34 million
143	PD (GSC) LESCO	634/2025-26	Non-execution of deposit works - Rs.55.251 million
144	PD (GSC) LESCO	635/2025-26	Non-utilization of development budget for construction of grid stations, transmission lines and deposit works - Rs.2, 549.00 million
145	PD (GSC) LESCO	636/2025-26	Irregular excessive contingencies charges in 8th STG Project LESCO Rs.318.823 million
146	PD (GSC) LESCO	637/2025-26	Non-booking of testing and commissioning charges of 132 KV Grid Station Nishat Mills to respective work project ledger – Rs.0.974 million
147	PD (GSC) LESCO	638/2025-26	Unjustified procurement due to non-implementation of e-procurement system in LESCO – Rs.469.34 million
148	PD (GSC) LESCO	639/2025-26	Non-recovery of GST claims from FBR - Rs.74.56 million
149	PD (GSC) LESCO	640/2025-26	Unjustified charging of pay and allowances of the employees working in other offices – Rs.2.659 million
150	PD (GSC) LESCO	641/2025-26	Non-confiscation of retention money – Rs.2.064 million