Auditor-General of Pakistan

February, 2026

AUDIT REPORT

ON

MULTAN ELECTRIC POWER COMPANY (MEPCO)

Report No: DGA POWER 25-007

Audit Year 2025-26

Financial Year 2024-25

PREFACE

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

This report is based on audit of Multan Electric Power Company 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 stakeholder for 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.

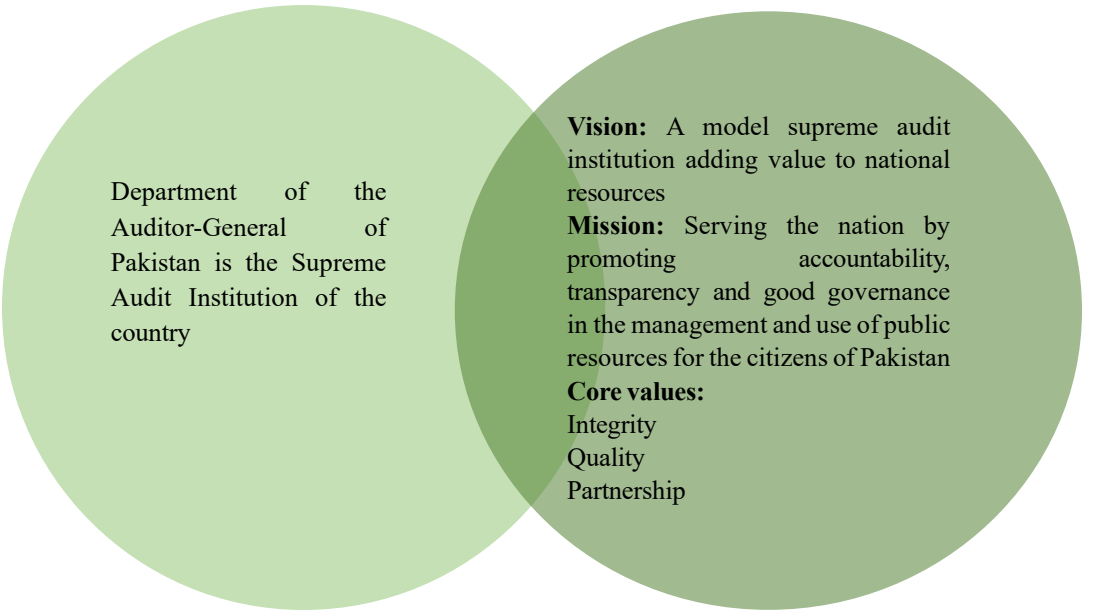
The report was shared with the entity as well as the Principal Accounting Officer (PAO) and executive responses were evaluated before finalization of this report. The report was discussed in Departmental Accounts Committee (DAC) meeting held on January 22-23, 2026 and the outcome of the meeting has been 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 Multan Electric Power Company (MEPCO)

DGA-25-007 **February, 2026**

Why did we do this audit?

The audit of MEPCO was conducted to ensure that the public funds are safeguarded, as MEPCO is a government-owned power distribution company. Audit aims to assess compliance with applicable laws, rules and regulatory frameworks besides evaluation of financial management practices and operational activities. Overall, the audit was carried out to promote transparency, accountability, efficient use of resources and improved service delivery.

Key assessment

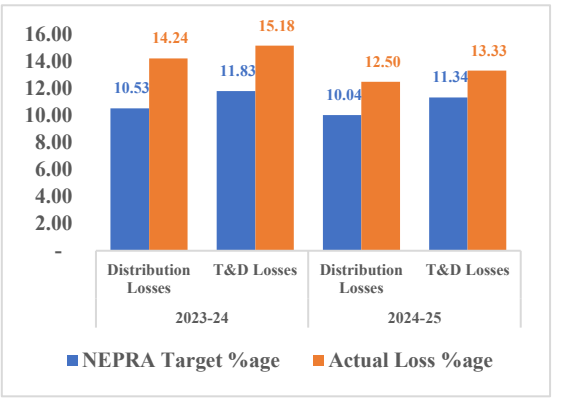
The financial position of MEPCO is as under:

Financial Sustainability: Unsatisfactory

Revenue: 524,061.82 million

Net Profit: 5,257.74 million

MEPCO's review of operational performance depicts a decreasing trend in Transmission and Distribution (T&D) losses of 13.33% in FY 2025, as against 14.95% in FY 2024, marking an improvement of 1.62 percentage points.



What did we find?

- BoD's monitoring against Strategic Road Map Targets (SRM) remained sub-optimal while the company could not prepare measurable KPIs across MEPCO.
- Financial control failure weak internal audit functioning and repeated violations of PPRA rules in procurement.
- Non-utilization of allocated energy quota resulted in huge payment of capacity charges.
- Non-observance of NEPRA benchmark of Distribution losses
- Pending enforcement and recovery mechanisms in anti-theft campaign and Erroneous adjustments against unidentified cash.

What did we recommend?

- Strengthen BoDs' oversight through regular monitoring of strategic targets and timely corrective actions and devise measurable KPIs for effective control.
- Recover revenue leakages by reducing T&D losses and strengthening billing and recovery mechanisms.
- Strengthen internal controls over load management decisions and take up the matter with concerned stakeholders to ensure optimal utilization of the allocated power quota.
- Strengthen internal controls and oversight over meter reading, billing and detection processes to ensure accurate consumer billing.
- Enforce strict compliance with Statement Owned Enterprises (SOE) Act, Accounting Manual of DISCOs for effective financial control.

Highlights

DGA-25-007 **February, 2026**

Entity Summary Sheet

Description	Details
Legal Framework of Entity	MEPCO 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	MEPCO is mandated to ensure reliable, safe, and efficient distribution of electricity within its jurisdiction by operating and maintaining the power distribution system. Its core objectives include minimizing technical and commercial losses, ensuring quality power supply, expanding the distribution network, and providing prompt customer services in accordance with NEPRA regulations and government policies.
Total Assets • Current • Non-current	**Rs.409,103.06 million as of June 30, 2025** • Rs.238,732.91 million • Rs.170,370.15 million
Total Liabilities • Current • Non-current	**Rs.485,825.86 million as of June 30, 2025** • Rs.168,485.10 million • Rs.317,340.76 million
▪ Other Income ▪ Revenue	Rs.15,792.53 million as of June 30, 2025 Rs.524,061.81 million as of June 30, 2025
Government Grants	Nil
Expenditure	Rs. 67,411.55 million as of June 30,2025
Cash Balances	Rs.24,275.97 million as of June 30, 2025
Total Investments (TDRs)	Rs.20,322.46 million as of June 30, 2025
Funding Sources	MEPCO is self-sustained generating revenues and cash flows through sale of electricity.
Accounting policy	Adopted accounting policies in accordance with International Accounting & Financial Reporting Standards applicable in Pakistan.
Status of financial statements	Finalized for the financial years 2020-21 to 2024-25
Compliance Status of audit recommendations	Follow up of DAC directives dated January 22-23, 2026 will be ensured.

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ABBREVIATIONS AND ACRONYMS

AGP	Auditor-General of Pakistan
AMIS	Audit Management Information System
BOD	Board of Directors
CEO	Chief Executive Officer
CP	Commercial Procedure
CPPA-G	Central Power Purchasing Agency (Guarantee)
CSM	Consumer Service Manual
DISCO / DISCOs	Distribution Company / Companies
EIA	Environmental Impact Assessment
ELR	Energy Loss Reduction
EPA	Environmental Protection Agency
ERO	Equipment Removal Order
FBR	Federal Board of Revenue
FY	Financial Year
GRN	Goods Receipt Note
GSC	Grid Systems Construction
GST	General Sales Tax
HSE	Health, Safety and Environment
HT	High Tension
IAS	International Accounting Standards
IEE	Initial Environmental Examination
IFRS	International Financial Reporting Standards
ISAs	International Standards on Auditing
KPI(s)	Key Performance Indicator(s)
kV	Kilovolt
kWh	Kilowatt-hour
LPS	Late Payment Surcharge
LT	Low Tension
MEPCO	Multan Electric Power Company
MKWh	Million Kilowatt-hours
MOU	Memorandum of Understanding
MVA	Megavolt-Ampere
MW	Megawatt
MYT	Multi-Year-Tariff
NEPRA	National Electric Power Regulatory Authority

NOC	No Objection Certificate
O&M	Operation and Maintenance
OPEX	Operating Expenditure
P&D	Planning and Development
PC-1	Planning Commission-1 (Proforma for Development Projects)
PCC	Pre-stressed Concrete Cement
PEPCO	Pakistan Electric Power Company
PMU	Project Management Unit
PO	Purchase Order
PPA	Power Purchase Agreement
PPMC	Procurement and Project Management Cell
PPRA	Public Procurement Regulatory Authority
PPR	Public Procurement Rules
RO	Revenue Officer
RP	Relay Panel
SAP	Systems, Applications and Products
SDO	Sub-Divisional Officer
SOE(s)	State-Owned Enterprise(s)
SOP(s)	Standard Operating Procedure(s)
SRO	Statutory Regulatory Order
WAPDA	Water and Power Development Authority

GLOSSARY

This annexure presents definitions of technical, financial, contractual and operational terms used in the Audit Report on Multan Electric Power Company (MEPCO).

i) Technical/Financial Terms & CP Forms

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

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

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

45.	Voltage Fluctuation	Variations in supply voltage experienced at consumer premises due to DISCO network conditions.
46.	Wrong / Excess Billing	Billing discrepancies by DISCOs arising from incorrect meter readings, wrong tariff application, or system errors.
47.	Wrong Tariff Application	Application of an incorrect tariff category by DISCOs, resulting in billing discrepancies.

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

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

CP Form No.	**Definition / Form Title**
CP-22	Line Losses, Billing and Arrears Analysis
CP-22A	Feeder Wise Line Losses Analysis
CP-22B	11 kV Feeder Wise Units Sent Out
CP-22C	Grid Station Meter Change Statement
CP-22D	Feeder Wise Units Taken/Transferred Statement
CP-22E	Statement showing Bundled Feeders / Load Shifted

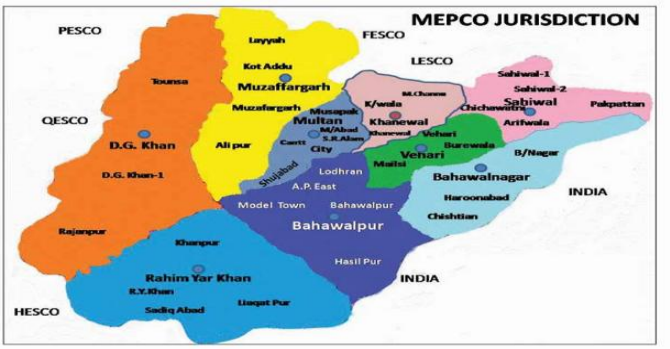
CP-41	Return of Consumers Billing and Collection
CP-49	Collection and Remittance Summary
CP-52	Bill Adjustment Note
CP-58	Rise and Fall Register
CP-58A	Discrepancy Report
CP-61	List of Permanently Disconnected Defaulters
CP-88	Bill Register
CP-88A	Billing Assessment
CP-88L	Ledger Posting
CP-90	List of Estimated Meter Readings
CP-107	Unidentified Cash List
CP-114	List of Outstanding Disconnection Orders
CP-114A	Outstanding Disconnection Orders (Aging)
CP-120A	Energy Debtors Arrears Analysis
CP-139	Unidentified Cash/Debtor's Adjustment Form
CP-149	List of Bad Debts Written-Off
CP-156	Application for Extension of Load

OVERVIEW OF THE ENTITY

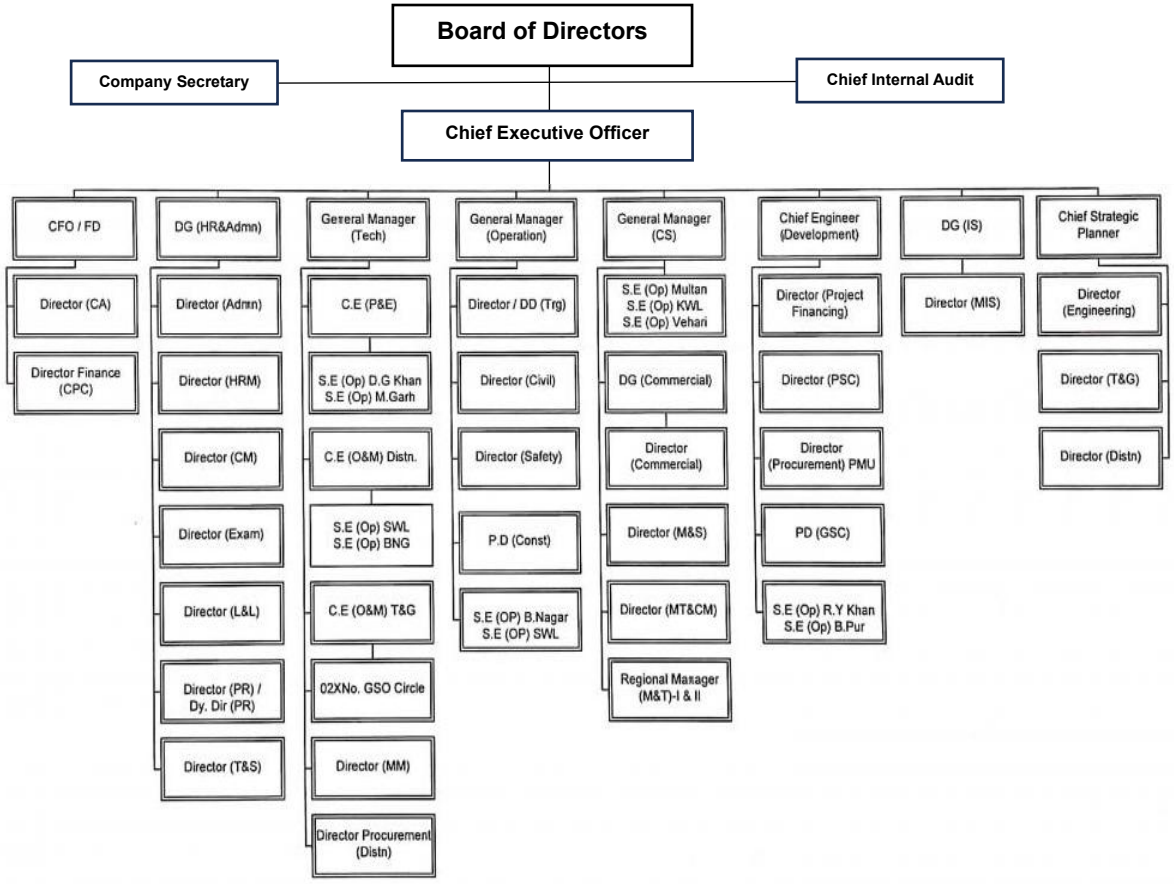
Multan Electric Power Company Limited (MEPCO) is a premier public unlisted company incorporated in 1998 under the Companies Ordinance 1984 and owned by the Government of Pakistan through the Ministry of Energy. As a key player in the national power sector, MEPCO operates under a permanent distribution license granted by the National Electric Power Regulatory Authority (NEPRA) to provide essential electricity services to the thirteen administrative districts of Southern Punjab. The company is governed by a dedicated Board of Directors assisted by four sub-committees. The Chief Executive Officer of the company oversees the strategic alignment of the organization in accordance with SOE Act and other federal regulatory frameworks.

The company holds the distinction of being the largest power distribution company in Pakistan in terms of its consumer base, serving approximately 8.76 million customers across a vast and diverse geographical territory. Its jurisdiction spans a complex network of over 82,000 kilometers of distribution lines and more than 780 grid stations, covering regions that border three provinces and multiple other distribution companies.

MEPCO's core mission is to provide reliable, safe, and affordable electric power while maintaining the financial viability of its operations through enhanced recovery efficiency and reduced transmission losses. The company is currently focused on modernizing its grid through the implementation of Advanced Metering Infrastructure and digital billing solutions to improve transparency and customer service.



Orgarnizational Structure of MEPCO



ANALYSIS ON FINANCIAL STATEMENTS

This section provides a brief overview on the financial operations of MEPCO 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 company has faced significant accumulated losses which in the FY 2024-25 stood at Rs.174.56 billion[1]. In its operations, the company generated net profit during last two years (1% and 5.3% respectively) and had earlier experienced net losses of in the FY 2020-21 and FY 2021-22 (-5.19% and -5.48% respectively).

Liquidity indicators remained relatively strong throughout the period, with the current ratio showing consistent growth. Under liabilities, staff retirement benefits increased to Rs.177.14 billion in the FY 2024-25 and represented the most significant long-term liability of the company.

BASIS OF PREPARATION

As disclosed by the financial auditor, the financial statements 2024-25 were prepared in accordance with International Standards on Auditing (ISAs) applicable in Pakistan[2].

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

PROFITABILITY ANALYSIS

Table-01: Profitability Ratios (FY 2020-21 to 2024-25)

Ratio	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Gross Profit Ratio	10.51%	11.90%	2.71%	2.21%	14.05%
Net Profit Ratio	1.00%	5.33%	-5.19%	-5.48%	3.47%
Return on Assets (ROA)	1.29%	7.95%	-6.79%	-6.36%	3.23%
Return on Capital Employed (ROCE)	-3.34%	6.41%	-26.15%	-16.61%	7.54%

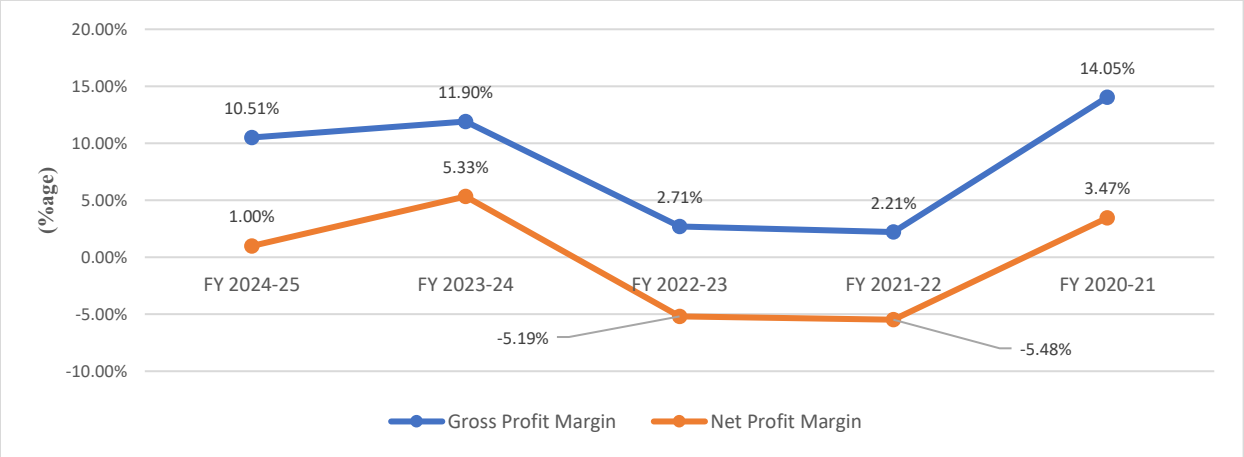
(Source Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

The above ratios illustrate that the company operated with a net profit margin of under 6% from FY 2020-21 to 2023-24; however, a net profit margin of 1.00% was observed in the

[1] Balance Sheet-Financial Statements for the financial year 2024-25
[1] Note 2.1 of the financial statements for the financial year 2024-25

FY 2024-25. Analysis of gross profitability showed that gross profit increased from Rs.40.64 billion in FY 2020-21 to Rs.71.12 billion in FY 2023-24. During FY 2024-25, gross profit declined to Rs.55.06 billion. Net profitability exhibited a volatile pattern, with losses of Rs. 22.81 billion in FY 2021-22 and Rs.23.373 billion in the FY 2022-23 followed by net profits in the FY 2023-24 and FY 2024-25 of Rs.31.88 billion and 5.26 billion respectively.

Figure 01- Gross & Net Profit Ratio (FY 2020-21 to 2024-25)



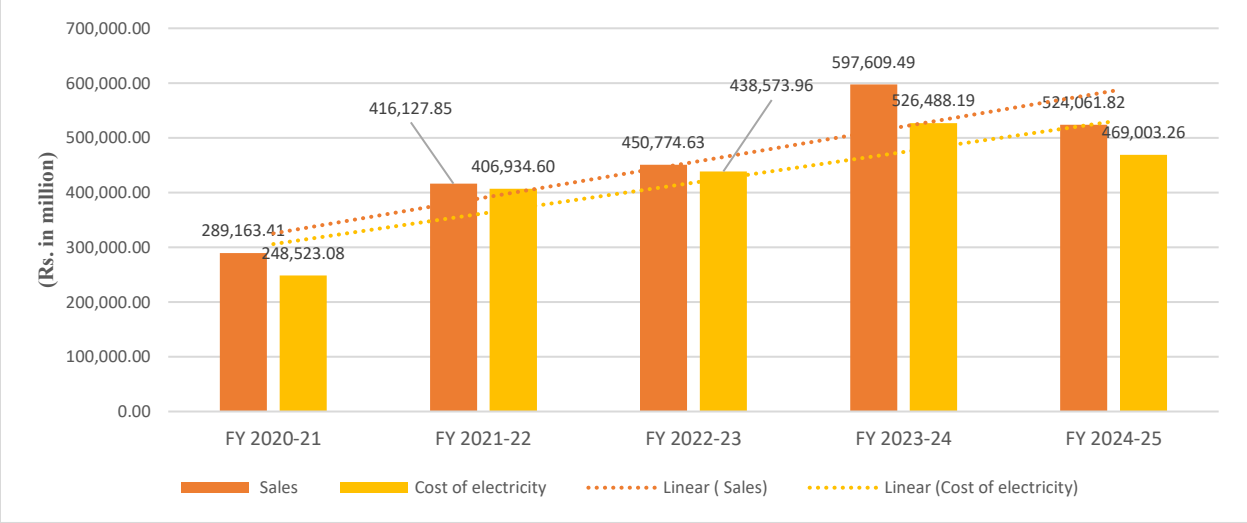
(Source Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

Moreover, Return on assets (ROA) fluctuated from 2.92% in FY 2020–21 to a peak of 7.95% in FY 2023–24, indicating varying efficiency in asset base utilization. However, it turned negative at (6.63%) and (6.79%) during the deficit years. The return on ROEC indicated that the company was unable to utilize its capital base towards generating adequate revenues and more significantly, the ratio remained negative during three out of five years. The earnings were insufficient to cover the cost of capital employed during the FY 2024-25 as well as in the FY 2022-23 and 2021-22.

SALES & COST OF SALES

During the FY 2024-25, the company earned a revenue of Rs.524.06 billion which indicated a decline of Rs.73.55 billion from the FY 2023-24. However, from the FY 2020-21 to 2023-24, the company registered annual revenue increases. Cost of sales during FY 2024-25 were Rs.469.00 billion indicating a decrease of Rs.57.59 billion from the FY 2023-24. Overall, during the last five years, cost of sales increased from Rs.248.52 billion in FY 2020-21 to Rs.469.00 billion in the financial year 220.48 registering an overall increase of 88%. Illustratively:

Figure 02: Sales & Cost of Sales



(Source Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

RECEIVABLES AND PAYABLES

Table-02: Efficiency and Liquidity Ratios

Ratio Category	Ratio	Formula	2024-25	2023-24	2022-23	2021-22	2020-21
Efficiency	Debtor Turnover	(Trade Debts / Total Revenue) × 365	34	34	36	83	51
	Creditor Turnover	(Trade Payables / Cost of Electricity) × 365	109	120	141	172	241
Liquidity	Current ratio	(Current Assets / Current Liabilities)	1.42	1.2	1.03	1.05	1.02
	Quick Ratio	(Current Assets - Inventory) / Current Liabilities	1.36	1.14	0.99	1.01	0.99

(Source: Financial Ratios Calculated based on financial statement of MEPCO for the FYs 2020-21 to 2024-25)

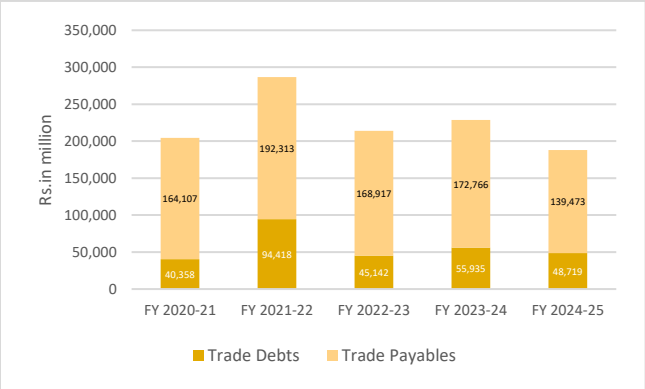
Trade debtors, comprising mainly energy receivables from electricity consumers, increased significantly from Rs. 40,357.65 million during FY 2020-21 to Rs.48,719.01 million as at June 30, 2025 registering 20.72% increase during the five-year period. However, no disclosure was given against the line item "surcharges not realized" carrying a value of Rs.52.58 billion[3]. The gross value of trade debts for the FY 2023-24 differed in the financial statements prepared for the FYs 2024-25 and 2023-24 by Rs.4.25 billion.[4] Furthermore, the debtor collection period decreased from 51 days in FY 2020-21 to 34 days in FY 2024-25. On the other hand, trade creditors (mainly electricity procurement obligations to CPPA-G) decreased from Rs.164,106.95 million in the FY 2020-21 to Rs. 139,472.62 million in the FY 2024-25

[3] Note 22 of Financial Statements 2024-25

[4] Note 22 of Financial Statements 2024-25 and Note 20 of Financial Statement for the financial year 2023-24

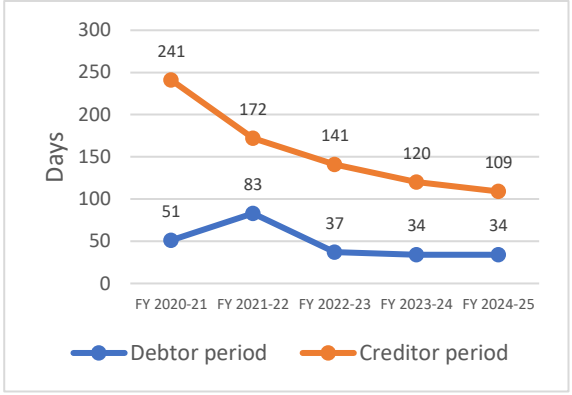
registering a decrease of 15.01% during last years. Illustratively:

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 highlighted a structural mismatch between the collection period from consumers and the payment period to CPPA-G throughout FYs 2020–21 to 2024–25. While the Company maintained an efficient 34-day collection cycle from its consumer base, the settlement of energy procurement obligations to the power purchaser remained substantially delayed.

RESOURCE AGAINST THIRD PARTY CLAIMS

Table-03: Resources against third party claims (FY 2020-21 to 2024-25)

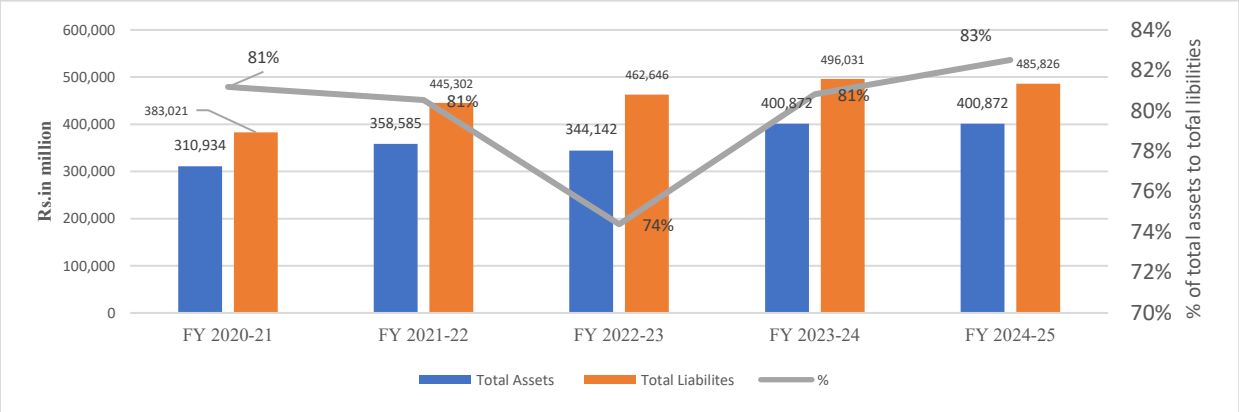
Ratio	2024-25	2023-24	2022-23	2021-22	2020-21
Total Assets /Total Liabilities	84%	81%	74%	81%	81%

(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 June 30, 2025 were Rs.174.56 billion[5] and they had increased from Rs.107.59 billion[6] as June 30, 2020-21 registering an increase in the losses of 62.25% during the five years period. At the same time, its liabilities had grown to an extent that they were not in a position be paid off/settled from the its total assets. Illustratively:

[5] Balance Sheet of financial statement for the financial year 2024-25
[5] Balance Sheet of financial statement for the financial year 2022-23

Figure 05: Total assets to total liabilities

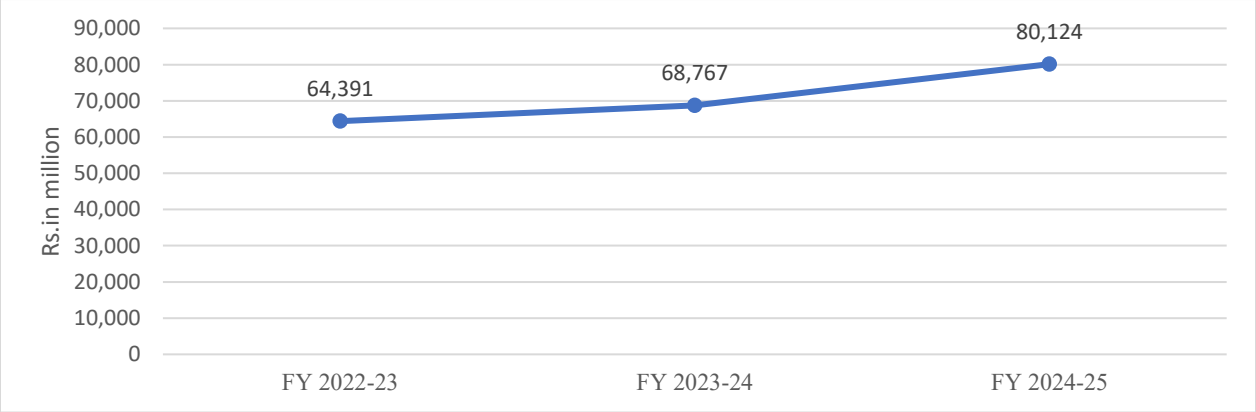


(Source Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

SUBSIDY RECEIVABLES FROM GOVERNMENT OF PAKISTAN

Subsidy receivable from the Government comprised amounts recoverable mainly against tariff differential subsidy (TDS), GST subsidy, agriculture subsidy receivable from the Government of Punjab, and industrial support package[7]. As at the reporting date, the aggregate subsidy receivable amounted to Rs. 80,124.28 million registering an increasing of Rs.15,763 billion from the FY 2022-23.

Figure 06: Subsidy receivable from Government of Pakistan



(Source Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

The above graph illustrated that the receivables were increasing year by year resulting in 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.

[7] Note 25.4 of Financial Statements for the financial year 2024-25

The financial auditors in their Auditor's Report had given the following "**Emphasis of Matter**" on supplemental charges that "the Company has not recognized the impact of debit notes issued by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for supplementary charges, being the mark-up charged on CPPA-G by Independent Power Producers (IPPs) on account of delayed payments, aggregating to Rupees 21,864.26 million".

NO INDEPENDENT GENERAL PROVIDENT FUND

MEPCO 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. 88.98 billion as at June 30, 2021 to Rs. 177.14 billion in FY 2024-25 (2024: Rs. 163.92 billion). The liability exhibited a consistent upward trend throughout the period, with the peak observed in FY 2024-25. The increase over the five-year period was due to recurring service cost, interest cost and actuarial remeasurement losses, particularly in FY 2022-23 and FY 2023-24.

The present value of defined benefit obligations increased to Rs. 202.08 billion in FY 2024-25, while the fair value of plan assets amounted to only Rs. 24.95 billion, resulting in a substantial net unfunded liability of Rs. 177.14 billion. Although plan assets increased over time due to employer contributions and investment income, they remained significantly lower than the corresponding obligations, indicating structural underfunding of the pension scheme.

Table-04: Net Defined Benefit Liability as % of Sales

Description	FY 2020–21	FY 2021–22	FY 2022–23	FY 2023–24	FY 2024–25
% of Liability to Sales	41%	31%	37%	31%	40%

(Source: Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

The net defined benefit liability consistently represented a material double-digit percentage of annual sales, ranging between 31% and 41% during the period. The ratio declined in FY 2021-22 and FY 2023-24 due to stronger revenue growth; however, it increased again in FY 2022-23 and FY 2024-25 as retirement obligations expanded at a faster pace than sales. The liability remains substantial in proportion to revenue generation capacity, reflecting significant long-term actuarial exposure, funding pressure and continued strain on the Company's financial position.

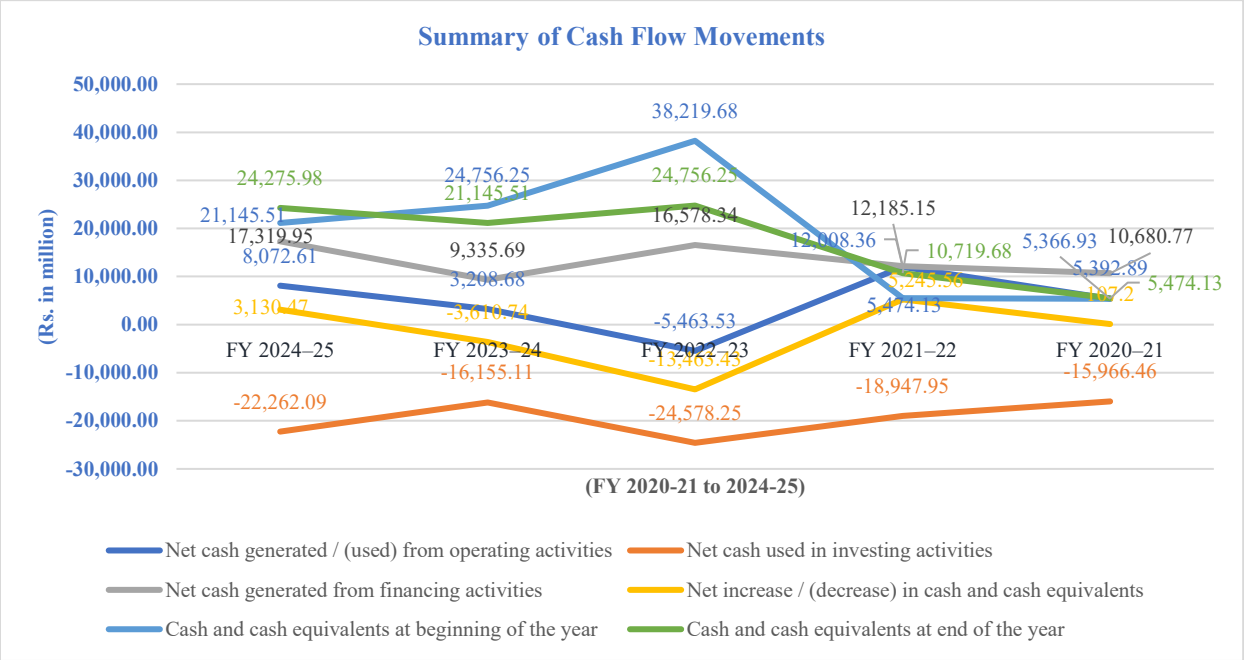
STATEMENT OF CASH FLOWS

Table-05: Summary of Cash Flow Movements (FY 2020-21 to 2024-25) **(Rs.in million)**

Particulars	FY 2024–25	FY 2023–24	FY 2022–23	FY 2021–22	FY 2020–21
Net cash generated / (used) from operating activities	8,072.61	3,208.68	(5,463.53)	12,008.36	5,392.89
Net cash used in investing activities	(22,262.09)	(16,155.11)	(24,578.25)	(18,947.95)	(15,966.46)
Net cash generated from financing activities	17,319.95	9,335.69	16,578.34	12,185.15	10,680.77
Net increase / (decrease) in cash and cash equivalents	3,130.47	(3,610.74)	(13,463.43)	5,245.56	107.20
Cash and cash equivalents at beginning of the year	21,145.51	24,756.25	38,219.68	5,474.13	5,366.93
Cash and cash equivalents at end of the year	24,275.98	21,145.51	24,756.25	10,719.68	5,474.13

(Source: Financial Statements of MEPCO for the FYs 2020-21 to 2024-25)

Figure 07: Cash Flow Movements



Over the five-year period, MEPCO's cash flow position exhibited significant volatility, reflecting fluctuations in operating performance, capital expenditure intensity, and reliance on financing inflows. In FY 2020-21, the Company recorded a modest net cash increase of Rs. 0.11 billion, ending the year with Rs. 5.47 billion in cash and cash equivalents. Operating activities generated Rs.5.39 billion, while investing outflows of

Rs.15.97 billion were largely financed through Rs. 10.68 billion generated from financing activities. In FY 2021-22, liquidity improved substantially, with operating cash flows rising to Rs. 12.01 billion. Despite capital expenditure and investment outflows of Rs. 18.95 billion, strong financing inflows of Rs. 12.19 billion supported a net cash increase of Rs. 5.25 billion, resulting in year-end cash balances of Rs. 10.72 billion.

However, in FY 2022-23, the Company experienced a marked deterioration. Operating activities resulted in a net cash outflow of Rs. 5.46 billion, while investing activities consumed Rs. 24.58 billion. Although financing inflows remained strong at Rs. 16.58 billion, the combined effect led to a substantial net cash decrease of Rs. 13.46 billion, reducing closing cash balances to Rs. 24.76 billion from Rs. 38.22 billion at the beginning of the year. In FY 2023-24, the position partially stabilized. Operating cash generation improved to Rs. 3.21 billion, and financing inflows increased to Rs.9.34 billion. Nevertheless, investing outflows of Rs. 16.16 billion resulted in a net cash decrease of Rs. 3.61 billion, with closing cash declining to Rs. 21.15 billion.

In FY 2024-25, MEPCO's financial position shifted from decline to recovery, ending the year with Rs. 24.28 billion in cash and cash equivalents. Operating cash generation more than doubled to Rs. 8.07 billion, while financing inflows increased significantly to Rs. 17.32 billion due to increased consumer security deposits and connection works. These inflows effectively supported a substantial investment program of Rs. 22.26 billion in capital expenditure and infrastructure. Consequently, the Company recorded a net cash increase of Rs. 3.13 billion during the year.

⟷ STATEMENT OF CHANGES IN EQUITY

The Company's total equity position showed significant volatility over the period from FY 2021 to FY 2025. Equity stood at a negative balance of Rs. 72.09 billion as at June 30, 2021, which further deteriorated to Rs. 118.50 billion as at June 30, 2023, reflecting cumulative losses and actuarial adjustments. During FY 2024, the equity position improved to a negative balance of Rs. 95.16 billion, primarily due to profit for the year and increased deposits for shares. The improvement trend continued in FY 2024-25, with total equity further strengthening to a negative balance of Rs. 76.72 billion. representing an overall improvement of approximately Rs. 41.78 billion from the peak negative position reported in FY 2023 and an improvement of Rs. 18.44 billion over FY 2023-24.

Despite the recovery observed in the last two years, the Company continued to report a substantial negative equity position, indicating persistent financial stress and continued dependence on Government backing for financial sustainability.

FINDINGS

1. FINANCIAL MANAGEMENT

This section highlights systemic weaknesses in MEPCO's financial governance, reflected through defective financial management and reconciliation mechanism which raises serious concerns regarding the accuracy of accounting records, reliability of financial reporting, and effectiveness of internal controls.

1.1 Non-reconciliation of consumer security deposit balances in the financial statement and CP-41

According to IFRS 1.15, "The financial statements must "present fairly" the financial position, financial performance and cash flows of an entity. Fair presentation requires the accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of IFRSs, with additional disclosure, when necessary, is presumed to result in financial statements that achieve a fair presentation [IAS 1.15]."

As per CSM 5.4, DISCOs shall maintain separate bank account for the security deposit in accordance with the provisions laid down under section 217 of the company Act. DISCO shall not utilize this amount for any of its purpose. The profit so received from this security account shall be mentioned in the tariff petition for passing on the benefit to the consumer.

During the audit of MEPCO for the financial year 2024-25, it was observed that consumers' security deposit balance of Rs.16,113.39 million was reflecting as payable in the financial statement as on June, 2025 whereas as per return of consumer billing and collection (CP-41), consumers' security was Rs.15,778.76 million. This difference on two accounts indicated that consumer security was overstated to the tune of Rs.334.63 million in the trial balance, which needed justification.

Table-06: Balances of Consumer Security as on June 30, 2025 **(Rs.in million)**

As Per Financial Statement	16,113.39
As Per CP-41	15,778.76
Difference	**334.63**

(Source: Financial Statement of MEPCO & CP-41 of MEPCO for the financial year 2024-25)

Non-adherence to the IFRS and CSM resulted in non-reconciliation of amount of Rs.334.63 million on account of Consumers' Security Deposits in Financial Statement and CP-41 up to the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that the balance of Consumer Security Deposit reflected in the Trial Balance was correct, while the difference with CP-41 was due to pending adjustments amounting to Rs.334.631 million. The required adjustments have since been carried out at the revenue office level, duly supported by records, and the audit-pointed discrepancy

has been rectified in the books of accounts. No relevant record was produced in support of management assertion.

The DAC, in its meeting held on January 22-23, 2026, directed the management to conduct an inquiry at the CEO level, fix responsibility on the concerned revenue officer responsible for the delay and submit the inquiry report to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1722/2025-26/AMIS 2025_COM0000000145_F01829)

1.2 Non-reconciliation of negative collection/remittance balances of banks

According to Section 9.12 of WAPDA's Commercial Procedures Manual for collection-Demand Notices for Security Deposits, "Revenue officer is responsible for ensuring correct Bank Reconciliation. He will therefore, take action to correct the errors which give rise to the difference on CP-48-B before the next statement is due". Under Section 19.9, Divisional Accounts Officer will receive weekly bank statements from the Bank Branches, check it with the Billing Cash Book for Demand Notices and also ensure that collection received each week is remitted promptly. In case of any delay, take up with the Bank and pursue till the remittance is made".

During the audit of MEPCO for the financial year 2024-25, it was observed from Collection and Remittance Data that a negative balance of Rs.335.26 million was reflected in the revenue collection-remittance records due to prolonged non-reconciliation with various banks. Despite the significant lapse of time, no concrete steps were taken by the concerned Revenue Offices to resolve these discrepancies. The persistence of such long outstanding negative balances indicated serious deficiencies in financial oversight and control mechanisms. This failure to reconcile bank remittances undermined the accuracy of revenue reporting and exposes the Company to potential financial risks. The situation reflected ineffective monitoring and a lack of accountability in handling public funds.

Non-adherence to the WAPDA's Commercial Procedures Manual resulted in non-reconciliation of negative collection-remittance balances of banks amounting to Rs.335.26 million during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that such variances are temporary in nature and arise due to routine procedural and reconciliation issues involving banks, post offices, and internal MIS postings. All such discrepancies were procedural, temporary, and reconciled in the subsequent month upon receipt of missing scrolls, corrections of overwritten entries, and proper posting in MIS. No actual short remittance or loss had occurred, and necessary follow-up with banks and post offices is being continuously carried out to regularize the accounts. The management response is not tenable as Audit reviewed the reconciliation status balances after the cost of the financial year which reflected un-reconciled, long outstanding balances.

The DAC, in its meeting held on January 22-23, 2026, directed the management, through the CFO, to ensure reconciliation with the concerned bank and to submit a compliance report within six weeks.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1698/2025-26/AMIS 2025_COM0000000145_F01788)

2. STATED MANDATE, ROLE AND RESPONSIBILITIES

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

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

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

According to Section-5, chapter-2 of the 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 MEPCO for the financial year 2024-25, it was observed that a Strategic Roadmap Agreement was executed in March, 2025 between the Ministry of Energy (Power Division) and the BoD of MEPCO to improve operational, technical, and commercial performance and enhance service delivery through achievement of 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-07: Targets vs. Achievements financial year 2024–25

Sr. No.	Component	Units	Target For FY 25	Progress ending June -2025	Increase / Decrease
1.	Deployment of AMI (Three Phase Meters)	%	54%	41%	-13%
2.	Deployment of Computerized Energy Audit up to Distribution Transformer	%	8%	7%	-1%
3.	Implementation of SLA with CPP	%	100%	0%	-100%
4.	Implementation of O&M agreement with SEZ	%	100%	0%	-100%
5.	Capacitor	No.	4	0	-4
6.	HT Line-Addition/Reconducting	km	766	487	-279

7.	LT Line-Addition/Reconducting	km	299	171	-128
8.	Transmission Line - Addition/Reconducting	km	253	94	-159
9.	ABC Cable	km	34	15	-19
10.	AMI Meter Installation (Smart Meters)	No.	53,655	31,817	-21,838
11.	AMI Metering at Transformers	No.	9,193	5,992	-3,201

(Source: Strategic Road Map Agreement between MEPCO and MoE for the financial year 2024-25)

The above comparison indicates that performance against approved Strategic Road Map targets remained below expectations during the financial year 2024-25. There were such instances also where achievements against targets were 0 %. Significant shortfalls were observed in HT/LT line reconductoring, ABC Cable, Implementation of SLA with CPP and implementation of O&M agreement with SEZ. Such a situation indicates weak monitoring and oversight by the BoD in implementation of the Strategic Roadmap and achievements of targets. Audit further observed that MEPCO had not developed or implemented measurable KPIs across its operational units and departments. Departmental functions are being carried out without formally documented role definitions, output-based performance targets, or accountability benchmarks. In the absence of standardized and measurable KPIs, management was unable to objectively monitor departmental performance, evaluate risks and control failures.

Weak BoDs' monitoring 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 November, 2025 and reported to the Ministry in December, 2025. The management replied that MEPCO has developed and implemented comprehensive KPIs for all its formations in accordance with their respective Job Descriptions and the Corporate Governance Rules, 2013. These KPIs are being effectively used to assess project outcomes, evaluate staff performance, and monitor overall operational efficiency. The management response is not tenable as neither any data regarding approved KPIs was provided by the management nor the targets agreed upon in the strategic road map could be achieved during the currency of the year.

The DAC, in its meeting held on January 22-23, 2026, directed the CEO to develop comprehensive and duly approved Key Performance Indicators (KPIs) for all relevant formations, ensure their effective implementation across the

organization, and establish a proper monitoring mechanism. The CEO was further directed to share the approved KPIs, along with the supporting documentation with Audit within a period of two months.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1720/2025-26/AMIS 2025_COM0000000145_F01827)

2.2 Weak planning, execution and oversight of the Internal Audit function

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

During the audit of MEPCO for the financial year 2024-25, it was observed that no Annual Internal Audit Plan for execution of financial and revenue audits was prepared or approved by the Board/Audit Committee. Considering MEPCO's wide geographical dispersion and functional diversity, timely internal audit reports are essential to provide real-time assurance regarding financial health, operational efficiency, and compliance with regulatory requirements. Such reports enable management and the Board of Directors to make informed and timely decisions to safeguard organizational interests and ensure sustainable performance. However, despite this critical role, internal audit activities remained weak and inadequately planned.

It was further observed that, despite availability of budgetary allocation and human resources, updated internal audits for financial year 2024-25 were not conducted.

Table-08: Budget Vs Exp. Statement and Sanctions Vs Actual Post (Rs. in million)

Internal Audit Department	Total Sanctioned of post (Nos)	Available/ Working Post (Nos.)	Vacant Post (Nos)	Budget	Expenditure
	211	70	141	141.86	139.07

(Source: Budget vs Exp. Statement and Sanctions vs Actual post of Internal Audit of MEPCO for the financial year 2024-25)

The weak functioning of the Internal Audit Department was primarily attributable to non-preparation and non-approval of annual audit plans, inadequate oversight by the Audit Committee, significant staff shortages due to 141 vacant posts (against 211 sanctioned posts), and ineffective implementation of audit automation initiatives. Consequently, the Internal Audit Wing failed to provide timely and reliable assurance to management and the Board, leading to accumulation of a large number of unsettled audit paras with substantial financial implications.

Further analysis of Internal Audit Reports relating to revenue for financial year 2023-24 revealed that 12,766 audit observations involving Rs.389.39 million were detected under various billing and collection irregularities, indicating weak follow-up and response by management. Detail is below:

i) 67.11% of the total (i.e. Rs.261.29 million) was pending for verification.

ii) 32.89% of the total (i.e. Rs.128.11 million) was an agreed amount recovered from the consumers for the period of 2023-24.

The non-conducting of the Annual Internal Audit during financial year 2024-25, coupled with low recovery and high pendency of previously detected irregularities, reflects weak administrative oversight, ineffective functioning of the Internal Audit Wing, and inadequate supervision by top management. This situation has weakened the internal control environment, increased the risk of financial irregularities and misappropriation, and resulted in non-recovery of significant revenue amounting to Rs.261.29 million.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that non-

realization/debiting of audit notes is a routine and continuous process, with figures fluctuating due to issuance of new notes and normal processing time-lags, not due to any lapse. Management and Internal Audit are actively pursuing all cases. The current outstanding stands at 3,003 cases amounting to Rs.179.61 million, while Rs.81.68 million (Rs.261.29 - Rs.179.61) against 5,626 cases has already been debited and may be verified by Audit.

The DAC, in its meeting held on January 22-23, 2026, directed the management to take up the matter of vacant posts with BoD / MoE to strength the internal audit wing besides the CFO should look into the matter in detail and take disciplinary action against the responsible officials involved in non-recovery of overbilling in accordance with applicable rules A report on the findings and action taken/initiated must be submitted to the Audit within six (06) weeks.

Audit recommends management should ensure preparation and approval of a comprehensive Annual Internal Audit Plan, strengthen Audit Committee oversight by filling vacant audit posts, fully implement ERP-based desk audit systems and ensure timely execution and follow-up of internal audits to enhance governance, risk management, and internal controls.

(Draft Para No. 1750/2025-26/AMIS 2025_COM0000000145_F01876)

3. PROCUREMENT

MEPCO's procurement function revealed weaknesses in planning, execution and compliance with the Public Procurement Rules, 2004. Despite approval of a procurement plan of Rs.19,315 million, only Rs.10,709.86 million[8] was expended during the financial year 2024-25. MEPCO floated 118 tenders against which 144 Nos. purchase orders were issued. It was observed that defective planning, weak follow-up and monitoring resulted in repeated violations of PPRA Rules, including irregular awarding of tenders and due diligence in tender evaluation which led to financial governance risk.

[8] *Draft Para No. 1681/2025-26/AMIS 2025_COM0000000145_F01763*

3.1 Irregular award of purchase order to 2nd lowest bidder at post bid reduced rates

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.

During the audit of MEPCO for the financial year 2024-25, it was observed that a tender No.118/24 for the supply of 12.75 km PVC 4/C 120 mm2 (37/.083) was opened on June 10, 2024. Five firms purchase the tender documents whereas two firms submitted their bid and M/s Pioneer Cables Ltd. remained lowest with quoted rate of Rs.2,380,786/km for full quantity of 15 km. The bid committee declared M/s Pioneer Cables Ltd. as non-responsive due to cutting / overwriting on the bid. Accordingly, the 2nd lowest bidder M/s Universal Cables Industries Ltd was evaluated as advantageous bidder for the procurement of 15 KM PVC Cable 4/Core @ Rs.2,400,000/- per Km (without GST). Furthermore, the bid committee emphasized that the company's procurement department must ensure price reasonability as only a single bidder had been fully evaluated in the subject tender. However, no such price reasonability was available on record and the successful bidder gave voluntary discounts three times within thirty-five days, resulting in final reduced bid price Rs.1,842,680/per Km ***(Rs.557,320/- per Km i.e. 23% of original bid)*** and subsequently a purchase order valuing Rs.27.723 million was placed to the firm.

Non-adherence to Public Procurement Rules-2004 resulted in irregular award of purchase orders to 2nd lowest bidder during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that tender for procurement of 15 km PVC 4/Core SID Cable 120mm² was conducted under Single Stage, Single Envelope procedure. Out of five firms, two participated; M/s Pioneer Cables was declared non-responsive due to cutting/overwriting on its bid as per bidding conditions, while M/s Universal Cables Industries was declared the advantageous bidder. The bidder later voluntarily reduced the quoted rate, ensuring compliance with PPRA Rules and no loss to the public exchequer. The reply was not acceptable, as it contained cutting and overwriting which were properly authenticated, i.e., the alteration was duly signed and stamped by the bidder.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit justification for declaring the bidder as non-responsive as the bid document clearly stipulate the quoted figures in words to audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1737/2025-26/AMIS 2025_COM0000000145_F01863)

3.2 Non-enforcement of disciplinary action despite mismanagement in bid evaluation and mis-procurement

According to Rule-30 of Public Procurement Rules 2004, all bid should be evaluated in accordance with the evaluation criteria and other terms & conditions set forth in the prescribed bidding documents. Save as provided for in sub clause-(iv) of clause (c) of Rule 36, no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

During the audit of MEPCO for the financial year 2024-2025, it was observed that a tender No. 40/2023-24 for procurement of 132 KV steel tubular poles was awarded to single bidder M/s Umair industries Ltd. vide Purchase Order No. 7700000260 dated May 20, 2024 valuing Rs.701.956 million. However, the inquiry committee constituted on complaints reported that the evaluation process was flawed, which resulted in declaring a non-responsive supplier as responsive. *The inquiry committee concluded that the evaluation process was not carried out according to laid out rules and evaluation committee had failed to analyze and check the confirmation of the supply documents by the bidder.* The committee recommended disciplinary action against the technical members of the evaluation committee and the procurement department for negligence, besides action against the supplier under Clause 49 of the bidding documents and termination of contract under Clause 27.1 of GCC. Despite approval of contract termination by the Board of Directors in its 233rd meeting on July 18, 2025, initiation of blacklisting proceedings and request for forfeiture of bank guarantee (stayed by court), no disciplinary action was taken against the responsible officers. The Ministry of Energy (Power Division) repeatedly directed MEPCO to implement the inquiry committee's recommendations in letter and spirit; however, compliance was not ensured. The lapse occurred due to negligence of the evaluation committee and procurement department, who failed to perform due diligence in bid evaluation.

This mis-procurement not only violated PPRA rules but also caused litigation risk, administrative burden, and potential financial loss to MEPCO.

Non-adherence to PPRA Rules resulted in mismanagement in bid evaluation leading to mis-procurement up to the financial year 2024-25.

The matter was taken up with the management in August, 2025 and reported to the Ministry in January, 2025. The management replied that the case was placed before the MEPCO BoD for termination of the contract on the recommendations of the inquiry committee. In its 29th meeting held on July 3, 2025, the Procurement Committee of the MEPCO BOD approved the termination of the contract of M/s Umair Industries and further directed the management to conduct an independent, fact-based, and impartial inquiry regarding the award of the contract. Accordingly, the contract was terminated vide letter No. 7255-60 dated May 26, 2025. In compliance with the BOD's directions, an inquiry committee was constituted vide Office Orders No. 1029/11573-77 dated September 17, 2025 and No. 1110/12544-49 dated October 15, 2025. The inquiry report is still under process and upon its finalization, the recommendations of the inquiry committee will be implemented in true letter and spirit.

The DAC, in its meeting held on January 22-23, 2026, directed the management to expedite the inquiry into the matter to establish facts and determine responsibility, ensuring that the inquiry is conducted independently and strictly in accordance with the approval of the BoD. Upon completion, the inquiry report along with complete supporting documentation shall be submitted to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1870/2025-26/AMIS 2025_COM0000000145_F01989)

3.3 Unsatisfactory procurement planning resulting in scrapping of tenders after evaluation of bids

As per Rule-8 of Public Procurement Rules, 2004, within one year of commencement of these rules, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available

resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

During the audit of MEPCO for the financial year 2024-25, it was observed that eighteen (18) tenders amounting to Rs.1,533.80 million **(Annexure-I)** were floated and evaluated as per prescribed criteria. However, all tenders were later scrapped/cancelled on grounds such as availability of sufficient stock, participation of a single bidder and lowest rates quoted by a bidder under litigation with MEPCO. Audit observed that due to weak and ineffective procurement planning, several tenders were floated without proper assessment of actual requirements, available stock, market conditions and bidder eligibility. Although bids were received and evaluated by the Bid Evaluation Committee in accordance with prescribed procedures, the tenders were subsequently scrapped on various grounds such as surplus stock, single bidder participation, litigation issues, and unreasonably high rates.

Scrapping of tenders after completion of the evaluation process reflects inadequate pre-tender scrutiny and non-compliance with Rule-8 of the Public Procurement Rules, 2004, which requires realistic determination of procurement needs prior to initiation of the bidding process. This practice resulted in wastage of administrative time and resources, delayed procurement, and exposed the organization to the risk of cost escalation in subsequent tenders, thereby adversely affecting efficiency, economy, and transparency.

Non-adherence to the PP rules resulted in unsatisfactory procurement planning which led to scrapping of tenders after evaluation of bids valuing Rs.1,533.80 million during the financial year 2024-25.

The matter was taken up with the management in August, 2025 and reported to the Ministry in December, 2025. The management replied that all tenders were floated in accordance with the approved procurement plan and were scrapped under PPRA Rule 33(1) due to valid reasons such as non-participation, non-responsiveness, litigation, surplus stock, finalization of earlier tenders and unreasonably high rates. Since rejection of bids is permissible under the rules and detailed records were maintained, no violation was committed.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit detailed justification in support of reply within a week. No further progress was intimated till the finalization of report.

Audit recommends the management to improve procurement planning practices as well as inventory related information may be updated so that unnecessary tendering & subsequent scrapping could be avoided.

(Draft Para No. 683/2025-26/AMIS 2025_COM0000000145_F00772)

3.4 Award of tender through post-bid price adjustment in violation of PPRA Rules

According to Rule-31(1) of Public Procurement Rules,2004, "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". Further, according to PPRA's office memo No. F.3(12)/DD-II/PPRA/2010 dated July 23, 2010, price matching is a form of negotiation which is prohibited under Rule-40 of the Public Procurement Rules, 2004.

During the audit of MEPCO for the financial year 2024-25, it was observed that tender No. 22/2023-24 was invited for the procurement of 32kv Tower Type ZM-1 along with all allied accessories under MEPCO's own resources using the single-stage two-envelope procedure. The technical bids were opened on September 24, 2024. As per the attendance sheet, two bidders obtained the tender documents; however, only one bidder, M/s Spleen Manufacturing (Pvt.) Ltd., submitted a bid. The firm was declared technically responsive and its financial bid was subsequently opened on October 24, 2024. The Bid Evaluation Committee declared M/s Spleen Manufacturing (Pvt.) Ltd. as the sole evaluated responsive bidder and the quoted price was Rs.42,933,000/- (Rs. 1,791,375 per item). The Committee explicitly advised that the procurement department must ensure price reasonability and compliance with PPRA Rules, 2004. It was further noted that the offered rate was 6.81% higher than the rate submitted by the same bidder to FESCO on July 30, 2024. Subsequently, M/s Spleen offered a discounted rate of Rs. 1,719,000/- per item which was 4% less than original quoted price but this revised rate remained 2.89% higher than the FESCO bid. A Letter of Acceptance was issued to M/s Spleen on January 04, 2025, followed by the issuance of the Purchase Order on January 22, 2025. The acceptance of post-bid price reduction contravenes the provisions of Rule 31(1) of PPRA Rules 2004, prohibiting negotiation or adjustment of bid prices after submission.

Table-09: Comparison of Tender Rate

Item Description	Quoted Rate	MEPCO Current Tender Rate (Discount)	% Inc. w.r. to MEPCO	FESCO Tender Rate	% Inc. w.r. to FESCO
Tender Opening Date		24.09.24 (US$ 278.08)		30.07.24 (US$ 278.93)	
Tower type ZM-I (Complete)	Rs.1,791,375	Rs.1,719,000	(-)4%	Rs.1,669,212	+6.81%

(Source: Tender correspondence file of MEPCO for the financial year 2024-25)

Violation of PP Rules, 2004 resulted in irregular award of tender at post bid reduction negotiated rates valuing Rs. 48.68 million during the financial year 2024-25.

The matter was taken up with the management in August, 2025 and reported to the Ministry in December, 2025. The management replied that voluntary discount offered by the sole responsive bidder, M/s Spleen Manufacturing (Pvt.) Ltd., was accepted in the public interest. The discounted rate was found reasonable after comparison with previous purchase rates of MEPCO and other DISCOs, showing no significant variation. Keeping in view the urgent requirement of material for STG projects, the contract was awarded in accordance with PPRA Rule-38(B), SOPs, and with approval of the competent authority.

The DAC, in its meeting held on January 22-23, 2026, directed the management to share detailed justification of its action within three (03) days and directed the Ministry of Energy (MoE) to ensure implementation of PPRA Rules in their true letter and spirit.

No further progress was intimated till the finalization of report.

Audit recommends implementation of DAC's decision.

(Draft Para No.856/2025-26/AMIS 2025_COM0000000145_F00968)

3.5 Unjustified award of contracts Rely Panel (RP) 3 & 4

According to Rule-31(1) of the Public Procurement Rules 2004, "the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid." Additionally, Rule 4 of the PPRA emphasizes that all procurement must be conducted in a fair and transparent manner to ensure efficiency, economy, and value for money.

During the audit of MEPCO for the financial year 2024-25, it was observed that in tender No. 46/2023-24, comprising four lots (Lot-I CP-30, Lot-II CP-50,

Lot-III RP-3 and Lot-IV RP-4), technical bids were opened on March 20, 2024. The Technical Evaluation Committee declared M/s EPSOL and M/s NSI technically responsive for Lot-I & II, while for Lot-III & IV only M/s EPSOL was declared technically responsive. Financial bids were opened on May 15, 2024, wherein M/s Network Services International (NSI) Lahore emerged as the most advantageous bidder for Lot-I & II by quoting rates 18.49% lower than M/s EPSOL (Pvt) Ltd. For Lot-III & IV, M/s EPSOL, being the single technically responsive bidder, was declared financially responsive with the observation that price reasonability and PPRA-2004 compliance must be ensured.

Subsequently, MEPCO management sought extension of bid validity. M/s EPSOL not only extended the validity but also offered a 2.6% discount on its quoted price for Lot-III & IV. However, MEPCO scrapped the procurement of Lot-I & II on August 26, 2024, despite M/s EPSOL being the second lowest bidder and proceeded with procurement of Lot-III & IV by accepting the discounted offer, ignoring the fact that the bidder was a single technically responsive bidder. Furthermore, Assistant Manager (CA) Pre-Audit did not vet the case on the noting side, highlighting that the Procurement Directorate of PMU and Legal Department failed to safeguard MEPCO's interest. Despite these observations, Letter of Acceptance was issued on August 29, 2024 and purchase orders amounting to Rs.144.10 million (Rs. 74.42 million + Rs. 69.68 million) were issued on September 26, 2024 to M/s EPSOL (Pvt) Ltd, Lahore. The awarded rates were 6.52% & 9.37% higher as compared to FESCO.

Table-10: Comparative Statement of tenders

Description of Material	Qty	Bidder Quoated Rate per unit (Rs)	Bidder after discount rate per unit (Rs)	FESCO Rate per unit (Rs)	Per unit Diff. of MEPCO with FESCO (Rs)	%age of diff.
Relay Panel-3 (RP-3)	20	3,275,435	3,153,457	2,948,000	205,457	6.52%
Relay Panel-4 (RP-4)	17	3,595,500	3,473,523	3,148,000	325,523	9.37%

(Source: Tender correspondence file of MEPCO for the financial year 2024-25)

Non-adherence to PP rules resulted in unjustified award of contracts amounting to Rs.144.10 million for the financial year 2024-25.

The matter was taken up with the management in August, 2025 and reported to the Ministry in December, 2025. The management replied that an inquiry committee has been constituted under the convenorship of Chief Engineer

(O&M) T&G MEPCO HQ Multan vide office order No. 02/141-144/CEO/Dir(A) /DD(E)/Conf- dated January 6, 2026.

The DAC, in its meeting held on January 22-23, 2026, directed the management to finalize the proceedings of the inquiry committee and submit its recommendations to Audit within fifteen (15) days.

No further progress was intimated till the finalization of report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 685/2025-26/AMIS 2025_COM0000000145_F00774)

3.6 Irregular Award of Purchase Order

According to bidding documents clause 13.3(b) 2; The manufacturer must have at least 5 years design / manufacturing experience of tendered material having similar or higher rating.

During the audit of MEPCO for the financial year 2024-25, it was observed that Tender No. 02/2024-25 single stage two envelope was floated on August 6, 2024 for procurement of 145-KV Line CTS. As per attendance sheet 04 bidders submitted their bids. Technical evaluation report issued on January 20, 2025 in wherein M/s Al-Hussain Traders Contractors, Lahore along with two other bidders were declared responsive. Financial bid was opened March 6, 2025 and M/s Hussain Traders Contactors, Lahore was declared most advantageous responsive bidder. As per bidding documents, manufacturing authority must have at least 5 years design / manufacturing experience of tendered material. According to technical evaluation committee report, M/s Hengyang Guoneng Mechanical and Electrical Equipment Co. Ltd had 04 years design / manufacturing experience of instruments transformer which was contrary to bidding document manufacturing experience The award of the purchase order to M/s Al-Hussain Traders Contractors was deemed irregular due to non-compliance with the prescribed qualification requirements. The procurement decision, involving an amount of Rs.117.46 million, raised concerns regarding adherence to procurement regulations and transparency in the evaluation process.

Table-11: Manufacturing experience of qualified bidder

Description of Material	Qty No.	P.O. No. & Date	M/s Al-Hussain Traders Contractor (Pvt.) Ltd, Lahore		
			Unit FCS Price (Rs)	Manufacturing experience Required as per bidding documents	Manufacturing experience of qualified bidder as per Bid Evaluation Report
132 KV Line CTs 300/600 /1200/5A with SSS	45	7700000274 dated 23.04.2025	2,212,056	5 Years	4 Years

(Source: Tenders file of MEPCO for the financial year 2024-25)

Non-compliance of bidding document compromised procurement transparency increased the risk of substandard equipment and resulted in irregular award of purchase order amounting to Rs.117.96 million for the financial year 2024-25.

The matter was taken up with the management in August, 2025 and reported to the Ministry in December, 2025. The management replied that an enquiry committee has been constituted to fix responsibility and ensure strict compliance with qualification criteria in future procurements. The technical evaluation was conducted in accordance with the bidding documents and SOPs, and M/s Al Hussain Traders was declared technically responsive. A grievance filed by M/s Paras Trading Company was examined and rejected by the Grievance Redressal Committee under PPRA Rule-48 and no further appeal was made. As per policy, manufacturing experience was considered valid since only the manufacturer's name changed while the premises remained the same. Accordingly, no violation occurred and the contract was awarded with approval of the competent authority in line with PPRA Rules.

The DAC, in its meeting held on January 22-23, 2026, directed the management to expedite the inquiry proceedings and submit a comprehensive inquiry report duly supported with findings conclusions and recommendations to Audit within 15 days.

Audit recommends implementation of DAC's decision.

(Draft Para No. 857/2025-26/AMIS 2025_COM0000000145_F00969)

4. OPERATIONAL PROCESSES

Operational management in MEPCO encompasses a wide range of activities focused on the effective maintenance, augmentation and reliable operation of the distribution network, alongside efficient management of an extensive and diversified consumer base. Any lapse in due diligence such as unauthorized load extensions or delayed replacement of defective meters results not only in overloading of the network but also in loss of legitimate revenue and increased technical and commercial losses. Audit has examined operational management of the company to identify systemic weaknesses, control lapses, and associated financial impacts.

4.1 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 MEPCO for the financial year 2024-25, it was observed that total 21,144.398 MkW allocated against demand 19,948.134 MkW of the Company, however, it utilized 19,118.443 MkW which was 90.42% of allocated quota. In this context it was analyzed that MEPCO had executed load management plans i.e. load shedding in specific areas resulting in non-utilization of allocated quota and surplus capacity as illustrated:

Table-12: Capacity Transfer Price (CTP) due to Load Management **(Rs.in million)**

FY	Allocated Quota (MkW)	Drawn (KW)	Less Utilization the allocated Quota (KW)	Financial Burden of CTP
2024-25	21,144.39	19,118.44	2,025.95	29,492.99

(Source: Finance Director-MEPCO, Power Distribution Control & D.G. MIRAD)

MEPCO was required to pay capacity charges based on the allocated quota. Due to underutilization of the allocated quota, the sale of energy decreases, while the capacity payments remain fixed. This mismatch results in a financial burden on MEPCO. Furthermore, the demand of MEPCO remains lower than the allocated quota; however, capacity charges are being paid on the entire allocated capacity, resulting in payment of capacity charges 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

Non-adherence to the direction of Authority resulted in non-utilization of allocated energy quota resulting in payment of surplus capacity payments to CPPA-G amounting to Rs.29,492.99 million on load management on high losses feeders during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that it

forecasts electricity demand based on weather conditions, historical consumption, development activities, and scheduled/emergent shutdowns. Actual power allocation and drawl are determined by NPCC/ISMO in line with available generation and national grid stability requirements. The 4% variation between forecasted demand and actual drawl occurred due to force majeure events, system shutdowns for safety and rehabilitation, grid constraints and frequency control measures imposed by NPCC/RCCs, and fluctuations in solar power penetration. The management response is not tenable as the actual difference between the allocated and drawn quota is around 9% which is a direct burden on the consumers.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit details of efforts to monitor drawl of required quota and proactive measures to withdraw excess allocations in the light of MEPCO's energy requirement to audit within 3 days.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1690/2025-26/AMIS 2025_COM0000000145_F01778)

4.2 Non-observance of NEPRA benchmark

As per NEPRA fixed targets of T&D losses at 11.83%, (Transmission Losses 1.30% and Distribution losses 10.53%) for the financial years 2023-24 and 11.34%, (Transmission Losses 1.30% and Distribution losses 10.04%) in respect of MEPCO in the MYT regime for the financial year 2021-22 to 2024-25 dated June 02, 2022.

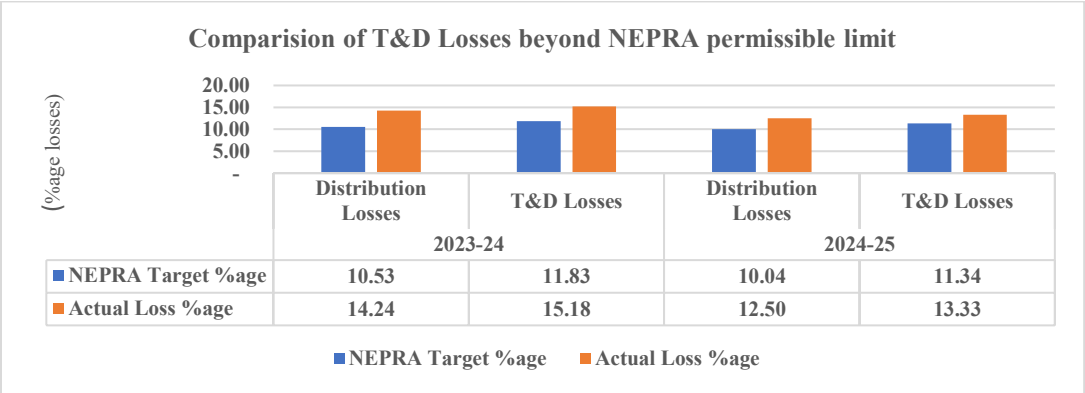
During the audit of MEPCO for the financial year 2024-25, it was observed that MEPCO sustained total Transmission and Distribution (T&D) losses at 13.33%, exceeding the NEPRA prescribed limit of 11.34% for the year. Although transmission losses were contained within the permissible level at 0.89% against the target of 1.42%, the distribution losses surged to 12.50% against the allowed limit of 10.04%. This deviation resulted in excess energy losses of 472.37 million units, inflicting a financial impact of Rs.19,187.63 million. The detail is as under:

Table-13: T&D Losses of MEPCO

FY	Description of Loss	NEPRA Target %age	Actual Loss %age	units received kw at II KV in million	Units Sold kw in million	Unit Lost kw in million	%age Excess units lost	Excess Units kw lost in million	Financial Impact @Rs40.62 per kw respectively (Rs in million)
2023-24	Transmission Losses	1.30	1.10	19711	16904	2806	3.71%	731.28	29,704.19
	Distribution Losses	10.53	14.24						
	T&D Losses	**11.83**	**15.18**						
2024-25	Transmission Losses	1.30	0.99%	19202	16569	2400	2.46%	472.37	19,187.63
	Distribution Losses	10.04	12.50%						
	T&D Losses	**11.34**	**13.33%**						

(Source: DISCO's performance Statistic report of PPMC for the financial year 2023-24 & 2024-25)

Figure 08: Comparison of T&D Losses beyond NEPRA permissible limit



(Source: DISCO's performance Statistic report of PPMC for the financial year 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 MEPCO amounting to Rs.19,187.63 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 1,867 distribution feeders, the distribution losses on 628 Noss, feeders ranging above 15% to 39.5% remained abnormally high during the year, this situation resulted in 536.17 million units of energy lost beyond the NEPRA threshold. The abstract is as under:

Table-14: Fedder wise T&D Losses **(Units in million)**

FY	PDP No.	Total No. of Feeders	No. of Feeders (Abnormal line losses)	NEPRA Target (T&D losses)	Actual Loses (Range)	Unit lost (in excess) beyond NEPRA Target
2024-25	1686	1867	628	11.34%	15% to 39.5%	536.17

(Source: CP-22-A of MEPCO for the financial year 2024-25)

Non-adherence to the NEPRA's targets resulted in financial loss due to excess energy losses beyond NEPRA benchmark and inefficient feeder performance amounting Rs.19,187.63 million for the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that NEPRA assigned a T&D loss target of 11.34% for financial year 2024-25, whereas actual losses at the end of June, 2024 stood at 15.2%, requiring an unrealistic reduction of 3.86% within one year without major technical interventions. Recognizing this constraint, MEPCO reduced losses to 12.5% in financial year 2024-25, achieving the BoD-approved target and recording a 1.5% reduction compared to financial year 2023-24. The management response is not tenable as the distribution losses exceeded far beyond the NEPRA targets indicating a requirement for serious intervention on this account.

The DAC, in its meeting held on January 22-23, 2026, directed the management to provide details of the efforts undertaken to reduce distribution losses to Audit within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

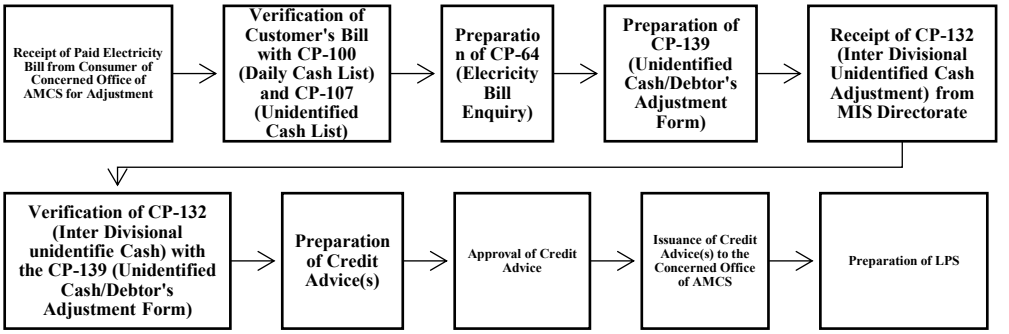
(Draft Para No. 1685/2025-26/AMIS 2025_COM0000000145_F01767)
(Draft Para No. 1686/2025-26/AMIS 2025_COM0000000145_F01774)

4.3 Erroneous adjustment under residual unaccounted cash balance cases

According to Para 10.1(B) under Section Revenue and Receipt (RNR) of DISCOs Accounting Manual, "Paid Electricity Bill of Consumer from Concerned

Office of Assistant Manager Customer Service (AMCS) is received by the Collecting Office of AMCS and verified with CP-100 (Daily Cash List) and CP-107."

Figure 09: Flow Chart regarding Adjustment of Unidentified Cash of Collecting Office of AMCS



During the audit of MEPCO for the financial year 2024-25, it was observed from management report (CP-107-Residual Unaccounted List) that an amount of Rs.8.62 million was erroneously and excessively adjusted against 401 consumers under the head of "Unidentified Cash," resulting in negative balances. Once adjustments were made the balance should have been zero and in case of non-adjustment a positive balance could remain, however, negative balance was logically not possible and was therefore indicative of error. Furthermore, the unadjusted / unidentified cash was shown as Rs.78.09 million in one management report (CP-107-Residual Unaccounted List) and Rs.73.87 million in an alternate management report CP-120A. This further highlighted that controls over handling of unidentified cash were not effective and significant credit had not been effected against consumer-record

Non-adherence to Accounting Manual resulted in erroneous adjustment under residual unaccounted cash balance cases amounting to Rs.8.62 million against unidentified cash up to June, 2025.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that un-identified cash detection and posting is an ongoing process carried out on a regular basis. However, concerted efforts are being made to clear outstanding amounts, in accordance with the prescribed procedure. Up to December 2025, out of 401 cases involving Rs. 8.62 million, MEPCO has cleared 180 cases amounting to Rs. 1.05 million, while 221 cases involving Rs.7.57 million are still under process.

The DAC, in its meeting held on January 22-23, 2026, directed the management to complete the remaining adjustments within six weeks besides strengthening the reconciliation mechanism for timely adjustment of all suspense balances and submit the relevant record to Audit without fail.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No. 1730/2025-26 AMIS 2025_COM0000000145_F01837)

4.4 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 MEPCO for the financial year 2024-25, it was observed that out of 61,684 industrial and 668,508 commercial consumers, 245 industrial and 128 Nos. commercial 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 effects the assets of the company owing to system constraints in distribution network. The details are as under:

Table-15: Unauthorized load extension **(Rs. in million)**

Sr. No.	Consumer Nature & Tariff	No. of connections running beyond Sanctioned load	Security	Rehabilitation Charges	Capital Cost	Fixed Charges	Grand Total
1.	B-2	05	5.02	2.09	0	0	7.11
2.	B-3	07	25.59	0	0	0	25.59
3.	A-2(c)	31	9.49	0	0	0	9.49
4.	B-1	10	0.39	0.02	3.89	0	4.30
5.	A-2(c)	75	3.86	0	0	0	3.86
	B-1	73	8.17	0.15	28.60	0	31.91
	B-2	30	8.17	3.97	18.83	0	30.97
6.	B-1	14	0	0	0	0.88	0.88
7	A-2(c)	22	1.33	0	0	0	1.33
	B-1	44	2.23	0.13	17.11	0	19.47
	B-2	17	7.09	1.89	9.88	0	18.87
8	B-1	28	0.29	0	7.78	0	8.07

9	B-1	17	0	0	0	1.12	1.12
		373	**71.63**	**8.25**	**86.09**	**2.00**	**162.97**

(Source: 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. Moreover, MEPCO was unable to recover mandatory security deposits, feeder rehabilitation charges, transformer/capital cost and fixed charges**,** leading to a financial loss of Rs.162.97 million to the company.

Non-adherence to abridged condition of supply resulted in unauthorized load extension by consumers during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that industrial consumers under B3 tariff were found operating with loads exceeding 500 kW. It is clarified that both fixed and variable charges under B2 tariff are higher than B3, therefore no financial loss has been incurred due to non-change of tariff. Nevertheless, notices are being served to the concerned consumers for regularization of sanctioned load. Substantial progress has already been made in regularizing the load, including approved load extensions, payment of security and rehabilitation charges, and issuance of notices where required.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit evidence of regularization of extended load to Audit within one week for verification besides ensuring consistency in cases of similar nature, and take immediate corrective action wherever identified.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1727/2025-26 AMIS 2025_COM0000000145_F01834)
(Draft Para No.1728/2025-26 AMIS 2025_COM0000000145_F01835)
(Draft Para No.1746/2025-26/AMIS 2025_COM0000000145_F01872)
(Draft Para No.1492/2025-26/AMIS 2025_COM0000000145_F01564)
(Draft Para No.1497/2025-26/AMIS 2025_COM0000000145_F01569)
(Draft Para No.1496/2025-26/AMIS 2025_COM0000000145_F01568)
(Draft Para No. 1674/2025-26 AMIS 2025_COM0000000145_F01802)
(Draft Para No.1669/2025-26 AMIS 2025_COM0000000145_F01797)
(Draft Para No.1670/2025-26 AMIS 2025_COM0000000145_F01798)

4.5 Pending enforcement and recovery mechanisms in anti-theft campaign

According to Para-1.3 of WAPDA's Commercial Procedures Manual, "the Revenue Officer and Assistant Manager are responsible for: i) implementing in conjunction with the Executive Engineer, the commercial policy laid down from

time to time by the Authority through the Company ii) efficient application of billing and collection procedure".

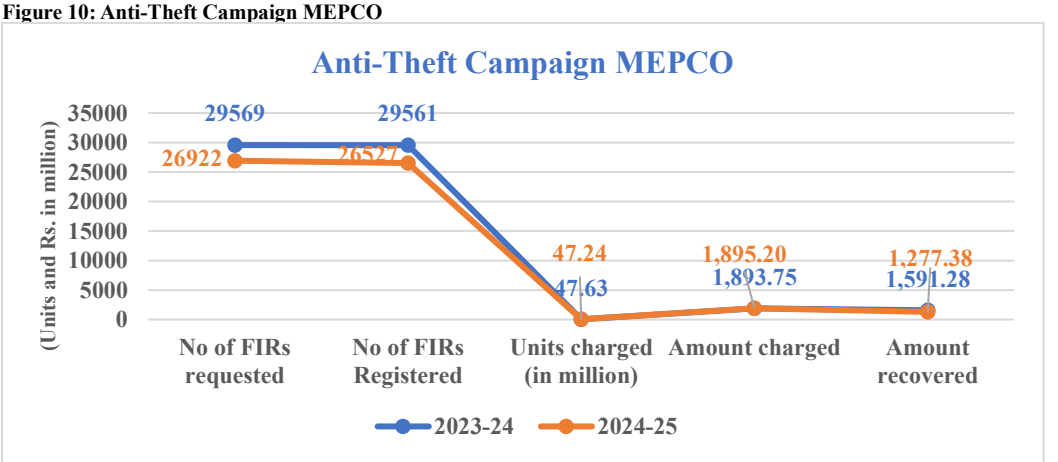
During the audit of MEPCO for the financial year 2024-25, it was observed from the performance evaluation record that under the anti-theft campaign launched by the Ministry of Energy, a total of 56,491 FIRs were requested; however, 56,088 were registered, against which 42,570 persons were arrested. Additionally, 02 employees were arrested and 68 were suspended for their involvement. MEPCO charged 94.87 million units amounting to Rs.3,788.95 million as detection bills, out of which Rs.2,868.66 million was recovered, leaving a sizeable balance of Rs.920.29 million outstanding for the period from September 07, 2023 to June 30, 2025. The abstract is as under:

Table-16: Anti-theft Campaign **(Rs. in million)**

Period	No of FIRs requested	No of FIRs Registered	No of Person Arrested	No of Employees Arrested	No of Employees Suspended	Units charged (in million)	Amount charged	Amount recovered
7.9.2023 to 30.6.24	29569	29561	27802	01	41	47.63	1.89	1.59
1.7.24 to 30.6.25	26922	26527	14768	01	27	47.24	1.89	1.27
Total	**56491**	**56088**	**42570**	**2**	**68**	**94.87**	**3.78**	**2.86**

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

Figure 10: Anti-Theft Campaign MEPCO



The shortfall in FIR registration, incomplete recovery, and delays in enforcement occurred due to weak coordination with law enforcement agencies, lack of robust follow-up by enforcement and recovery units and absence of a

structured monitoring mechanism. Consequently, substantial billed revenue remained unrecovered, reducing the financial effectiveness of the anti-theft campaign and weakening deterrence against electricity theft. Moreover, an amount of Rs.621.63 million was charged to 11363 Nos. un-registered (888) consumers on account of theft/stealing of energy. However, neither recovery of energy charges was effected from illegal/unregistered consumers nor these consumers were regularized and brought into billing cycle **(Annexure-II)**.

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 November, 2025 and reported to the Ministry in December, 2025. The management replied that a special anti-theft campaign is being carried out across MEPCO and other DISCOs to curb electricity theft. All theft cases are being registered on a centralized anti-theft portal for effective tracking and monitoring. As a result of sustained enforcement and recovery efforts, arrears amounting to Rs. 779.35 million as of June, 2025 have been reduced to Rs. 613.40 million, reflecting a recovery of Rs. 165.95 million up to December 2025. During the campaign, 26,569 FIRs were registered, leading to the arrest of 14,810 energy stealers. The objective of the campaign is to minimize electricity theft and enhance revenue recovery. The data is verifiable from the PITC-maintained anti-theft portal, as physical records could not be attached due to their bulk volume.

The DAC, in its meeting held on Jan 22-23, 2026, directed the management to provide a circle-wise, division-wise, sub-division-wise, and consumer-wise breakup of the anti-theft cases. The concerned SEs, XENs, and SDOs shall be directed to ensure recovery under the anti-theft campaign, and the relevant record shall be got verified by Audit within six weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1704/2025-26/AMIS 2025_COM0000000145_F01809)
(Draft Para No. 1771/2025-26/AMIS 2025_COM0000000145_F01880)
(Draft Para No. 1656/2025-26 AMIS 2025_COM0000000145_F01769)
(Draft Para No.1476/2025-26/AMIS 2025_COM0000000145_F01548)

4.6 Waiving off late payment surcharge (LPS) to consumers

According to Clause 6(a), Chapter-3 of State-Owned Enterprises (Governance & 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 MEPCO for the financial year 2024-25, it was observed that Late Payment Surcharges (LPS) amounting to Rs.102.89 million for 19,459 private consumers were waived by field offices. Further review revealed that while MEPCO 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.11,239.20 million, whereas LPS recovered and transferred by MEPCO to CPPA-G stood at Rs.7,443.21 million, resulting in a net shortfall of Rs.3,795.99 million during the financial year 2024-25. This aspect had duly been observed & reported by the external auditor in the financial statements for financial year 2024-24. The abstract is as under:

Table-17: Waiving of LPS to Consumers **(Rs. in million)**

LPS recovered and transferred to CPPA-G	Supplemental charges invoices raised by CPPA-G	Difference	Total [9]LPS Waived off	LPS Private Connection Domestic, Commercial, Industrial			LPS Government Connection		
				Tariff	Nos	Amount	Tariff	Nos	Amount
7,443.21	11,239.20	3,795.99	102.89	Domestic	11661	6.67	General Service	3764	27.29
				Commercial	1847	3.82	Street Light	1005	6.85
				Industrial	236	4.86	Bulk	276	49.44
				Tubewell	670	3.96			
					14414	**19.31**		**5045**	**83.58**

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

[9] *The LPS waived amount selected by audit ranged between Rs.100 to Rs.7.9 million*

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 MEPCO'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.

Weak management decision resulted in waiving off Late Payment Surcharge (LPS) to consumers amounting to Rs.102.89 million during the financial years 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The waiver of Late Payment Surcharge (LPS) is a routine and authorized practice under existing policies. Competent officers are vested with financial powers to allow extensions in due dates and bill installments, where waiver of LPS forms part of such arrangements. In these cases, markup charges are applied as an alternative, in accordance with NEPRA rules and prescribed procedures, with the objective of facilitating consumers.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit a revised and properly justified reply, with specific reference to the waiver/credit of LPS, to the Audit within one week

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1741/2025-26/AMIS 2025_COM0000000145_F01867)

4.7 Inaccurate billing to consumers 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'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 MEPCO for the financial year 2024-25, it was observed that in 10,227 consumer connections of various tariff categories, a total of 125.43 million units **(Annexure-III)** were billed on running metered connections by applying load factors exceeding 100%, whereas the *CSM Annexure-V* prescribes specific load factor percentages for each consumer category as determined by NEPRA. Audit scrutiny revealed that 107.07 million (85%) units were billed in excess of the NEPRA' determined load factors, indicating that consumers utilized extended loads without proper regularization by the management as under:

Table-18: Load Factor above 100% **(Units in million)**

Sr. No.	Name of Company	Consumer Category	Tariff Category	No of consumer cases	Range 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 under tariff category
1.	MEPCO	Time of use exceeding 5 kw	A-2(c)(06)T	2713	100% to 1388%	23.01	4.02	18.99
2.		Industrial from 71kw to 500 kw	B-2b(12)T	161	101% to 263%	9.07	3.58	5.49
3.		Agricultural Tubwell	D-1(b) (50)	7279	101% to 1785%	92.62	10.67	81.95
4.		TMP Domestic	E-1i(56)	74	101% to 801%	0.73	0.09	0.64
				10227		**125.43**	**18.36**	**107.07**

(Source: MIS Billing Data of MEPCO for the financial year 2024-25)

Audit of the view 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 and excess billing.

Non-adherence to provision of NEPRA consumer service manual resulted in inaccurate billing 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 November, 2025 and reported to the Ministry in December, 2025. The management replied that regularization of unauthorized extended load is a continuous process carried out throughout the year. During financial year 2024-25, MEPCO regularized the load in a substantial number of cases involving extension of load. The charging of units was strictly based on actual recorded consumption as per meter snapshots and AMR readings. Moreover, notices shall be served to the concerned consumers for regularization of load in accordance with NEPRA CSM.

The DAC, in its meeting held on January 22-23, 2026, directed the management to substantiate their stance with documentary evidence whereby the corrective actions taken against data analyzed by audit, including a break-up of the total consumers involved and the efforts initiated by the management. Moreover, the management was directed to ensure that appropriate action is taken against the culprits to discourage such practices and to submit a compliance report within six weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1478/2025-26/AMIS 2025_COM0000000145_F01550)
(Draft Para No. 1658/2025-26 AMIS 2025_COM0000000145_F01771)
(Draft Para No. 1695/2025-26/AMIS 2025_COM0000000145_F01784)

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

According to Para.6.4.2 of NEPRA's Consumer Service Manual, 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 MEPCO for the financial year 2024-25, it was observed that an amount of Rs.1,121.142 million was credited under B-type adjustments to 66,764 Nos. 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 is only permitted for new connections and RCO cases with accumulated units. However, a sample review of 11,857 cases (excluding new connections and RCO during the financial year 2024-25) revealed that significant amounts Rs.574.34 million (above Rs.25,000/ per case) 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-19: Refund to Running Consumers **(Rs. in million)**

Sr. No.	Formation	Period	Total consumer under Type-B (A-1(01)	Total Amount refund under Type-B (A-1(01)	Sample consumer under Type-B (A-1(01)	Amount
1.	CEO MEPCO	July 2024 to June 2025	48,963	872.95	9,948	486.46
2.	Manager (Op) R. Y. Khan Circle	July 2022 to June 2025	14,031	208.18	1,202	67.46
3.	Manager (Op) Sahiwal Circle	July 2022 to June 2025	3,770	40.01	707	20.42
		Total	**66,764**	**1,121.14**	**11,857**	**574.34**

(Source: MIS refund data of MEPCO for the financial years 2022-23 to 2024-25)

Non-compliance with NEPRA's CSM resulted in refund to running consumers on account of segregation of electricity bills amounting to Rs.574.34 million during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that the amount highlighted under segregation cases represents an ongoing billing adjustment process arising from MCOs, pending unit charging, delayed processing, reconnection orders, and data retrieval, and is not confined to new connections. All such adjustments are processed with the approval of the competent authority after completion of prescribed formalities and initiation of disciplinary action against delinquents, where applicable.

The DAC, in its meeting held on January 22-23, 2026, directed the management to initiate a subdivision-wise fact-finding report within six weeks and ensure that the findings are placed on the officials' dossiers along with their KPI performance. The DG (HR) was further directed to issue and circulate the necessary instructions accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1498/2025-26/AMIS 2025_COM0000000145_F01570)
(Draft Para No. 1675/2025-26 AMIS 2025_COM0000000145_F01803)
(Draft Para No.1731/2025-26 AMIS 2025_COM0000000145_F01838)

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

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

During the audit of MEPCO for the financial year 2024-25, it was observed that 56.989 million units, amounting to Rs.2,834.90 million were refunded/credited to 49,494 private and government consumers as a result of revision of incorrect readings and detection charges through adjustment notes. A trend analysis of these credits showed that 14.19 million units, valued at Rs.704.18 million (24.83% of the total), were attributed to A-type adjustments (revision of incorrect readings) however, C-Type i.e revision of detection bills 42.23 million units with amount of Rs.2,104.93 million was also made and remained 74.25%. However, on sample basis adjustment of units were checked and it was found that firstly units were debited to the same consumers and subsequently units were credited in the following months. This scenario indicated that a typical unit refund stemmed from the systemic practice of incorrectly assessing and charging consumers for erroneous readings and detection made by the field formations. However, no action was taken against the officers / officials involved in wrong billing and wrong assessment of detection charges **(Annexure-IV)**.

Table-20: Comparison of total units credited to all adjustment types (Rs. in million)

Sr. No.	Formation	Period	No of cases -A type	Units Credited A-type	Amount Credited	No of cases c-Type	Unis credited C-type	Amount Credited
1	CEO MEPCO	July 2024 to June 2025	13853	4.41	268.82	2496	27.52	1,518.83
2	Manager (Op) R. Y. Khan Circle	July 2022 to June 2025	18483	8.15	350.80	10742	9.83	399.77

3	Manager (Op) Sahiwal Circle	July 2022 to June 2025	3358	1.63	84.56	4095	4.88	186.33
			35694	**14.19**	**704.18**	**17333**	**42.23**	**2,104.93**

(Source: MIS refund data of MEPCO for the financial years 2022-23 to 2024-25)

Inefficient operational management resulted in refund of units due to wrong reading and revision of detection bill to consumers amounting to Rs.2,809.11 million during the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that the refunds of units were due to legitimate billing corrections arising from meter reading errors, data issues, human mistakes, regulatory decisions and delayed charging of units, and do not reflect any abnormal or systematic practice. All refunds were approved by the competent authority, disciplinary action is taken where required, and controls are in place.

The DAC, in its meeting held on January 22-23, 2026, directed the management to provide a division and sub-division-wise break-up of consumers, along with the latest status of adjustments to Audit within six weeks.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1499/2025-26/AMIS 2025_COM0000000145_F01571)
(Draft Para No. 1676/2025-26 AMIS 2025_COM0000000145_F01804)
(Draft Para No. 1752/2025-26/AMIS 2025_COM0000000145_F01878)

4.10 Non-renewal of performance guarantee on account of non-adjustment of security deposits against the arrears of permanently disconnected consumers and non-utilization / dismantling of redundant independent feeders

According to Para-5 of WAPDA's Commercial Procedures Manual, "When a Permanent Disconnection has been effected and final bill prepared by W.C.C the amount of the Security Deposits held against the consumer is adjusted against his outstanding bill".

According to Para-5.3.1 NEPRA's Consumer Service Manual, the option of Bank Guarantee in lieu of security deposit shall be available to the industrial consumers under B-3 and B-4 as defined in Tariff terms and conditions categories only. The existing B3 and B-4 category consumers can also avail option of Bank Guarantee by withdrawing their previous security deposit from DISCO and submit

a Bank Guarantee to the satisfaction of DISCO on rate of security deposit for a validity period of three years. As per Para-5.3.2, "the Bank Guarantee is required to be renewed after every three years. The consumer is required to submit fresh Bank Guarantee within thirty (30) days of the expiry of the previous Bank Guarantee. In case of failure, DISCO may disconnect the electricity supply after serving a clear seven days' notice to the consumer".

During the audit of MEPCO for the financial year 2024-25, it was noted that four (04) B-3 industrial consumer connections had been permanently disconnected due to long-standing arrears ranging from 10 to 31 months amounting to Rs.111.63 million. Moreover, the bank guarantees amounting to Rs.41.36 million have since been expired and the consumers were categorized under dead defaulters Batch-26 and Batch-36 but no action was taken to renew the expired bank guarantees. This oversight reflects a lapse in procedures and raises concerns regarding the effectiveness of internal controls and the safeguarding of company assets. Therefore, energy charges of Rs.111.63 million could not be adjusted against security deposit. The detail is as under:

Table-21: Non-renewal of performance guarantee on account of non-adjustment of security deposits **(Rs. in million)**

Sr. No.	Reference No.	S/Load	Name	Bank Guarantee Amount	Bank Guarantee Expiry Date	Arrears August, 2025
1	36151950006601	4900	M/S MEGA STEEL MILLS (PVT) LTD	14.60	1/8/2018	21.20
2	36159210012515	3720	HUSSAIN MILLS LTD. UMAR FAROOQ	7.63	6/12/2020	0.48
3	36157120011122	1500	M/S FATIMA ENTERPRISES	4.47	12/12/2015	30.07
4	36154420006217	4920	BAHAWALPUR STEEL MILLS (PVT) LTD.	14.66	7/31/2024	59.88
			Total	**41.36**		**111.63**

(Source: Consumer MDI Data of MEPCO for the financial year 2024-25)

Non-adherence to NEPRA CSM resulted in loss of Rs.111.63 million on account of non-recovery of arrears from permanently disconnected consumers up to the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that the industrial consumers were disconnected due to non-payment and their security

amounts were adjusted against the outstanding dues in accordance with rules. In addition, demand was raised and recovery proceedings had initiated under the Land Revenue Act.

The DAC, in its meeting held on January 22-23, 2026, directed the management to share the recovery status from permanently disconnected consumers besides evidence of utilization of dismantled equipment and other allied material in all cases and to submit a compliance report within one week.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1718/2025-26/AMIS 2025_COM0000000145_F01825)
(Draft Para No. 1717/2025-26/AMIS 2025_COM0000000145_F01824)

4.11 Non-recovery of Retailer Sales Tax due to incorrect classification of commercial consumers

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

During the audit of MEPCO for the financial years 2022-23 to 2024-25, a sample-based review of data relating to the charging of Retailer Sales Tax (RST) under the exempted classification codes "02606 & 02709-Hotels & Misc. Services" was undertaken. The review revealed that restaurants and marriage/wedding halls engaged in taxable commercial activities had been classified under these exempted codes instead of being placed under the appropriate taxable consumer classification codes "01602-Eating Places, Restaurants and Cafeterias" and "01612-Marriage Halls", which were required to enable charging of RST through the electricity billing system.

Further analytical review of consumers billed under the said exempted codes established that, apart from restaurants and marriage/wedding halls, several other commercial consumers were also incorrectly classified. Examination of their sanctioned load, connected load, and electricity consumption patterns indicated usage characteristics inconsistent with those ordinarily associated with hotels or lodging establishments. This misalignment between business activity and assigned

classification code substantiated systemic misclassification within the billing system. Consequently, Retailer Sales Tax amounting to Rs.18.15 million against 129 No. consumers were not charged and recovered through the electricity billing mechanism during the audited period. Detail is as under:

Table-22: Code for Charging Sales Tax to Commercial Consumer **(Rs.in million)**

Sr. No.	Name of Circle	STD Code	Total No. of Cases	GST Paid (Amount)	Less Paid amount
1.	Bahawalnagar	A2C 06 STD CODE 2606 & 2709	01	0.09	0.04
2.	Bahawalpur	A2C 06 STD CODE 2606 & 2709	21	11.18	4.66
3.	D.G. Khan	A2C 06 STD CODE 2606 & 2709	13	2.99	1.25
4.	Khanewal	A2C 06 STD CODE 2606 & 2709	08	1.95	0.81
5.	Muzaffargarh	A2C 06 STD CODE 2606 & 2709	11	1.61	0.67
6.	Multan	A2C 06 STD CODE 2606 & 2709	23	10.85	4.52
7.	R. Y. Khan	A2C 06 STD CODE 2606 & 2709	34	9.04	3.77
8.	Sahiwal	A2C 06 STD CODE 2606 & 2709	08	3.88	1.62
9.	Vehari	A2C 06 STD CODE 2606 & 2709	10	1.94	0.81
Total			**129**	**43.53**	**18.15**

(Source: Consumer PITC Data of MEPCO for the financial year 2024-25)

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

Non-adherence to the instructions of FBR (Revenue Division) resulted in Non-recovery of Retailer Sales Tax due to incorrect classification of commercial consumers Rs.18.15 million up to the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that 28 cases out of a total, amounting to Rs.5.88 million, had correct STD codes (02709 and 02606 – Hotel & Other Miscellaneous Services). As per SRO No. 608(I)/2014 dated 02.07.2014, Retailer Sales Tax is not chargeable on consumers falling under

these STD codes. Moreover, the site verification of the remaining cases is in progress, and an updated reply would be submitted accordingly.

The DAC, in its meeting held on January 22-23, 2026, directed the management to submit a revised reply in the light of the SOP within one week and get the record verified from Audit accordingly.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1709/2025-26/AMIS 2025_COM0000000145_F01814)
(Draft Para No.1475/2025-26/AMIS 2025_COM0000000145_F01547)
(Draft Para No. 1655/2025-26 AMIS 2025_COM0000000145_F01768)

5. ENVIRONMENT & SAFETY POLICY

MEPCO recognizes that effective environmental management and occupational safety are integral to the reliable and sustainable operation of its power distribution system. The Environmental & Safety Policy of MEPCO aims to ensure compliance with national environmental laws, NEPRA regulations, and applicable safety codes while minimizing adverse environmental impacts arising from construction, operation, and maintenance of distribution infrastructure.

5.1 Imposition of fine on account of violation of NEPRA directives

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

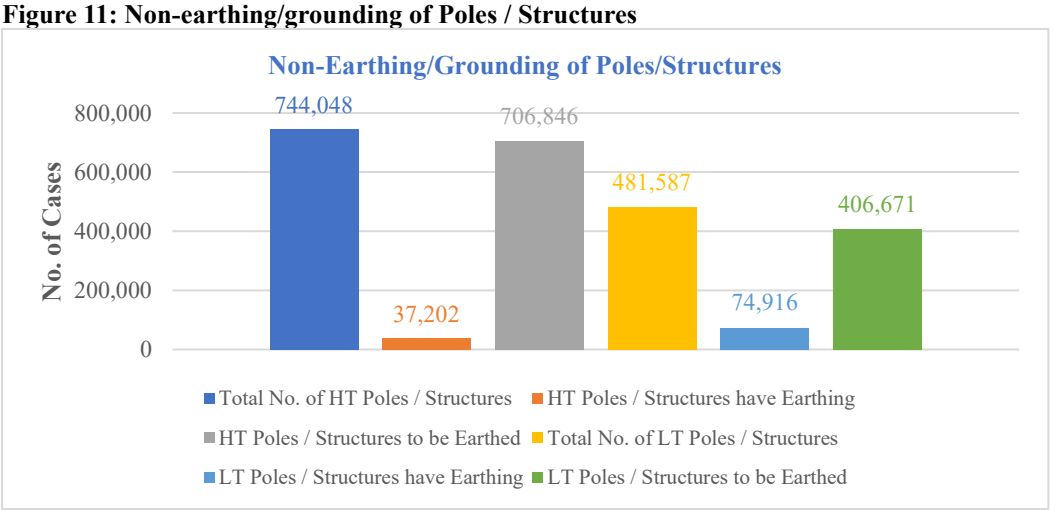
During the audit of MEPCO for the financial year 2024-25, it was found that out of total installed HT/LT Poles/structures numbering 1,225,635, only 112,118 number of HT/LT Poles / structures had earthing / grounding done to secure the equipment against safety hazards whereas 9.14% or 1,113,517 HT/LT poles/structures did not have earthing/grounding done against them. The details as under:

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

Detail of HT Poles / Structures			Detail of LT Poles / Structures		
Total No. of HT Poles / Structures	HT Poles / Structures have Earthing	HT Poles / Structures to be Earthed	Total No. of LT Poles / Structures	LT Poles / Structures have Earthing	LT Poles / Structures to be Earthed
744,048	37,202	706,846	481,587	74,916	406,671

(Source: Chief Engineer O&M Correspondence File)

Figure 11: Non-earthing/grounding of Poles / Structures



(Source: Chief Engineer O&M Correspondence File)

Audit was of the view that non-earthing/grounding of HT/LT Poles/structures showed negligence of management and endangered lives of the people as nine (09) fatal and seven (07) non-fatal incidents[10] occurred during the period under review. This scenario illustrated that safety and environmental protocols being followed by the company were inadequate & putting the lives of its employees and common citizen at risk. The detail is as under:

Table-24: Fatal & Non-fatal Incidents

Sr. No.	Category Employee / Public	No. of fatal incidents	No. of non-fatal incidents
1.	Employee	08	07
2.	Public (Private)	01	0

(Source: Disciplinary cases correspondence file of MEPCO for the financial year 2024-25)

Non-adherence to NEPRA's instructions resulted in loss of Rs.10.00 million due to non-earthing / grounding of HT/LT Poles / Structure up to the year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that earthing of spun poles is in progress through departmental formations and outsourcing. So far, 3,250 spun poles had been earthed, with the remaining poles planned to be completed by March 30, 2026. The matter regarding NEPRA's fine of Rs.10.00 million is under adjudication before the Appellate Tribunal, NEPRA, Islamabad, and progress would be communicated upon finalization.

The DAC, in its meeting held on January 22-23, 2026, directed the management to intimate the latest status of earthing / grounding of HT / LT Poles / Structure and get the record of completed actions verified from Audit within a week and expedite the pending works besides pursue the matter with NEPRA Appellate Tribunal vigorously.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1691/2025-26 AMIS 2025_COM0000000145_F01779)
(Draft Para No.1719/2025-26/AMIS 2025_COM0000000145_F01826)

[10] ***(Draft Para No.1719/2025-26/AMIS 2025_COM0000000145_F01826)***

5.2 Non-compliance with Environmental and Regulatory requirements in execution of transmission line projects

As per SRO 339(I)/2000, issued by the Ministry of Environment, Local Government and Rural Development on June 15, 2000, the Pakistan Environmental Protection Agency (Review of IEE and EIA) Regulations, 2000 prescribe that no proponent of a project listed in Schedule I or II shall commence construction or operation without prior submission and approval of an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA), respectively, as required under Regulations 3 and 4. Further, Schedule II, Serial No. 3 explicitly includes transmission lines (11 kV and above) and grid stations within the category of projects requiring an EIA. In addition, that proponents must comply with all approval conditions and submit an Environmental Management Plan (EMP) as part of project implementation to ensure adherence to environmental and regulatory standards.

During the audit of MEPCO for the financial year 2024-25, it was observed that 256 transmission line works (11 kV and above) amounting to Rs.4,863.85 million were completed under various development programmes up to the financial year 2024-25 **(Annexure-V)**. However, no evidence of compliance with the provisions of SRO 339(I)/2000, such as submission and approval of Environmental Impact Assessment (EIA) reports, Initial Environmental Examination (IEE), Environmental Management Plans (EMP), or requisite clearances/NOCs from the relevant environmental or local authorities was found on record. The absence of such documents indicated that works were sanctioned without fulfilling mandatory environmental and regulatory requirements prescribed for transmission line projects. The irregularity occurred due to weak internal oversight, lack of coordination with environmental authorities and non-enforcement of statutory compliance mechanisms by the Planning & Engineering Wing of MEPCO during project approval stage.

Non-adherence to Pakistan Environmental Protection Agency Regulations, 2000 resulted in non-compliance with Environmental and Regulatory requirements in execution of transmission line projects up to the financial year 2024-25.

The matter was taken up with the management in November, 2025 and reported to the Ministry in December, 2025. The management replied that

preparation of EIA, IEE, and EMP is a procedural requirement and gaps were identified in some ongoing projects. To address this, Environment Officers have been appointed and are being trained and their services will be utilized in all future projects to ensure full compliance with environmental regulations.

The DAC, in its meeting held on January 22-23, 2026, directed the management to conduct fact finding inquiry and submit its report to Audit within one month.

No further progress was intimated till finalization of the report.

Audit recommends implementation of DAC's decision.

(Draft Para No.1744/2025-26/AMIS 2025_COM0000000145_F01870)

CONCLUSION

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

Audit findings highlighted material deficiencies in weak Board oversight over Strategic Roadmap targets, absence of measurable KPIs & Internal Audit annual plan and non-compliance with PPRA Rules in procurement. Operational gaps such as unauthorized load extensions and weak anti-theft enforcement further highlight control deficiencies.

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

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

RECOMMENDATIONS

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

- Strengthen the governance role of the Board of Directors by instituting regular, structured monitoring of the Strategic Roadmap targets and ensuring timely corrective actions against deviations
- Develop and implement a comprehensive, measurable KPI-based performance framework across all directorates and operational units to enhance accountability, performance monitoring and responsibility fixation
- Complete physical verification, tagging, and reconciliation of all fixed assets and thereafter carry out asset revaluation using standardized, verifiable, and independently validated valuation methodologies
- Strengthen financial management by improving disclosures in financial statements, and formulating a clear plan to manage accumulated losses and negative equity
- Enhance procurement governance by ensuring strict compliance with PPRA Rules, avoiding tender splitting, post-bid price adjustments, acceptance of ineligible bidders, and awards at non-competitive or exorbitant rates
- Improve operational controls to curb unauthorized load extensions, electricity theft, wrong tariff application, and billing irregularities through enhanced monitoring, system controls, and enforcement mechanisms.
- Accelerate implementation of AMI meters and distribution network strengthening projects to improve loss control, data accuracy, and operational efficiency
- Strengthen internal audit and risk management functions to proactively identify control gaps, ensure compliance with laws and regulations, and support management in achieving sustainable performance improvements.

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Appendices

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Appendix – I

Audit Objectives

The objective of the audit was to provide an independent assessment of MEPCO'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 MEPCO's operational efficiency and achievement of performance targets, including reduction of T&D losses, recovery performance and procurement practices. 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 MEPCO's financial, governance, operational and procurement 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 two circles (Rahim Yar Khan & Sahiwal) 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

EXTRACTS OF FINANCIAL STATEMENTS

MULTAN ELECTRIC POWER COMPANY LIMITED
Balance Sheet for the Financial Years 2020-21 to 2024-25

Rs.in million

EQUITY AND LIABILITIES	**FY 2024-25**	**FY 2023-24**	**FY 2022-23**	**FY 2021-22**	**FY 2020-21**
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid up capital	10,823.64	10,823.64	10,823.64	10,823.64	10,823.64
Deposit for shares	87,018.47	67,728.62	61,508.55	49,639.66	24,684.35
Accumulated loss	-174,564.90	-173,710.98	-190,836.57	-147,180.14	-107,595.35
TOTAL EQUITY	**-76,722.79**	**-95,158.72**	**-118,504.38**	**-86,716.84**	**-72,087.37**
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term financing	6,455.38	5,181.11	5,751.93	6,633.77	7,529.18
Staff retirement benefits	177,138.70	163,919.56	137,742.13	108,696.74	88,975.50
Long term security deposits	16,113.39	14,604.38	13,593.75	12,453.36	11,395.51
Contract liabilities	31,145.59	33,002.56	38,552.74	33,955.08	29,123.36
Deferred credit	86,487.69	74,959.61	69,557.82	65,581.58	62,619.72
	317,340.76	**291,667.23**	**265,198.37**	**227,320.53**	**199,643.26**
CURRENT LIABILITIES					
Trade and other payables	139,472.62	172,766.04	168,917.29	192,312.65	164,106.95
Accrued mark-up	12,033.44	11,207.58	10,286.74	9,225.12	8,018.53
Current portion of long term financing	9,320.42	9,281.76	8,447.14	7,583.63	6,721.00
Provision for taxation	7,658.61	11,108.56	9,796.49	8,859.43	4,531.88
	168,485.10	**204,363.94**	**197,447.66**	**217,980.84**	**183,378.36**
TOTAL LIABILITIES	**485,825.86**	**496,031.16**	**462,646.03**	**445,301.36**	**383,021.62**
TOTAL EQUITY AND LIABILITIES	**409,103.07**	**400,872.44**	**344,141.65**	**358,584.52**	**310,934.25**
NON-CURRENT ASSETS					
Property, plant and equipment	170,032.30	154,508.45	139,984.14	129,412.96	123,160.37
Long term loans to employees	337.81	359.75	203.67	0.00	112.94
Long term deposits	0.05	0.05	0.05	120.43	0.05
	170,370.16	**154,868.25**	**140,187.86**	**129,533.39**	**123,273.36**
CURRENT ASSETS					
Stores and spare parts	9,926.05	14,014.54	8,463.44	8,778.30	5,738.77
Trade debts	48,719.01	55,934.59	45,142.13	94,417.54	40,357.65
Contract asset	15,499.28	34,660.73	19,927.18	0.00	0.00
Loans and advances	736.94	469.21	318.84	290.56	313.58
Other receivables	93,282.77	83,810.58	78,334.21	76,767.31	112,958.52
Advance income tax	6,115.14	5,923.38	4,614.08	3,143.06	521.46
Due from government	19,791.95	14,059.66	9,001.93	0.00	0.00
Sales Tax receiveable	0.00	0.00	0.00	7,327.08	3,955.55
Accrued interest	63.32	96.24	175.40	107.55	265.61
Short term investments	20,322.46	15,889.76	13,220.32	27,500.00	18,075.61
Cash and cash equivalents	24,275.98	21,145.51	24,756.25	10,719.68	5,474.13
	238,732.91	**246,004.19**	**203,953.79**	**229,051.09**	**187,660.89**
TOTAL ASSETS	**409,103.07**	**400,872.44**	**344,141.65**	**358,584.47**	**310,934.25**

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2025

Rs.in million

	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22	FY 2020-21
Sale of electricity – net	439,671.21	522,892.54	372,963.17	345,843.91	216,780.89
Tariff differential subsidies	84,390.61	74,716.95	77,811.46	70,283.94	72,382.51
	524,061.82	**597,609.49**	**450,774.63**	**416,127.85**	**289,163.41**
Cost of electricity	-469,003.26	-526,488.19	-438,573.96	-406,934.60	-248,523.08
Gross profit / (loss)	**55,058.56**	**71,121.30**	**12,200.67**	**9,193.25**	**40,640.33**
Amortization of deferred credit	4,314.52	3,915.15	3,660.01	3,366.50	3,147.94
	59,373.08	**75,036.45**	**15,860.68**	**12,559.74**	**43,788.26**
Distribution cost excluding depreciation	-51,394.73	-47,038.41	-37,109.25	-25,557.97	-27,668.74
Customer service cost	-6,854.05	-6,016.53	-5,020.54	-4,239.63	0.00
Depreciation on operating fixed assets	-7,487.55	-6,609.79	-6,182.41	-5,702.24	-5,457.34
Allowance for expected credit losses	-1,675.23	-2,770.02	-5,903.78	-420.55	-1,038.75
Total operating expenses	**-67,411.56**	**-62,434.74**	**-54,215.99**	**-35,920.38**	**-34,164.83**
Profit / (loss) from operations	**-8,038.48**	**12,601.70**	**-38,355.31**	**-23,360.64**	**9,623.44**
Other income	15,792.53	21,514.28	16,983.60	6,872.30	5,281.50
Finance cost / and other charges	-829.04	-924.86	-1,064.36	-1,998.54	-1,600.61
Profit / (loss) before levies and tax	**6,925.02**	**33,191.13**	**-22,436.07**	**-18,486.87**	**13,304.33**
Levies / Minimum tax differential	-1,105.35	-1,312.06	-937.06	-4,327.56	0.00
Profit / (loss) before income tax	**5,819.67**	**31,879.07**	**-23,373.13**	**-22,814.43**	**13,304.33**
Income tax	-561.93	-	-	-	-3,255.92
Profit / (loss) for the year	**5,257.74**	**31,879.07**	**-23,373.13**	**-22,814.43**	**10,048.41**

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before levies and income tax		6,925,018,855	33,191,132,499
Adjustments for Non-cash and other items			
Depreciation	16.3	7,487,549,805	6,609,793,844
Provision for staff retirement benefits	32	25,311,862,980	22,858,472,475
Amortization of deferred credit	12	(4,314,522,652)	(3,915,150,917)
Allowance for expected credit losses	22.1	1,675,233,168	2,770,015,384
Provision/(Reversal) for stores and spare parts	32	42,457,472	(245,652,245)
Provision for workers' profit participation fund	32	346,257,693	1,746,901,710
Impairment of capital work-in-progress	32	46,360,668	1,869,598
Profit on bank deposits and term deposit receipts	34	(5,685,876,296)	(7,727,225,856)
Contract liabilities transferred to other income	34	-	(4,294,490,404)
Finance cost	35	825,859,855	920,846,709
		32,660,201,548	51,916,512,797
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Stores and spare parts		4,046,027,440	(5,305,440,672)
Trade debts		5,540,344,326	(13,562,476,458)
Contract asset		19,161,447,222	(14,733,549,531)
Loans and advances		(267,732,545)	(150,366,342)
Other receivables		(9,472,189,907)	(5,476,362,459)
Sales tax receivable		191,084,663	(443,655,287)
Increase /(decrease) in trade and other payables		(14,349,827,490)	8,321,913,526
		4,849,153,709	(31,349,937,223)
Income taxes paid (including advance income tax)		(11,232,366,660)	(5,923,375,984)
Staff retirement benefits paid		(18,204,378,224)	(11,434,522,513)
		(29,436,744,884)	(17,357,898,497)
Net cash (used in) / generated from operating activities		8,072,610,373	3,208,677,077
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(23,570,132,908)	(21,135,971,225)
Short term investment made - Net		(5,940,000,000)	(960,000,000)
long term loans recovered / (disbursed) to employees - Net		21,943,380	(156,078,686)
Profit on bank deposits and term deposit receipts received		7,226,100,700	6,096,942,541
Net cash (used in) / generated from investing activities		(22,262,088,828)	(16,155,107,370)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,326,892,500	298,021,843
Repayment of long term financing		(13,960,281)	(34,218,310)
Consumers' security deposits received	10	1,509,010,705	1,010,632,370
Receipt against deposit works and connections		14,498,008,222	8,061,253,127
Net cash generated from financing activities		17,319,951,146	9,335,689,030
Net increase in cash and cash equivalents	(A+B+C)	3,130,472,691	(3,610,741,263)
Cash and cash equivalents at beginning of the year		21,145,506,921	24,756,248,184
Cash and cash equivalents at end of the year		24,275,979,612	21,145,506,921

The annexed notes, from 1 to 49, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER



DIRECTOR

MULTAN ELECTRIC POWER COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

	Note	SHARE CAPITAL	DEPOSIT FOR SHARES	ACCUMULATED LOSS	TOTAL EQUITY
		Rupees			
Balance as at July 01, 2023 - restated		10,823,636,048	61,508,552,556	(190,836,566,413)	(118,504,377,809)
Non-cash settlement against deposit for shares	7	-	6,220,069,283	-	6,220,069,283
Profit for the year		-	-	31,879,069,262	31,879,069,262
Other comprehensive loss for the year		-	-	(14,753,482,123)	(14,753,482,123)
Total comprehensive income for the year		-	-	17,125,587,139	17,125,587,139
Balance as at June 30, 2024		10,823,636,048	67,728,621,839	(173,710,979,274)	(95,158,721,387)
Balance as at July 01, 2024		**10,823,636,048**	**67,728,621,839**	**(173,710,979,274)**	**(95,158,721,387)**
Non-cash settlement against deposit for shares		-	19,289,844,711	-	19,289,844,711
Profit for the year		-	-	5,257,741,346	5,257,741,346
Other comprehensive loss for the year		-	-	(6,111,659,585)	(6,111,659,585)
Total comprehensive loss for the year		-	-	(853,918,239)	(853,918,239)
Balance as at June 30, 2025		10,823,636,048	87,018,466,550	(174,564,897,513)	(76,722,794,915)

The annexed notes, from 1 to 49, form an integral part of these financial statements.

Annexure-I
Para-3.3

STATEMENT SHOWING THE DETAILS OF TENDERS SCRAPED DURING THE YEAR 2024-25

Sr. No	Tender No	Tender Opening Date	Description	Units	Qty	Unit Estimated Price (Rs)	Total Estimated Cost (Rs)
1	PMU-01/2024-25	18.09.2024	145KV SF-6 Gas Circuit Breakers	Set	28	11,500,000	322,000,000
2	PMU-28/2024-25	11.02.2025	145KV SF-6 Gas Circuit Breakers	Set	28	-	-
3	PMU-33/24-25	03.06.2025	145 kV SF-6 Gas Circuit Breakers with SSS	Set	28	-	-
4	PMU-05/24-2025	18.09.2024	Type RP-3 (LOT-I)	No	19	3,275,450	62,233,550
			Type RP-4 (LOT-II)	No	16	3,595,500	57,528,000
5	PMU-08/24-25	10.09.2024	11KV Incoming Panel 25 KA 2500 A for 26 MVA	No	8	5,016,581	40,132,648
6	PMU-29/24-25	11.02.2025	11KV Incoming Panel 25 KA 2500 A for 26MVA	No	4	-	-
			132KV Metering Panel		2	-	-
7	PMU-10/24/2025	10.09.2024	11KV Station AC/DC Panel. (LOT-II)	No	5	1,697,045	8,485,225
8	PMU-11/24-25	10.09.2024	11 kV Outgoing Panel 25 KA 630 A	No	83	4,065,229	337,414,007
9	PMU-13/24-25	10.09.2024	11 kV Capacitor Units 200 kVAR	No	800	170,649	136,519,200
10	PMU-17/24-25	19.09.2024	132KV, 36MVAR Capacitor Banks (90x400KVAR) with Capacitor Racks, Foundation Bolts for Capacitor Racks with all allied accessories	Set	4	74,900,000	299,600,000
11	PMU-18/24-25	19.09.2024	132KV Circuit Breaker for 132KV Capacitor Banks with steel supporting structures and all allied accessories	No	4	33,500,000	134,000,000
12	PMU-19/24-25	19.09.2024	Control Panel (for 132KV Capacitor Banks)	No	1	1,950,000	1,950,000
			Relay Panel (for 132KV Capacitor Banks)	No	4	3,695,000	14,780,000
13	PMU-21/24-25	24.09.204	DC Supervision Relays (LOT-I)	No	46	63,800	2,934,800
			AC / DC Indication Block 110-220V, 8-Window (LOT-II)	No	10	52,800	528,000
			Distance Relays 110V DC, (LOT-III)	No	7	2,970,000	20,790,000
14	PMU-23/24-25	24.09.2024	Tower Type ZM-60 along-with Nuts & Bolts and all Allied Accessories without Stubs and Cleats	No	6	3,907,703	23,446,218
			Stubs with Cleats along with Nuts and Bolts and all Allied Accessories	Set	6	215,000	1,290,000
			Addl. Cross Arm for ZM-60	No	11	404,252	4,446,772

15	PMU-24/24-25	24.09.2024	Fresh power transformers oil	Ltr	100000	545	54,500,000
16	PMU-26/24-25	24.09.2024	Silica jell (Blue) (LOT-I)	Kg	800	1,980	1,584,000
			AB Powder for Fire Fighting equipment (LOT-II)	Pack	1525	715	1,090,375
			High voltage detector 02-35 KV (LOT-III)	No	15	63,800	957,000
			High voltage detector for 132KV (LOT-IV)	No	19	71,500	1,358,500
17	PMU-31/24-25	11.02.2025	Silica Jell (Blue) (LOT-I)	KG	800	-	-
			AB Powder for Fire Fighting Equipment (LOT-II)	Pack	420	-	-
			High Voltage Detector for 132 kV (LOT-III)	No.	14	-	-
18	PMU-27/24-25	24.09.2024	Thermovision / Infrared Gun (LOT-I)	No	4	488,400	1,953,600
			Widar Test set (LOT-II)	No	1	75,000	75,000
			Partial Discharge test set (LOT-III)	No	1	96,030	96,030
			Moisture Analyzer Test Set (LOT-IV)	No	2	450,000	900,000
			CT/PT Analyzer (LOT-V)	No	1	3,200,000	3,200,000
	Total:					**155,426,979**	**1,533,792,925**

(Source: Tender Correspondence File of MEPCO for the financial year 2024-25)

Annexure-II
Para-4.5

Anti-Theft Campaign

(Rs. in million)

Sr. No.	PDP No.	Tariff Description	Tarif Code	No of Consumers	Amount	Aging
1.	1771	Domestic A-1a (01)	01	8858	487.24	July, 2024 to Jun,2025
		Domestic A-1a (03)	03	03	0.95	
		Commercial A-2a (04)	04	16	0.79	
		Agri D-2(49)	49	05	1.06	
2.	1656	Domestic A-1a (01)	01	282	19.76	
		Commercial A-2a (04)	04	03	0.14	
		Street Light (72)	72	03	0.35	
3.	1476	Domestic A-1a (01)	01	2190	111.06	
		Domestic A-1a (02)	02	02	0.03	
		Commercial A-2a (04)	04	01	0.25	
		Total		**11363**	**621.63**	

(Source: MDI Consumer Data of MEPCO for the financial year 2024-25)

Annexure-III
Para-4.7

Inaccurate billing to consumers by applying load factor above 100%

Sr. No.	Name of Circle	No of consumer cases	Range of above 10o%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 under tariff category
1.	Multan	1551	100% to 1785%	20,572,446	3,524,070	17,048,376
2.	DG Khan	462		7,039,545	1,345,436	5,694,109
3.	Vehari	1226		16,001,157	2,179,891	13,821,266
4.	Bahawalpur	667		8,075,411	1,207,679	6,867,732
5.	R.Y Khan	1190		12,127,105	1,650,347	10,476,758
6.	Sahiwal	3457		38,727,142	4,870,466	33,856,676
7.	M/Garh	300		4,009,661	821,281	3,188,380
8.	Bahawalnagar	746		9,562,030	1,269,384	8,292,647
9.	Khanewal	628		9,320,157	1,492,525	7,827,632
	Total	**10227**		**125,434,654**	**18,361,079**	**107,073,576**

(Source: MIS Billing Data of MEPCO for the financial year 2024-25)

Sr. No.	Name of Circle	Consumer Category	Tariff Categ.	No of cons. cases	Range 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 under tariff category
1.	Multan	Time of use exceeding 5 kw	A-2(c)(06) T	972	100% to 1388%	8,145,006	1,327,213	6,817,793
2.	Multan	Industrial from 71kw to 500 kw	B-2b(12)T	46	101% to 237%	3,591,326	1,304,875	2,286,451
3.	Multan	Agricultural Tubwell	D-1(b) (50)	488	101% to 1785%	8,402,852	833,436	7,569,416
4.	Multan	TMP Domestic	E-1i(56)	45	101% to 255%	433,262	58,546	374,716
			Total	**1551**		**20,572,446**	**3,524,070**	**17,048,376**
1	D.G. Khan	Time of use exceeding 5 kw	A-2(c)(06) T	201	101% to 843%	2,035,845	375,337	1,660,508
2	D.G. Khan	Industrial from 71kw to 500 kw	B-2b(12)T	22	101% to 263%	1,313,150	561,487	751,663
3	D.G. Khan	Agricultural Tubwell	D-1(b) (50)	238	101% to 406%	3,684,239	407,882	3,276,357

4	D.G. Khan	TMP Domestic	E-1i(56)	1	101% to 172%	6,311	730	5,581
			Total	**462**		**7,039,545**	**1,345,436**	**5,694,109**
1	Vehari	Time of use exceeding 5 kw	A-2(c)(06) T	202	101% to 301%	1,600,123	309,885	1,290,238
2	Vehari	Industrial from 71kw to 500 kw	B-2b(12)T	14	101% to 203%	506,454	181,752	324,702
3	Vehari	Agricultural Tubwell	D-1(b) (50)	1003	101% to 681%	13,861,128	1,682,852	12,178,276
4	Vehari	TMP Domestic	E-1i(56)	7	101% to 181%	33,452	5,402	28,050
			Total	**1226**		**16,001,157**	**2,179,891**	**13,821,266**
1	B/Pur	Time of use exceeding 5 kw	A-2(c)(06) T	282	101% to 391%	1,965,772	358,156	1,607,616
2	B/Pur	Industrial from 71kw to 500 kw	B-2b(12)T	8	101% to 188%	405,039	181,405	223,634
3	B/Pur	Agricultural Tubwell	D-1(b) (50)	375	101% to 1038%	5,640,653	656,584	4,984,069
4	B/Pur	TMP Domestic	E-1i(56)	2	101% to 120%	63,947	11,534	52,413
			Total	**667**		**8,075,411**	**1,207,679**	**6,867,732**
1	Rahim Yar Khan	Time of use exceeding 5 kw	A-2(c)(06) T	351	101% to 982%	3,295,383	543,540	2,751,843
2	Rahim Yar Khan	Industrial from 71kw to 500 kw	B-2b(12)T	25	101% to 221%	505,053	196,961	308,092
3	Rahim Yar Khan	Agricultural Tubwell	D-1(b) (50)	814	101% to 625%	8,326,669	909,846	7,416,823
			Total	**1190**		**12,127,105**	**1,650,347**	**10,476,758**
1	Sahiwal	Time of use exceeding 5 kw	A-2(c)(06) T	254	101% to 562%	2,006,369	351,606	1,654,763
2	Sahiwal	Industrial from 71kw to 500 kw	B-2b(12)T	8	101% to 250%	536,107	205,495	330,612
3	Sahiwal	Agricultural Tubwell	D-1(b) (50)	3176	101% to 886%	35,990,835	4,295,115	31,695,720
4	Sahiwal	TMP Domestic	E-1i(56)	19	101% to 801%	193,831	18,250	175,581
			Total	**3457**		**38,727,142**	**4,870,466**	**33,856,676**

1	Muzaffargarh	Time of use exceeding 5 kw	A-2(c)(06)T	170	101% to 242%	1,552,459	298,973	1,253,486
2	Muzaffargarh	Industrial from 71kw to 500 kw	B-2b(12)T	19	101% to 141%	753,970	328,500	425,470
3	Muzaffargarh	Agricultural Tubwell	D-1(b)(50)	111	101% to 616%	1,703,232	193,808	1,509,424
			Total	**300**		**4,009,661**	**821,281**	**3,188,380**
1	B/Nager	Time of use exceeding 5 kw	A-2(c)(06)T	142	101% to 451%	1,182,042	237,231.75	944,810
2	B/Nager	Industrial from 71kw to 500 kw	B-2b(12)T	5	101% to 127%	373,601	165,017	208,585
3	B/Nager	Agricultural Tubwell	D-1(b)(50)	599	101% to 825%	8,006,387	867,135	7,139,252
			Total	**746**		**9,562,030**	**1,269,384**	**8,292,647**
1	Khanewal	Time of use exceeding 5 kw	A-2(c)(06)T	139	101% to 400%	1,227,379	219,000	1,008,379
2	Khanewal	Industrial from 71kw to 500 kw	B-2b(12)T	14	101% to 160%	1,085,925	451,268	634,657
3	Khanewal	Agricultural Tubwell	D-1(b)(50)	475	101% to 477%	7,006,853	822,257	6,184,596
			Total	**628**		**9,320,157**	**1,492,525**	**7,827,632**

(Source: MIS Billing Data of MEPCO for the financial year 2024-25)

Annexure-IV
Para-4.9

TOTAL UNITS CREDITED TO ALL ADJUSTMENT TYPES

(units and Rs.in million)

Sr. No.	Formation	Period	No. of Cases	Units Credited	Amount Credited
1.	CEO MEPCO	July, 2024 to June, 2025	11,333	32.143	1,800.259
2.	Manager (Op) R. Y. Khan Circle	July, 2022 to June, 2025	29,949	18.037	750.588
3.	Manager (Op) Sahiwal Circle	July, 2022 to June, 2025	8212	6.809	284.051
			49,494	**56.989**	**2,834.898**

(Source: MIS Consumer Data of MEPCO for the financial year 2024-25)

Annexure-V
Para-5.2

NON-COMPLIANCE WITH ENVIRONMENTAL AND REGULATORY REQUIREMENTS IN EXECUTION OF TRANSMISSION LINE PROJECTS

Sr. No.	Name of Circle	Scheme Progress	Total No. of Schemes	Total Amount (Rs in million)
1.	Bahawalnagar	HT Feeders	16	355.01
2.	Bahawalpur	HT Feeders	22	366.93
3.	D.G. Khan	HT Feeders	16	260.29
4.	Khanewal	HT Feeders	16	317.21
5.	Muzaffargarh	HT Feeders	45	517.33
6.	Multan	HT Feeders	25	794.04
7.	R. Y. Khan	HT Feeders	49	896.77
8.	Sahiwal	HT Feeders	28	809.30
9.	Vehari	HT Feeders	39	546.97
Total			**256**	**4,863.85**

(Source: HT Feeders Data of MEPCO for the financial year 2024-25)

Appendix-III

List of MFDAC Paras in respect of Multan Electric Power Company (MEPCO) for the financial year 2024-25 (Audit Report 2025-25)

Sr. No.	Formation	PDP No.	Subject
1	CE PMU & PD GSC MEPCO, Multan	682/2025-26	Deviation from Inspection Clause Resulting in Undue Favor to Suppliers
2	CE PMU & PD GSC MEPCO, Multan	684/2025-26	Inefficient and Contradictory Evaluation by Technical Committee Affected Procurement Transparency
3	CE PMU & PD GSC MEPCO, Multan	686/2025-26	Failure to enforce risk and cost clause resulting in undue favour to contractor, project delays, and financial exposure – Rs. 15.22 million"
4	CE PMU & PD GSC MEPCO, Multan	687/2025-26	Non-completion of work by contractor amounting to Rs. 51.81 million
5	CE PMU & PD GSC MEPCO, Multan	688/2025-26	Non-Return of serviceable material to MEPCO ware house worth Rs.5.73 million (approx.)
6	CE PMU & PD GSC MEPCO, Multan	689/2025-26	Unjustified payment of civil works due to absence of civil engineering vetting – Rs. 230.86 million
7	CE PMU & PD GSC MEPCO, Multan	690/2025-26	Irregular award of contract to single bidder without rate reasonableness -Rs. 6.08 million
8	CE PMU & PD GSC MEPCO, Multan	691/2025-26	Non-achievement of envisaged benefits of project due to managerial deficiencies Rs.50.08 million
9	CE PMU & PD GSC MEPCO, Multan	692/2025-26	Non-Completion of Deposit Works Amounting to Rs.2,074.36 million in Violation of NEPRA Guidelines
10	CE PMU & PD GSC MEPCO, Multan	693/2025-26	Premature structural failure due to substandard construction – Rs. 19.68 million
11	CE PMU & PD GSC MEPCO, Multan	694/2025-26	Underutilization of NEPRA-approved STG investment under Multi-Year Tariff (MYT) 2021–2025 hampering system rehabilitation and expansion – Rs.1,891 million
12	CE PMU & PD GSC MEPCO, Multan	855/2025-26	Unjustified Bid Validity Extensions and Post-bid validity Price Revision in award of contract Rs. 853.14 million
13	CE PMU & PD GSC MEPCO, Multan	858/2025-26	Non-deduction and non-remittance of Punjab Sales Tax on services rendered by PPMCL — Rs. 3.14 million
14	M (OP) Rahim Yar Khan Circle, MEPCO	1477/2025-26	Unjustified credited balances of un-registered (888) consumers - Rs.0.869 million
15	M (OP) Rahim Yar Khan Circle, MEPCO	1479/2025-26	Non-transferring of adjusted security deposit of dead defaulters to revenue account Rs.10.40 million
16	M (OP) Rahim Yar Khan Circle, MEPCO	1480/2025-26	Non-updation of security amounts in consumer account/profile
17	M (OP) Rahim Yar Khan Circle, MEPCO	1481/2025-26	Non-capitalization of cost of consumer's self purchased transformer into books of account - Rs.39.90 million
18	M (OP) Rahim Yar Khan Circle, MEPCO	1482/2025-26	Non-maintenance of a separate bank account for deposit of rehabilitation charges Rs.5.57 million
19	M (OP) Rahim Yar Khan Circle, MEPCO	1483/2025-26	Non-return of dismantled / healthy distribution transformers to store – Rs.2.44 million
20	M (OP) Rahim Yar Khan Circle, MEPCO	1484/2025-26	Loss due to non-recovery cost of shortage copper found in damaged transformers – Rs.1.36 million
21	M (OP) Rahim Yar Khan Circle, MEPCO	1485/2025-26	Loss of revenue due to long duration electrical interruptions on feeders - Rs.137.05 million
22	M (OP) Rahim Yar Khan Circle, MEPCO	1486/2025-26	Non-completion of renovation / chain augmentation works - Rs.818.46 million

23	M (OP) Rahim Yar Khan Circle, MEPCO	1487/2025-26	Unjustified Waiving Off Late Payment Surcharge (LPS) to Consumers Deprived MEPCO from its due earning – Rs.12.17 million
24	M (OP) Rahim Yar Khan Circle, MEPCO	1488/2025-26	Less recovery of rehabilitation charges from consumers - Rs.2.22 million
25	M (OP) Rahim Yar Khan Circle, MEPCO	1489/2025-26	Blocked recovery of energy charges from disconnected consumers due to non-decision of deferred amount by department & court - Rs.57.14 million
26	M (OP) Rahim Yar Khan Circle, MEPCO	1490/2025-26	Energy losses on independent feeders beyond permissible limit - Rs.4.6 million
27	M (OP) Rahim Yar Khan Circle, MEPCO	1491/2025-26	Loss due to damages of distribution transformers – Rs.196.42 million
28	M (OP) Rahim Yar Khan Circle, MEPCO	1493/2025-26	Loss due to theft of material - Rs.0.350 million
29	M (OP) Rahim Yar Khan Circle, MEPCO	1494/2025-26	Non-recovery of pending units pointed out data retrieval reports by M&T - Rs.246.37 million
30	M (OP) Rahim Yar Khan Circle, MEPCO	1495/2025-26	Revenue loss due to abnormal line losses on feeders beyond permissible limit by NEPRA - Rs.13,355.70 million
31	M (OP) Rahim Yar Khan Circle, MEPCO	1500/2025-26	Non-removal of electrical equipment and non-recovery of arrears – Rs.573.99 million
32	M (OP) Sahiwal Circle, MEPCO	1657/2025-26	Unjustified credited balances of un-registered (888) consumers - Rs.0.42 million
33	M (OP) Sahiwal Circle, MEPCO	1659/2025-26	Non-transferring of adjusted security deposit of dead defaulters to revenue account Rs.13.18 million
34	M (OP) Sahiwal Circle, MEPCO	1660/2025-26	Non-updation of security amounts in consumer account/profile
35	M (OP) Sahiwal Circle, MEPCO	1661/2025-26	Non-capitalization of cost of consumer's self purchased transformer into books of account - Rs.17.95 million
36	M (OP) Sahiwal Circle, MEPCO	1662/2025-26	Non-maintenance/transferred of rehabilitation charges in separate bank account Rs.2.71 million
37	M (OP) Sahiwal Circle, MEPCO	1663/2025-26	Non-return of dismantled / healthy distribution transformers to store – Rs.1.35 million
38	M (OP) Sahiwal Circle, MEPCO	1664/2025-26	Loss of revenue due to long duration electrical interruptions on feeders Rs.55.98 million
39	M (OP) Sahiwal Circle, MEPCO	1665/2025-26	Non-completion of renovation / chain augmentation works - Rs.760.77 million
40	M (OP) Sahiwal Circle, MEPCO	1666/2025-26	Less recovery of rehabilitation charges from consumers - Rs.0.68 million
41	M (OP) Sahiwal Circle, MEPCO	1667/2025-26	Blocked recovery of energy charges from disconnected consumers due to non-decision of deferred amount by department & court - Rs.321.96 million
42	M (OP) Sahiwal Circle, MEPCO	1668/2025-26	Energy losses on independent feeders beyond permissible limit - Rs.17.97 million
43	M (OP) Sahiwal Circle, MEPCO	1671/2025-26	Revenue loss due to abnormal line losses on feeders beyond permissible limit by NEPRA - Rs.3,306.74 million
44	M (OP) Sahiwal Circle, MEPCO	1672/2025-26	Loss due to non-recovery cost of shortage copper found in damaged transformers - Rs.3.68 million
45	M (OP) Sahiwal Circle, MEPCO	1673/2025-26	Loss due to damages of distribution transformers – Rs.183.88 million
46	M (OP) Sahiwal Circle, MEPCO	1677/2025-26	Non-recovery of pending units pointed out during data retrieval reports by M&T Rs.165.89 million
47	M (OP) Sahiwal Circle, MEPCO	1678/2025-26	Non-removal of electrical equipment and non-recovery of arrears – Rs.308.64 million
48	M (OP) Sahiwal Circle, MEPCO	1679/2025-26	Unjustified Waiving Off Late Payment Surcharge (LPS) to Consumers Deprived MEPCO from its due earning – Rs.4.45 million
49	CEO MEPCO	1680/2025-26	Irregular award of contract at rate reduced after opening of bids

50	CEO MEPCO	1681/2025-26	Non-execution of Procurement Plan for Distribution Material – Rs.8,605.14 million
51	CEO MEPCO	1682/2025-26	Irregular procurement of material from blacklisting supplier – Rs.57.71 million
52	CEO MEPCO	1683/2025-26	Non-recovery of liquidated damages from the supplier - Rs.43.42 million
53	CEO MEPCO	1684/2025-26	Irregular procurement of electrical material from single bidders - Rs.157.63 million
54	CEO MEPCO	1687/2025-26	Non-refund of savings to sponsoring agencies against deposit works - Rs.549.89 million
55	CEO MEPCO	1688/2025-26	Irregular Booking/Charging of Overhead to SDG Schemes - Rs.649.20 million
56	CEO MEPCO	1689/2025-26	Irregular excess charging of overheads to works - Rs.883.04 million
57	CEO MEPCO	1692/2025-26	Non-forfeiture of performance guarantee due to non-receipt of material – Rs.5.98 million
58	CEO MEPCO	1693/2025-26	Significant consumer refunds resulting from revision of incorrect readings and detection charges - Rs.4,429.40 million
59	CEO MEPCO	1694/2025-26	Unjustified credited balances of un-registered (888) consumers - Rs.2.03 million
60	CEO MEPCO	1696/2025-26	Non-transferring of adjusted security deposit of dead defaulters to revenue account - Rs.69.22 million
61	CEO MEPCO	1697/2025-26	Non-updation of security amounts in consumer account/profile
62	CEO MEPCO	1699/2025-26	Loss due to less remittance of electricity bills in MEPCO's main accounts by banks – Rs.24.50 million
63	CEO MEPCO	1700/2025-26	Irregular award of work orders due to non-submission of Performance Guarantee – Rs.20.39 million
64	CEO MEPCO	1701/2025-26	Non-achievement of envisaged benefits on bifurcation of 11kv feeders under DOP/ELR head - Rs.135.57 million
65	CEO MEPCO	1702/2025-26	Irregular excessive charging of 2% contingent/service charges to consumers of industrial, shopping plazas and electrification Schemes - Rs.3.09 million
66	CEO MEPCO	1703/2025-26	Non-mutation of 3,545.04 Kanal land in the name of MEPCO
67	CEO MEPCO	1705/2025-26	Loss due to theft of electrical material - Rs.17.86 million
68	CEO MEPCO	1706/2025-26	Loss due to shortage of electrical material and non-accountal of surplus material -Rs.6.75 million
69	CEO MEPCO	1707/2025-26	Loss due to non-replacement/repair of transformers and energy meters damaged under warranty period – Rs.5.77 million
70	CEO MEPCO	1708/2025-26	Loss of revenue due to long duration electrical interruptions on feeders - Rs.345.54 million
71	CEO MEPCO	1710/2025-26	Overstatement of revenue collection due to non-reversal of duplicate cash posting in consumer account - Rs.2.73 million
72	CEO MEPCO	1711/2025-26	Irregular positing of scroll in advance without actual receipt in MEPCO Collection Account - Rs.5.00 million
73	CEO MEPCO	1712/2025-26	Revenue loss due non-charging of 344341 units difference of billing and back up meter - Rs.17.45 million
74	CEO MEPCO	1713/2025-26	Blockage of funds due to non-completion of HT/LT Proposals - Rs.2,405.61 million
75	CEO MEPCO	1714/2025-26	Non-disposal of unserviceable material / dirty oil - Rs.134.39 million
76	CEO MEPCO	1715/2025-26	Shifting the burden of capacity purchase price of net metering consumers to non-net metering consumers -Rs.10,582.96 million
77	CEO MEPCO	1716/2025-26	Non recovery of Use of System Charges (UoSc) from net metering consumers- Rs.273.85 million
78	CEO MEPCO	1721/2025-26	Non-adjustment of security deposits against the arrears of Permanent Disconnected consumers - Rs.3.16 million

79	CEO MEPCO	1723/2025-26	Non-recovery of cost of shortage copper found in damaged transformers Rs.29.06 million
80	CEO MEPCO	1724/2025-26	Non-recovery of pending units from consumers pointed out by S&I - Rs.38.13 million
81	CEO MEPCO	1725/2025-26	Non-settlement of accounts balances with DISCOs, GENCOs, NTDC & CPPA-G - Rs.99,053.91 million
82	CEO MEPCO	1726/2025-26	Non-finalization of disciplinary cases of employees
83	CEO MEPCO	1729/2025-26	Non-finalization of inquiries on complaints against officers of MEPCO
84	CEO MEPCO	1732/2025-26	Blocked recovery of energy charges from disconnected consumers due to non-decision of deferred amount by department & court - Rs.3,972.35 million
85	CEO MEPCO	1733/2025-26	Award of purchase order at post bid reduced rates – Rs.579.78 million
86	CEO MEPCO	1734/2025-26	Recycling of Mixed HT/LT Damaged Copper Winding Scrap into new Enameled Copper Wires of various sizes at higher rates - Rs.1.81 million
87	CEO MEPCO	1735/2025-26	Placing of purchase orders to single bidders at post bid reduced rates – Rs.374.07 million
88	CEO MEPCO	1736/2025-26	Recoverable amount from B-3 industrial consumer – Rs.32.33 million
89	CEO MEPCO	1738/2025-26	Non-conducting of physical verification of stock held at Regional Store, Sahiwal Rs.686.08 million
90	CEO MEPCO	1739/2025-26	Non-implementation of equipment removal orders (EROs) and ineffective recovery of outstanding receivables from defaulting consumers - Rs.1,279.06 million
91	CEO MEPCO	1740/2025-26	Loss due to damages of distribution transformers – Rs.140.68 million
92	CEO MEPCO	1742/2025-26	Grant of additional charge of the post of Deputy Chief Auditor MEPCO to Deputy Commercial Manager
93	CEO MEPCO	1743/2025-26	Non-disposal of unserviceable material - Rs.104.74 million
94	CEO MEPCO	1745/2025-26	Non-utilization of funds of Civil Works budget - Rs.73.27 million
95	CEO MEPCO	1747/2025-26	Non-utilization of electrical material under USAID – Rs.217.23 million
96	CEO MEPCO	1748/2025-26	Non-posting of MRNs due to delay in checking by M&T – Rs.1.38 million
97	CEO MEPCO	1749/2025-26	Non-conducting of inquiry regarding allegations of misappropriation of material
98	CEO MEPCO	1751/2025-26	Non-adjustment of longstanding retention money of contractors / suppliers Rs.3.61 million
99	CEO MEPCO	1753/2025-26	Non-conducting of inquiry on account of excess-billing to MEPCO by the small power producers
100	CEO MEPCO	1772/2025-26	Non-finalization of report regarding misappropriation of MEPCO material found during technical raid conducted by FIA at private Workshop – Rs.2.67 million
101	CE PMU & PD GSC MEPCO, Multan	1984/2025-26	Capitalization of work without verification and consultant approval -Rs. 3,115.28 million