HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hyderabad Electric Supply Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Hyderabad Electric Supply Company Limited** (the Company), which comprise of the statement of financial position as at 30 June 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis of Qualified Opinion section of the report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2025 and of its loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

a. Property and equipment include operating fixed assets having net book value of Rs.31,850.327 million in respect of which, we noted that the fixed assets register maintained by the Company does not include all particulars including location of an assets as prescribed in TR-6 issued by The Institute of Chartered Accountants of Pakistan.

   Furthermore, we also noted that the management does not carry out a formal review for impairment assessment on operating fixed assets and capital work in progress as required by IAS 36. Furthermore, an exercise to physically verify the Company's property and equipment has not been performed since the formation of the Company in 1998. In absence of such details, impairment assessment and physical verification of the Company's property and equipment, we were not able to ensure the appropriate basis to determine the net book value and related depreciation of these assets and impairment, if any, on operating fixed assets and capital work in progress. Therefore, we were unable to determine whether any adjustments to these amounts were necessary;

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b. As disclosed in Note 20.1 and 20.2 to the financial statements, the Company has receivable balance of Rs. 1,648.309 million from its associated company Sukkur Electric Power Company Limited (SEPCO) as at 30 June 2025. Capital work-in-progress amounting to Rs. 1,367 million was transferred to SEPCO in December 2012 in compliance with the Supplementary Business Transfer Agreement (SBTA) between the Company and SEPCO dated 26 December 2012. Out of total stated amount, projects valuing Rs. 927.521 million were not acknowledged by SEPCO. Additionally, Capital work-in-progress and materials amounting to Rs. 1,756.132 million have been transferred to SEPCO during the year ended 30 June 2018, However SEPCO have confirmed acceptance of Rs. 993.123 million only whereas the balance of Rs. 763.009 million was not acknowledged to be paid by SEPCO. Therefore, these balances appear to be irrecoverable but no allowance for expected credit losses have been maintained in the books of the Company against receivable from SEPCO. As further mentioned in note 1.2 to the financial statement's further adjustments for the transfer of business under SBTA between these two companies were to be incorporated up to 30 June 2013 which is yet to be closed. Furthermore, in prior years, the Company and SEPCO jointly engaged independent consultant to identify and determine the adjustments to be incorporated in the books of both companies on account of capital work carried in the jurisdiction of SEPCO by the Company under the 'Transmission Enhancement and Distribution Improvement Program' funded by Asian Development Bank (Note 6). We have not been furnished with the status update on the matter nor with the consultant's final report thereof. In view of the pending determination of adjustments by consultant, non-closure of SBTA and non-confirmation by SEPCO of the transferred/outstanding balance, we were not able to determine the amount of possible adjustments that may be required in the financial statements;

c. As disclosed in Note 23 to the financial statements, cash and bank balances include Rs. 4,152.511 million relating to Pakistan Post Office (PPO) and Rs. 419.734 million relating to other divisions. During the audit, a balance confirmation of Rs. 247.169 million was received from PPO. Although management provided a reconciliation of the difference, an amount of Rs. 2,263.551 million remained unreconciled after our verification. In addition, in respect of Rs. 419.734 million relating to other divisions, management did not provide bank statements, reconciliations, or balance confirmations.

Furthermore, management was unable to provide sufficient supporting documentation or other appropriate audit evidence for the aforementioned bank balances. Consequently, we were unable to obtain sufficient appropriate audit evidence regarding the existence, accuracy, and completeness of the related cash and bank balances.

d. As disclosed in Note 8.1 to the financial statements, the Company reported a liability amounting to Rs. 3,685.558 million on account of receipts against connections. The Company does not maintain a consumer-wise breakup of this liability. In the absence of sufficient and appropriate audit evidence, including the inability to perform alternative procedures to verify the balance as of reporting date and the amounts required to be transferred to "Deferred Credit" for completed jobs, we were unable to determine whether any adjustments to the liability or related accounts were necessary.

e. As disclosed in Note 17 to the financial statements, the Company maintains inventory records through its Materials Balance (MBAL) system. During our attendance at the annual physical inventory count as at 1 July 2025 and subsequent audit procedures, significant discrepancies were identified between physical inventory quantities and MBAL records. Based on our test counts and extrapolation, inventory shortages and excesses of approximately Rs. 1,500.129 million and Rs. 1,280.021 million, respectively, were noted. Management has neither completed a comprehensive reconciliation of these differences nor recorded the related adjustments in the financial statements.

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Accordingly, we were unable to determine whether any adjustments were necessary to inventory balances and the related impact on property, plant and equipment, repair and maintenance expenses, and other related balances as at and for the year ended 30 June 2025.

f. As mentioned in Note 13.2(iv) under the head "Other Matter" to the financial statements, management has disclosed contingencies related to legal cases in respect of which we were unable to obtain sufficient and appropriate audit evidence. Furthermore, management has not disclosed certain cases relating to proceedings initiated by the National Electric Power Regulatory Authority (NEPRA) pending before the Islamabad High Court. Consequently, we were unable to assess the completeness and accuracy of the related disclosures or determine whether any adjustments or additional disclosures are required in the financial statements;and

g. As a significant period has lapsed between the date of statement of financial position and our reporting date, a complete review of subsequent events was not possible. Accordingly, we remained unable to determine the effect of subsequent events, if any, on the financial statements.

Material uncertainty relating to going concern

We draw attention of the members to note 1.1 to the financial statements which indicates, that the Company incurred a net loss after tax of Rs. 68,935.883 million during the year, leaving a negative equity of Rs. 396,357.169 million. The current liabilities of the Company on the balance sheet date exceeded its current assets by Rs. 298,797.401 million.Furthermore, the Company sustained 27.80% Transmission & Dispatch (T&D) losses during the year,These conditions, along with other matters as set forth in such note, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the enclosed financial statements have been prepared on going concern basis for the reasons and mitigating factors mentioned in aforesaid note.

Emphasis of Matter

We draw attention to the following matters, in respect of which our opinion is not modified:

a) Note 1 of the financial statements explains pending closure of Business Transfer Agreement dated June 29, 1998 and Supplementary Business Transfer Agreement dated 30 June 2004 due to pending transfer of legal title of leasehold land transferred from Pakistan Water and Power Development Authority (WAPDA) in the name of the Company, further the Company has not so far carried out fair valuation exercise of assets required under the Companies (Further Issue of Shares) Regulations, 2020 for issuance of shares in consideration other than cash.

b) Note 13.1 to 13.2 {(i) to (iii)} to the financial statements, discloses the contingencies pending for resolution and the management's assessment of the favorable outcome thereof. Accordingly, no provisions for the same have been made in the financial statements.

c) Note 1.2 to the financial statements describes that the SEPCO has transferred Bhan sub-division and Dolatpur subdivision to HESCO. The agreement effective from April 30, 2023 states that SEPCO will transfer assets, liabilities and employees of the Bhan Saeed abad sub-division and Dolatpur subdivision to HESCO. However, only receivables amounting to Rs. 3,821.377 million and employees have been transferred related to Bhan Sub division and assets amounting Rs. 38.351 million transferred related to Dolatpur subdivision and other related adjustments are yet to be incorporated; and

d) Note 10.1 to the financial statements, interest on workers profit participation fund amounting to Rs. 425.987 million was not accounted for by the Company. Moreover, Workers profit participation fund of previous years along with related interest was not paid to the workers due to pending decision of Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For the matters described in the Basis for Qualified Opinion section above, we conclude that the other information is also materially misstated with respect those matters.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act 2023) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the matters described in the Basis for Qualified Opinion section, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and the SOE Act, 2023 are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.

Crowe Hussain Ch.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 24 July 2026

UDIN: AR202510207uqxj2sg6e

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025	2024
		---------- Rupees ----------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
5,000 (2024: 5,000) million ordinary shares of Rs. 10 each		**50,000,000,000**	50,000,000,000
Issued, subscribed and paid up share capital	3	**10,000**	10,000
Accumulated loss		**(622,213,813,932)**	(547,658,805,044)
		(622,213,803,932)	(547,658,795,044)
Deposit for issuance of shares	4	**225,856,634,937**	159,175,421,168
TOTAL EQUITY		**(396,357,168,995)**	(388,483,373,876)
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred credit	5	**24,041,989,790**	23,837,382,614
Long term financing	6	**6,120,251,813**	4,808,182,450
Consumers' security deposits	7	**3,370,801,204**	3,089,049,742
Receipt against deposit works and connections	8	**8,420,818,455**	5,215,258,913
Staff retirement benefits	9	**118,201,711,757**	102,977,390,835
		160,155,573,019	139,927,264,554
CURRENT LIABILITIES			
Trade and other payables	10	**11,293,555,902**	13,877,511,125
Due to associated undertakings	11	**367,262,701,319**	370,022,339,216
Accrued mark-up - long term financing	12	**15,873,060,368**	14,589,939,736
Current and overdue portion of long term financing	6	**4,845,992,699**	4,799,708,112
		399,275,310,288	403,289,498,189
TOTAL LIABILITIES		**559,430,883,307**	543,216,762,743
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		**163,073,714,312**	154,733,388,867
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	14	**62,952,954,565**	55,139,888,772
Long term loans	15	**-**	-
Long term deposits	16	**-**	259,150,000
		62,952,954,565	55,399,038,772
CURRENT ASSETS			
Stores and spares	17	**12,357,596,651**	11,160,502,139
Trade debts	18	**19,970,088,671**	28,720,801,878
Loans and advances	19	**309,526,019**	166,717,496
Due from associated undertakings	20	**12,180,641,232**	11,045,162,959
Receivable from Government of Pakistan	21	**38,062,297,469**	29,790,310,732
Other receivables	22	**-**	1,177,664,701
Advance income tax - net		**555,945,401**	772,557,145
Accrued mark up		**140,456,107**	122,953,422
Bank balances	23	**16,544,208,197**	16,377,679,623
		100,120,759,747	99,334,350,095
TOTAL ASSETS		**163,073,714,312**	154,733,388,867

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		---------- Rupees ----------	
Electricity sales - net	24	**111,498,576,642**	117,071,114,944
Subsidies from Government of Pakistan	25	**72,981,385,090**	54,353,748,403
		184,479,961,732	171,424,863,347
Cost of electricity	26	**(165,874,328,603)**	(169,054,118,122)
Gross Profit		**18,605,633,129**	2,370,745,225
Amortization of deferred credit	5	**871,989,267**	867,347,472
Gross profit before operating expenses		**19,477,622,396**	3,238,092,697
Operating expenses excluding depreciation	27	**(26,140,374,018)**	(25,301,412,968)
Depreciation on operating fixed assets	14.1	**(1,512,314,059)**	(1,411,251,930)
Provision for doubtful debts	18.4 & 22.2.1	**(34,455,829,624)**	(37,586,530,467)
Provision for doubtful subsidies		**(20,795,729,413)**	(10,527,929,568)
Provision for slow moving stock	17.1	**(225,775,409)**	-
Other income	28	**3,528,716,120**	4,347,262,370
		(79,601,306,403)	(70,479,862,563)
Operating loss		**(60,123,684,007)**	(67,241,769,866)
Finance cost	29	**(3,682,010,788)**	(3,880,677,119)
Loss before levy and Taxation		**(63,805,694,795)**	(71,122,446,985)
Levy	30	**(5,130,187,904)**	(2,024,267,284)
Loss before taxation		**(68,935,882,699)**	(73,146,714,269)
Taxation		-	-
Net Loss for the Year		**(68,935,882,699)**	(73,146,714,269)
Loss per share			
- Basic	31	**(68,935,883)**	(73,146,714)
- Diluted		**(3.05)**	(4.60)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

HYDERABAD ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025	2024
		---------- Rupees ----------	
Loss after taxation		**(68,935,882,699)**	(73,146,714,269)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurement of post retirement benefits obligation	9.3	**(5,619,126,189)**	(1,584,747,536)
Total comprehensive loss for the year		**(74,555,008,888)**	(74,731,461,805)

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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

	Share capital	Accumulated loss	Deposit for issuance of shares	Total
	---------- Rupees ----------			
Balance as at June 30, 2023	10,000	(472,927,343,239)	142,615,518,518	(330,311,814,721)
Comprehensive loss for the year				
Loss for the year ended June 30, 2024	-	(73,146,714,269)	-	(73,146,714,269)
Other comprehensive loss	-	(1,584,747,536)	-	(1,584,747,536)
Non-cash settlement against deposit for shares	-	-	16,559,902,650	16,559,902,650
Total comprehensive loss for the year	-	(74,731,461,805)	16,559,902,650	(58,171,559,155)
Balance as at June 30, 2024	10,000	(547,658,805,044)	159,175,421,168	(388,483,373,876)
Comprehensive loss for the year				
Loss for the year ended June 30, 2025	-	**(68,935,882,699)**	-	**(68,935,882,699)**
Other comprehensive loss	-	**(5,619,126,189)**	-	**(5,619,126,189)**
Non-cash settlement against deposit for shares	-	-	**66,681,213,769**	**66,681,213,769**
Total comprehensive loss for the year	-	**(74,555,008,888)**	**66,681,213,769**	**(7,873,795,119)**
Balance as at June 30, 2025	**10,000**	**(622,213,813,932)**	**225,856,634,937**	**(396,357,168,995)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Note	2025	2024
		---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	32	**15,749,360,462**	10,411,948,645
Staff retirement benefits paid		**(5,607,138,626)**	(4,507,965,382)
Finance cost paid		**(2,398,890,156)**	(2,351,871,802)
Income tax paid		**(4,913,576,160)**	(1,526,355,232)
Net cash generated from operating activities		**2,829,755,520**	2,025,756,229
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		**(4,315,611,016)**	(3,628,343,864)
Additions in capital work in progress		**(5,009,768,836)**	(2,154,778,920)
Profit on bank deposits received		**480,692,442**	509,257,046
Long term deposits		**259,150,000**	-
Deferred credit		**204,607,176**	1,372,459,174
Net cash used in investing activities		**(8,380,930,234)**	(3,901,406,564)
CASH FLOWS FROM FINANCING ACTIVITIES			
Consumers' security deposits		**281,751,462**	183,295,100
Long term financing		**1,358,353,950**	1,905,238,398
Receipt against deposit works and connections		**4,077,597,876**	1,659,910,064
Net cash flow generated from financing activities		**5,717,703,288**	3,748,443,562
Net increase in cash and cash equivalents		**166,528,574**	1,872,793,227
Cash and cash equivalents at beginning of the year		**16,377,679,623**	14,504,886,396
Cash and cash equivalents at end of the year		**16,544,208,197**	16,377,679,623

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

Hyderabad Electric Supply Company Limited ("the Company") was incorporated in Pakistan as a public limited Company on April 23, 1998 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and commenced commercial operations on July 01, 1998. The Company was established to take over all the properties, rights, assets, obligations and liabilities of Hyderabad Area Electricity Board ("HAEB") owned by Pakistan Water and Power Development Authority ("WAPDA") and such other assets and liabilities as agreed in the Business transfer Agreement "BTA" dated June 29, 1998 and further amended by Supplementary Business Transfer Agreement "SBTA" dated 30 June 2004. The SBTA will be closed on issuance of ordinary shares to WAPDA in consideration of net worth of assets transferred to the Company. However, such shares could not be issued so far due to pending (i) transfer of legal title of leasehold land from WAPDA to the name of the Company as disclosed in note 14.1 to the financial statements and (ii) fair valuation exercise of assets required under rule 8 of the Company Issue of Capital Rules, 1996 for issuance of shares in consideration other than cash.

The Company has obtained distribution license from National Electric Power Regulatory Authority (NEPRA). The Company is principally engaged in the distribution of electric energy to different categories of consumers in its licensed areas under the Electricity Act, 1910 and National Electric Power Regulatory Authority Act, 1997, as amended.

Head Office:

The registered office of the Company is situated at WAPDA House, Shahra-e-Quaid-e-Azam, Lahore in the province of Punjab. However principal place of business of the Company is located at WAPDA Office Complex, Hussainabad, Hyderabad in the province of Sindh.

Other Offices:

The Company have various 132-KV, 66-KV, 33 KV and 11KV grid stations along with other offices located in 12 districts of Province of Sindh including Hyderabad, Tando Allayar, Digri, Mirpurkhas, Umerkot, Tando Muhammad Khan, Jamshoro, Thatta, Badin, Nawabshah, Tando Adam and Sanghar. The principal activity of the Company is distribution and supply of electricity to public within defined geographical boundaries.

1.1 Going Concern

The Company during the year ended June 30, 2025 incurred loss after taxation of Rs. 68,935.883 million (2024: Rs. 73,146.714 million), its accumulated loss as of this date is Rs. 622,213.814 million (2024: Rs. 547,658.805 million) resulting in net capital deficiency amounting to Rs. 396,357.169 million (2024: Rs. 388,483.374 million) as of June 30, 2025. As of that date the Company's current liabilities exceeds current assets by Rs. 298,797.401 million (2024: Rs. 303,597.999 million).

NEPRA has allowed 17.55% total line losses as per latest tariff determined from July 2024 to June 2025. However, the line losses exceed by 10.25% of the approved limit as the aggregate annual line losses sustained have been 27.80%. These continuously sustained line losses are one of the prime factors of incurrence of financial / accounting losses over the years. Among others, the reasons of line losses include transmission losses, technical faults and damages to distribution network at various places, aluminum conductor network and metering equipment inefficiencies. The theft of electricity is also one of the prime factors resulting in line losses,which are difficult to be identified and billed. Even where theft is identified, the Company, as per rules, can raise detection billing only for last six months by spreading the total detection units evenly over six months period, due to which the billing falls in lower tariff slabs, therefore, the detection billing also does not contribute considerably to the gross revenue. The continuous line losses have directly affected the profitability of the Company since incorporation. These conditions indicate existence of material uncertainties as to Company's ability to continue as a going concern.

The Government of Pakistan (GoP) continues to provide necessary support through various packages as explained in the ensuing paragraphs. Brief summary of support that the Company has been receiving from GOP is depicted below:

The President of Pakistan, being the 100% shareholder of the Company, through Ministry of Energy and Government of Pakistan have injected equity of Rs 66,681.214 million in the company as deposit for issue of shares that extends support to maintain the Company's going concern status.

Funds have been received by the Company under the tri-partite agreement that has been made between International Bank of Reconstruction and Development (IBRD) or Asian Development Bank (ADB), Government of Pakistan (Economics Affairs Division) and Pakistan Electric Power Company Limited (PEPCO) for the rehabilitation programme designed with the objective of converting the Company into a profitable entity by overcoming different technical inefficiencies. The Company has commenced working on a comprehensive plan in the form of following programs:

- Power Distribution Enhancement Investment Program Project - 1 (PDEIP - 1) of ADB
- Power Distribution Enhancement Investment Program Project - 2 (PDEIP - 2) of ADB
- Power Distribution Enhancement Investment Program Project - 3 (PDEIP - 3) of ADB
- Power Distribution Enhancement Investment Program Project - 4 (PDEIP - 4) of ADB
- Electricity Distribution and Transmission Improvement Project - 1 (EDTIP - 1) of IBRD
- Electricity Distribution and Transmission Improvement Project - 2 (EDTIP - 2) of IBRD

Abovementioned programs are focusing towards the transmission and distribution network to improve efficiency and reliability and to reduce the technical and distribution losses.

The current mechanism of determining tariff is on the basis of minimum cost of generation. As the government determined tariff is always lower than the tariff determined by the National Electric Power Regulatory Authority (NEPRA), the difference between the actual cost of energy and the domestic charge ends up as a direct subsidy to the consumers by the government. The continuous support through tariff subsidy to the consumers comforts the Company in reducing doubtful recoveries and to recover the cost of transmission and distribution. During the year ended 2025 tariff differential subsidy allowed, amounted to Rupees 72,981.385 million (2024: Rupees 54,353.748) million.

The management is also in the process of envisioning an effective remedial action plan going forward, focusing on controlling the T&D losses through appropriate planning, customer awareness programs creating sense of social responsibility, improved surveillance and monitoring, appropriate legal actions against theft cases and replacing the worn-out distribution conductors and meters in different phases, as may be concluded. For the upcoming year, the anticipated rehabilitation plan includes the following:

- Replacement of LT bare conductor with Aerial Bundle Cable;
- Proposal for regularization of illegal kundas;
- Improvement in system loading conditions rehabilitation and bifurcation of lengthy 11 KV lines;
- Replacement of sluggish conventional meters with TOU meters;
- Installation of AMR and AMI at all of common delivery points and on the receiving end and consumer level of high loss-making subdivisions;

Further

- The company is the only public utility entity in its jurisdiction wholly owned by the government of Pakistan, GOP;

- Liabilities to be paid are not toward any banking companies, rather majority of liabilities are

- The government is committed to disburse subsidies to all discos on account of tariff differential; and;

- There exists a sovereign guarantee toward payment of CPPA dues.

The management of the company is confident to overcome existing temporary factors that are negatively affecting its bottom-line results. In view of the foregoing effect and the future plans, the management strongly believes that the company will be able to generate better results in foreseeable future, and therefore the use of going concern assumption is appropriate.

1.2 Bifurcation of the Company and transfer of assets and liabilities along with business operation to Sukkur Electric Power Company Limited (SEPCO)

Pakistan Electric Power Company Limited (PEPCO) issued Notification No. MDP/GM(HR)Dir(O&M)P(PEPCO)/1632-99 on 26 July 2010 regarding bifurcation/split off of the Company into two companies i.e. Hyderabad Electric Supply Company Limited (termed as HESCO Modified) and Sukkur Electric Power Company Limited (termed as SEPCO). As per notification, the 'HESCO Modified' will comprise of 03 circles namely, Hyderabad 1, Hyderabad 2 and Nawabshah Circles, whereas SEPCO will also comprise of 03 circles namely Sukkur, Dadu and Larkana Circles. Overall objective of this bifurcation is to improve the management of electricity utility, increase operational efficiency, reduction in line losses and improvement in customer services through enhanced monitoring in both companies.

WAPDA through its notification No. GMF(P)/MF(HQ)/Accounts/1495-99 dated 27 January 2011 also required the Company to surrender respective assets and liabilities in favour of SEPCO on the basis of balances transferred to the Company as at July 01, 1998. However, no accounting modalities were defined by WAPDA or PEPCO to affect the transfer of assets and liabilities in the accounting records of the Company. Due to a number of factors e.g. lapse of many years, incurrence of further expenditures, payment of previous liabilities, inter-transfers, retiring and revamping of assets etc., ascertaining the balances of assets and liabilities as at July 01, 1998 was difficult. Therefore, the management of both companies mutually decided the cut-off date of 31 December 2011 for determination of values of assets and liabilities to be transferred through business transfer agreement signed on 26 December 2012 between Hyderabad Electric Supply Company Limited and Sukkur Electric Supply Company Limited.

As per the agreement dated 26 December 2012, the balances of assets and liabilities transferred were subject to verification by SEPCO until 30 June 2013. No such adjustments have been identified by the management of SEPCO in this regard up to specified date. Nonetheless, the Company and SEPCO have engaged third party for bifurcation of various loans being utilized in common projects and preparation of Supplementary Business Transfer Agreement and Supplementary Loan Liability Transfer Agreement.

During FY 2023, SEPCO transferred the Bhan Saeedabad Sub-Division to HESCO under an agreement effective April 30, 2023, stipulating the transfer of assets, liabilities, and employees. However, only trade receivables amounting to Rs. 3.82 billion, and employees have been transferred, while adjustments for other related balances—such as property and equipment, deferred credits, receipts against deposit works, consumer security deposits, accrued liabilities, and deposits for issuance of shares—remain pending as of the reporting date.

Furthermore in FY 2024, SEPCO has transferred the subdivision Dolatpur to HESCO having value of this sub-division amounting to Rs. 38.351 million under property and equipment. While adjustments for other related balances like "deferred credit", "receipt against deposit work", "consumer security deposit", "accrued liabilities" and "deposit for issuance of shares". Which are not yet completed as of year-end.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- IFRS Accounting Standards issued by the International Accounting Standards Board (ISAB), as notified under the Companies Act, 2017
- Provision of, directives and notification issued under the Companies Act, 2017;and
- Provision of the state-Owned Enterprise (Governance and operation) Act, 2023 (the SOE Act) and the Stated-Owned Enterprises Ownership and Management policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notification issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notification issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the "Defined benefits obligations" are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits", as referred to in notes 2.11.

c) Critical accounting estimates and adjustments

The preparation of financial statement conformity with approved accounting standards is applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates or judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The estimates or underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

These estimates and related assumptions are reviewed on an ongoing basis. Significant management estimates in these financial statements are relating to the useful lives and residual value of property and equipment, provision for doubtful receivables, post-employment provisions for defined benefit plans, slow-moving and obsolete inventory, recovery of trade debt and taxation.

The basis and associated assumptions underlying the accounting estimate used in the preparation of the annual financial statement of the company for the year ended June 30, 2025 are consistent with the previous year unless otherwise stated. Key estimate used in the preparation of the financials comprises:

i. Property and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in calculation of depreciation on an annual basis. The residual values are assessed to be insignificant and have not been taken into account for charging the depreciation. Useful life is determined by considering expected usage, physical wear and tear and technical obsolescence. Any changes in estimates in future years might affect the carrying amounts for the respective items of the property and equipment with the corresponding effect on the depreciation charges and impairment.

ii. Provision for slow moving and obsolete in stores and spares.

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and / or physical form of related stores, spares and loose tools. Slow moving items are assessed for possible impairment.

iii. Income tax and levy

In making the estimates for income tax payable by the Company, the management looks at the applicable law and the decisions of appellate authorities on certain issues in the past. Further, the Company uses financial projections which are prepared using assumptions for key economic and business drivers, to assess reliability of deferred tax assets.

The tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income, which is not adjustable against the future tax liability, is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/1AS 37.

iv. Allowance for expected credit Loss

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

v. Provision in contingent asset & liability

The assessment of provisions inherently involves exercise of significant judgment as outcome of future events cannot be predicted with certainty. The Company, based on availability of latest information, estimates values of contingent assets and liabilities which may differ on occurrence / non-occurrence of uncertain future events. Based on expected outcomes and lawyers' judgments, appropriate disclosure or provision is made in the financial statements.

vi. Employees' retirement benefits

The company operates a unfunded pension scheme, an unfunded free electricity scheme, and an unfunded free medical facility scheme for all its employees along with entitlement for accumulated compensated absences which are encased at the time of retirement up to maximum limit of 365 days.
The calculation of benefit requires assumption to be made of future outcomes, the principal ones being in respect of increase in salary and discount rate used to convert future cash flow to current value. The assumptions used for the plan are determined by independent actuary on annual basis. The amount of expected return on plan asset is calculated using the expected rate of return for the year. Calculations are sensitive to changes in the underlying assumptions. The figure of staff retirement benefit liabilities primarily represent the increase in actuarial present value of the obligation for benefit earned on employee services during the year and the interest on the obligation in respect of employee services in previous year, net of the respected return on plan assets.

d) Implication of revised IFRS 2 'Share-based Payment'

On 14 August 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs), including the Company and Non-State Owned Enterprises (Non-SOEs), where the GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme also provides that 50 percent of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holding employees. The balance 50 percent dividend would be transferred by the respective Trust Fund to the Central Revolving Fund, managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by the Government. The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs, needs to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2 *Share-based Payment*. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP, on receiving representations from some of entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated 07 June 2011 to such entities from the application of IFRS 2 to the Scheme.

e) Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupees, unless otherwise stated.

f) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2024:

- **Amendments to IFRS 7 – Financial Instruments: Disclosures – Supplier Finance Arrangements**
  Effective for annual periods beginning on or after **1 January 2024**. The amendments require additional disclosures regarding supplier finance arrangements to enhance transparency about their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

- **Amendments to IFRS 16 – Leases – Lease Liability in a Sale and Leaseback**
  Effective for annual periods beginning on or after **1 January 2024**. The amendments clarify the subsequent measurement requirements for sale and leaseback transactions to ensure that the seller-lessee does not recognise any amount of gain or loss relating to the retained right of use.

- **Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**
  Effective for annual periods beginning on or after **1 January 2024**. The amendments clarify the requirements for classifying liabilities as current or non-current based on rights existing at the reporting date.

- **Amendments to IAS 1 – Non-current Liabilities with Covenants**
  Effective for annual periods beginning on or after **1 January 2024**. The amendments improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

  - The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

g) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2025 but are considered not to be relevant or do not have any significant impact on the Company's financial statements - and are therefore not detailed in these financial statements

h) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2025 or later periods:

IFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

As the Company is a non-listed public interest company, therefore, as per the order issued by the Securities and Exchange Commission of Pakistan (SECP) dated **31 December 2024**, the effective date of these two sustainability standards is for annual reporting periods beginning on or after **01 July 2027**.

The **International Accounting Standards Board (IASB)** has published **Annual Improvements to IFRS Accounting Standards – Volume 11.** These amendments are effective for annual reporting periods beginning on or after **01 January 2026**. The amendments contain changes to the following standards relevant to the Company as a result of the IASB's annual improvements project:

- IFRS 7 *Financial Instruments: Disclosures*;
- IFRS 9 *Financial Instruments*; and
- IAS 7 *Statement of cash flows.*

Classification and Measurement of Financial Instruments (Amendments to IFRS 7 "Financial Instruments: Disclosures" and IFRS 9 "Financial Instruments") are effective for annual periods beginning on or after **01 January 2026**. These amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.

Lack of Exchangeability (Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates") provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. These amendments are effective for annual reporting periods beginning on or after **01 January 2025**.

IFRS 18 – Presentation and Disclosure in Financial Statements is effective for annual periods beginning on or after **01 January 2027** with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of

information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; however, many of the other existing principles in IAS 1 are retained with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its "operating profit or loss".

The above standards and amendments are likely to have no significant impact on the Company's financial statements apart from certain additional disclosures.

i) Standards and amendments to approved published accounting standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2025 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. All the policies have been consistently applied, unless otherwise stated.

2.2 Property and equipment

a) Initial recognition

The cost of an item of property and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of operating fixed assets ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management, except for replacement of distribution equipment that are charged to repair and maintenance as and when incurred.

b) Measurement subsequent to initial recognition

Except leasehold land and freehold land, all others items of property and equipment (note 14) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost less impairment losses; if any.

Cost in relation to items of property and equipment stated at cost represent historical costs. Cost comprises acquisitions and other directly attributable cost. Stores and spares, which form part of the contract under which the project was undertaken, are also capitalized with distribution equipment's and machinery.

Expenditure incurred to replace a component of an item of operating assets, the cost of day-to-day servicing are charged to statement of profit and loss.

c) De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

d) Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their acquisition, erection, construction and installation, including salaries and wages directly attributable to capital work-in-progress, determined by the management. The assets are transferred to relevant category of operating fixed assets when they are available for use.

e) Depreciation

Depreciation is charged to profit and loss account, applying the reducing balance method whereby costs of assets, less their accumulated depreciation, at rates disclosed in note 14.1.
Depreciation on additions is charged on full year basis use up to the month preceding the disposal. In case of extension and addition in existing units, depreciation is provided on full year basis and in respect of material replacements and modernization, from the date of capitalization. Cost of subsequent acquisition of stores and spares under specific agreement for specific project are depreciated over the remaining economic useful life of such asset.

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

2.3 Borrowing costs

Interest, markup, and other charges on long-term finances directly attributable to the acquisition, construction, and production of qualifying assets are capitalized up to the date of commissioning of respective qualifying assets. All other interest, markup, and other charges are charged to the statement of profit or loss in the period in which these are incurred.

2.4 Trade debts and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method, less any allowance for expected credit losses. Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

The company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected credit loss allowance. Actual credit loss experience over past year is used to base the calculation of expected credit loss.

Expected Credit Losses are recognized as follows:

- A 5% expected credit loss has been recognized on government receivables in respect of recovery delays and permanently disconnected consumers.
- Expected credit loss of whole amount receivable from private permanently disconnected consumers.
- Expected credit loss on whole area from private consumer exceeding one year.
- Expected credit loss on all deferred arrears.

2.5 Stores and spares

These are stated at weighted average cost less impairment loss, if any. For items which are slow moving and/or obsolete, adequate provision is made against those items.

Provision is made for obsolete and slow-moving items where necessary and is recognized in the statement of profit and loss.

2.6 Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.6.1 Financial assets

All financial assets are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

a) Classification

Financial assets are classified in either of the three categories, i.e., at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. The classification is based on the company's business module for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition. The company currently has all the financial assets classified at amortized cost.

b) Initial recognition and measurement

All financial assets are initially measured at fair value plus transition cost that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price.

c) Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the Effective Interest Rate, EIR, method. The amortized cost is reduced by impairment losses if any interest, income, foreign exchange gains and losses and impairment are recognized in profit or loss.

d) De-Recognition

Financial assets are de-recognized when the contractual right to receive cash flow from assets have expired. The difference between the carrying amount and the consideration received is recognized in profit and loss.

2.6.2 Financial Liabilities

a) Initial Recognition and Measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument.

b) Subsequent measurement

The company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortized cost is included as finance cost in the Statement of Profit and Loss, between carrying amount and consideration paid is recognized in Profit or Loss when the liabilities are recognized.

2.6.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.7 Cash and cash equivalent

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks and short-term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.8 Share based payments

a) Benazir Employees' Stock Option Scheme

On 14 August 2009 the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State-Owned Enterprises (SOEs) and non-State-Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State-Owned Enterprises need to be accounted by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 Share Based Payments (IFRS 2). However, keeping in view the difficulties that may be faced by entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from application of IFRS 2 to the Scheme.

b) Establishment of Trust

In accordance with the directive of GoP, the Company was required to implement the Benazir Employees Stock Option Scheme. However, the Company has only 1000 ordinary shares in issue till the reporting date and issuance of ordinary shares to WAPDA against purchase consideration is still pending. No dividends have been paid by the Company from the date of its incorporation; therefore, management strongly believes that there is almost no impact of the scheme on the Company till the reporting date.

However, the Company is in the process of implementation of the Scheme as soon as the ordinary shares are issued.

2.9 Interest / mark-up bearing loan and borrowings

All loan and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loan and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.10 Deferred credit

a) Consumer contribution towards cost of supplying and laying service connection

Deferred credit represents amounts received from consumers as contribution towards the cost of supplying and laying service connections, extension of mains and street lights along with the transfer from Specific Grants. Amortization of deferred revenue commences upon completion of related work, over the useful lives of the related assets except for separately identifiable services in which case the revenue is recognized upfront upon establishing a connection network. Amortization of deferred credit for the year is recognized in the statement of profit or loss.

b) Government grants

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the entity should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in profit or loss in the period in which they become receivable.

2.11 Employee's retirement and other service benefits

a) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Company operates a Defined Benefit 'Gratuity' Plan, for its regular permanent employees who have completed qualifying period of service. An unfunded gratuity scheme is in place for the Management and employees of the Company.

Provisions are made to cover the obligations under defined benefit pension scheme, post-retirement medical benefits, and electricity rebate and compensated absences on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of 30 June 2024 using the "Projected Unit Credit Method".

Calculation of gratuity and pension requires assumptions to be made of future outcomes which mainly include increase in remuneration and other discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

b) Defined benefit pension scheme

The Company operates an approved unfunded defined benefit pension scheme for all its eligible employees. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of 25 years of service. Pension is based on employees' last drawn salary i.e. (basic salary plus qualifying allowance).

The commutation of pension equals to the 35% of the total amount is provided to the employee retiring from the Company and remaining 65% is converted in to the monthly pension payments over the life of the employee and afterwards to his family. In case of expiry of employee during his service 25% of commutation will be provided and remaining 75% will be disbursed to his family through monthly pension payments.

c) Post-retirement medical benefits

The Company operates an unfunded defined benefit medical scheme and provides medical allowances and free hospitalization benefits to all its retired employees and their spouses in accordance with their service regulations.

d) Electricity rebate

The Company provides a rebate on electricity bills to its eligible retired employees.

e) Earned leave

The Company's employees are also entitled for accumulated compensated absences, which are en-cashed at the time of retirement up to a maximum limit of 180 days. Provision is made on the basis of actuarial valuation carried out using Projected Unit Credit Method. Actuarial gains and losses relating to compensated absences are recognized in the year of occurrence.

f) Other staff welfare funds

For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deduction from salaries of the employees and remits these amounts to the fund 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 figures related to the Company cannot be segregated from the whole General / Employees'
Provident Fund.

2.12 Taxation

a) Current tax

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001 and decision taken by the tax authorities. Instances where the Company's view differ from the income tax department at assessment stage and where the Company considers that it's view on items of material nature is in accordance with the law, the amounts are shown as contingent liability.
The minimum tax is provided in case when the Company is having taxable loss for the year.

b) Deferred tax

Deferred tax is recognized using balance sheet liability method, providing for all significant temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the

amounts used for taxation purposes. The Company recognizes a deferred tax liability for all taxable temporary difference and deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to equity which case it is included in equity.

2.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions is reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value plus directly attributable costs. These are subsequently measured at amortized cost at effective interest rate.

2.15 Contingent assets

Contingent Assets are disclosed when the company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the company. Contingent Assets are not recognized until their realization becomes certain.

2.16 Contingent liabilities

Contingent Liability is disclosed when the company has a possible obligation as a result of a past event whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the company. Contingent Liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote in the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of outflow can be reliably estimated, a provision is recognized in the financial statement.

2.17 Revenue recognition

Revenue is recognized either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discount or rebate on the contract price are generally allocated to the separate element.

Revenue is to be recognized in accordance with the aforementioned principles by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transition price of the contract;
- Allocation the transition price to each of the separate performance obligations in the contract; and

Mentioned below are different revenue streams of the company and their term of recognition of revenue after satisfying all the five steps of revenue recognition in accordance with IFRS 15.

- Assess the revenue when (or as) the entity satisfies performance obligations.

- Revenue from electricity sales is recognized on the basis of electricity supplied to consumers at rates determined by NEPRA and notified by GoP which may be less than as determined by NEPRA.

- Tariff differential subsidy is recognized in the relevant period on the basis of rates notified by NEPRA, on accrual basis.

- Tariff adjustment in respect of variation in fuel prices is recognized on accrual basis when the Company becomes entitled to receive it.

- Surcharge on delayed payments is recognized on the basis of energy charges.

- Gain or loss on installation of new connection/ deposit works is recognized up to 10% variation between receipts against deposit works and actual expenditures incurred on the project.

- Commission on collection of PTV fee and electricity duty is recognized on the basis of actual billing collections from consumers.

- Interest on bank deposits is recognized on time proportionate basis.

- Profit on investments is recognized on the basis of effective yield.

- Revenue from sale of scrap is recognized at the time of disposal of scrap.

- Deferred credit against consumers' contributions is released to profit and loss account over the expected useful life of the asset underlying the contribution except for separately indefinable services in which case revenue is recognized upfront upon establishing a connection network.

- Meter rentals or late payment surcharge is recognized on accrual basis.

- All other miscellaneous incomes are recognized on actual receipt basis.

2.18 Related party transactions

Transactions with related parties for purchase and sale of electricity are based on tariff determined by NEPRA. Prices for other transactions with related parties are charged on the basis of directives issued by WAPDA and PEPCO.

2.19 Appropriations to reserves

Appropriations to reserves are recognized in the financial statements in the period in which these are approved.

2.20 Earnings / (loss) per share – basic and diluted

The Company presents basic and diluted earnings / (loss) per share data for its ordinary shares. Basic earnings / (loss) per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings / (loss) per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

3 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2025	2024		2025	2024
Number of Shares			Rupees	
1,000	1,000	Ordinary shares of Rs. 10/- each fully paid in cash	10,000	10,000

3.1 All of the shares are beneficially owned by President of Pakistan directly and through nominee directors.

4 DEPOSIT FOR ISSUANCE OF SHARES	Note	2025	2024
		Rupees	
Incorporation expenses incurred by WAPDA	4.1	**5,042,375**	5,042,375
Allocation from net worth	4.2	**25,044,848,007**	25,044,848,007
Investment of GoP	4.3	**200,806,744,555**	134,125,530,786
		225,856,634,937	159,175,421,168

4.1 This represents amount paid by WAPDA on account of preliminary expenses and transferred into 'Deposit for shares' account at the time of incorporation of Company.

4.2 It represents net worth of assets and liabilities transferred to Company from WAPDA as per the Business Transfer Agreement and Supplementary Business Transfer Agreement as mentioned in note 1. These are unsecured and carry no interest. Adjustments are incorporated on intimation from WAPDA. Number of shares to be issued against this deposit amount will be determined on finalization of closing process as defined in Business Transfer Agreement (BTA) and Supplementary Business Transfer Agreement (SBTA).

4.3 This represents Government of Pakistan's investment / equity in the Company channelized through Pakistan Electric Power Company (Private) Limited (PEPCO) / National Transmission and Despatch Company Limited (NTDC) as a measure taken to clear circular debts prevailing in the power sector. These deposits for shares are unsecured and carry no interest. Number of shares to be issued against these deposit amounts will be determined after finalization of necessary agreements with Water and Power Development Authority (WAPDA). During the year, Ministry of Energy (Power Division) re-allocated GoP equity in distribution companies in light of the ECC decisions resulting in increase in GoP investment / equity of Rs. 66,681.214 million in the Company which has been accounted for following the credit note issued by CPPA.

5 DEFERRED CREDIT	Note	2025	2024
		Rupees	
Balance at July 01,		**33,104,423,915**	30,864,617,269
Transfer from receipt against deposit works	8	**1,076,596,443**	2,239,806,646
		34,181,020,358	33,104,423,915
Less: Amortization			
Amortized balance at July 01	5.1	**9,267,041,301**	8,399,693,829
Amortized during the year		**871,989,267**	867,347,472
		10,139,030,568	9,267,041,301
Balance at June 30,		**24,041,989,790**	23,837,382,614

5.1 This represents deferred portion of capital contributions received from consumers & the Government (nomination authorities) against which assets are constructed by the Company. This is amortized and recognized in profit or loss on a systematic basis over the periods in which the Company recognizes the related costs for which this is intended to compensate.

6

	Notes	Opening balance as at July 01, 2024	Transferred to current portion	Received against fresh facility during the year	Closing balance as at June 30, 2025
Re-lent - Loans from Government of Pakistan – Secured – Non current portion					
Asian Development Bank					
PDEIP-1	6.1	-	-	-	-
PDEIP-2	6.2	2,051,610,625	(37,302,011)	-	2,014,308,614
PDEIP-3	6.3	2,111,144,865	(7,037,149)	-	2,104,107,716
PDEIP-4	6.4	362,468,260	(1,945,427)	-	360,522,833
International Bank for Reconstruction and Development-I	6.5	-	-	-	
International Bank for Reconstruction and Development-II	6.6	282,958,700	-	1,358,353,950	1,641,312,650
		4,808,182,450	(46,284,587)	1,358,353,950	6,120,251,813
Re-lent - Loans from Government of Pakistan – Secured – Current portion					
Asian Development Bank					
PDEIP-1		1,887,314,578	-	-	1,887,314,578
PDEIP-2		186,719,588	37,302,011	-	224,021,599
PDEIP-3		84,445,794	7,037,149	-	91,482,943
PDEIP-4		383,696,992	1,945,427	-	385,642,419
International Bank for Reconstruction and Development-I		2,257,531,160	-	-	2,257,531,160
International Bank for Reconstruction and Development-II		-	-	-	-
		4,799,708,112	46,284,587	-	4,845,992,699
		9,607,890,562		1,358,353,950	10,966,244,512

	Notes	Opening balance as at July 01, 2023	Transferred to current portion	Received against fresh facility during	Closing balance as at June 30, 2024
Re-lent - Loans from Government of Pakistan – Secured – Non current portion					
Asian Development Bank					
PDEIP-1	6.1	-	-	-	-
PDEIP-2	6.2	2,078,254,919	(26,644,294)	-	2,051,610,625
PDEIP-3	6.3	2,117,176,708	(6,031,842)	-	2,111,144,865
PDEIP-4	6.4	541,144,780	(178,469,863)	-	362,468,260
International Bank for Reconstruction and Development-I	6.5	-	-	-	-
International Bank for Reconstruction and Development-II	6.6	-	-	282,958,700	282,958,700
		4,736,576,407	(211,145,999)	282,958,700	4,808,182,450
Re-lent - Loans from Government of Pakistan – Secured – Current portion					
Asian Development Bank					
PDEIP-1		1,887,314,578	-	-	1,887,314,578
PDEIP-2		159,973,402	26,644,294	-	186,719,588
PDEIP-3		78,413,952	6,031,842	-	84,445,794
PDEIP-4		205,227,129	178,469,863	-	383,696,992
International Bank for Reconstruction and Development-I		2,257,531,160	-	-	2,257,531,160
International Bank for Reconstruction and Development-II		-	-	-	-
		4,588,460,221	211,145,999	-	4,799,708,112
		9,324,931,862	-	282,958,700	9,607,890,562

6.1 Long term finance from Asian Development Bank (PDEIP-1)

Balance at July 01,		**1,887,314,578**	1,887,314,578
Balance at June 30,	6.1.1	**1,887,314,578**	1,887,314,578

6.1.1 The Government of Pakistan obtained financing facility from Asian Development Bank (ADB) for Power Distribution Enhancement Investment Program - Project 1 (PDEIP-1) under loan agreement no 2438-PAK dated November 29, 2008. This represents amount utilized from portion of facility re-lent to the Company amounting to US$ 22.894 million from such facility, whereas un-utilized facility as at expiry of the facility was US$ 1.503 million. This financing facility had an availability period up to October 31, 2012 and was repayable in Pak rupees to GoP based on the repayment schedule provided by Ministry of Economic Affairs and Statistics, GoP. The said facility was payable in 26 equal half yearly instalments after the expiry of 2 years grace period, first installment was due on February 15, 2011 and final installment is due on August 15, 2023. The facility carries interest at the rate 17% inclusive of re-lending interest of 11% per annum plus exchange risk cover fee of 6% per annum chargeable both on principal amount and interest amount separately.

6.2 Long term finance from Asian Development Bank (PDEIP-2)

	Note	2025	2024
		---------- Rupees ----------	
Balance at July 01,		**2,238,228,319**	2,238,228,319
Balance at June 30,	6.2.1	**2,238,228,319**	2,238,228,319

6.2.1 The Government of Pakistan obtained financing facility from Asian Development Bank (ADB) for Power Distribution Enhancement Investment Program - Project 2 (PDEIP-2) under loan agreement no 2727-PAK dated January 28, 2011. This represents portion of facility re-lent to the Company amounting to US$ 34.09 million, where as unutilized facility as at year end is US$ 13.204 million. This financing facility had an availability period up to March 31, 2018 and was repayable in Pak Rupees to GoP based on the repayment schedule provided by Ministry of Economic Affairs and Statistics, GoP. The said facility was payable in 34 equal half yearly installments after the expiry of 3 years grace period, first installment was due on June 01, 2014 and final installment is due on December 01, 2030. The facility carries interest at the rate 15% inclusive of re-lending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum chargeable both on principal amount and interest amount separately.

6.3	**Long term finance from Asian Development Bank (PDEIP-3)**	**Note**	**2025**	**2024**
			---------- Rupees ----------	
	Balance at July 01,		**2,195,590,662**	2,195,590,662
	Balance at June 30,	6.3.1	**2,195,590,662**	2,195,590,662

6.3.1 The Government of Pakistan obtained financing facility from Asian Development Bank (ADB) for Power Distribution Enhancement Investment Program - Project 3 (PDEIP-3) under loan agreement no 2972-PAK dated September 09, 2013. This represents portion of facility re-lent to the Company amounting to US$ 24.5 million, where as unutilized facility as at year end was US$ 5.146 million. This financing facility had an availability period up to December 31, 2018 and was repayable in Pak rupees to GoP based on the repayment schedule provided by Ministry of Economic Affairs and Statistics, GoP. The said facility was payable in 40 equal half yearly installments after the expiry of 3 years grace period first installment is due on 01 June 2018 and final installment is due on December 01, 2037. The facility carries interest at the rate 15% inclusive of re-lending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum chargeable both on principal amount and interest amount separately.

6.4	**Long term finance from Asian Development Bank (PDEIP-4)**	**Note**	**2025**	**2024**
			---------- Rupees ----------	
	Balance at July 01,		**746,267,143**	746,267,143
	Balance at June 30,	6.4.1	**746,267,143**	746,267,143

6.4.1 The Government of Pakistan obtained financing facility from Asian Development Bank (ADB) for Power Distribution Enhancement Investment Program - Project 4 (PDEIP-4) under loan agreement no 3096-PAK dated April 30, 2014. This represents portion of facility re-lent to the Company amounting to US$ 11.767 million, where as unutilized facility as at year end is US$ 4.915 million. This financing facility had an availability period up to June 30, 2018 and was repayable in Pak rupees to GoP based on the repayment schedule provided by Ministry of Economic Affairs and Statistics, GoP. This said facility was payable in 40 equal half yearly installments after the expiry of 5 years grace period first installment was due on June 01, 2019 and final installment is due on December 01, 2038. The facility carries interest at the rate 15% inclusive of re-lending interest of 8.2% per annum plus exchange risk cover fee of 6.8% per annum chargeable both on principal amount and interest amount separately.

6.5	**Long term finance from International Bank for Reconstruction and Development**	**Note**	**2025**	**2024**
			---------- Rupees ----------	
	Balance at 01 July		**2,257,531,160**	2,257,531,160
	Balance at 30 June	6.5.1	**2,257,531,160**	2,257,531,160

6.5.1 The Government of Pakistan obtained financing facility from International Bank for Reconstruction and Development (IBRD) for Electricity Distribution and Transmission Improvement Project (ETDIP) under loan agreement no 7565-PAK dated July 14, 2008. This represents portion of facility re-lent to the Company amounting to US$ 41.815 million, where as unutilized facility as at year end is US$ 4.915 million obtained by Government of Pakistan (GoP). This financing facility had an availability period up to June 30, 2014 and was repayable in Pak rupees to GoP based on the repayment schedule provided by Ministry of Economic Affairs and Statistics, GoP. The said facility was payable in Pak Rupees to GoP based on the repayment schedule provided by Economic Affairs Division GoP. The facility was payable in 26 equal half yearly installments after the expiry of 2 years grace period first installment was due on September 15, 2011 and final installment is due on March 15, 2024. It carries markup at the rate 17 % per annum inclusive of relenting interest of 11% plus exchange risk cover fee of 6% chargeable both on principal amount and interest amount separately.

6.6 Long term finance from Asian Development Bank (PDEIP-2)

	Note	2025	2024
		---------- Rupees ----------	
Balance at 01 July		**282,958,700**	-
Received during the year		**1,358,353,950**	282,958,700
Balance at 30 June	**6.6.1**	**1,641,312,650**	282,958,700

6.6.1 The Electricity Distribution Efficiency Improvement Program (EDEIP) represents a World Bank–financed project aimed at enhancing the operational efficiency and reliability of power distribution networks across three DISCOs, including HESCO. The loan agreement no 9318-PAK was executed between the Islamic Republic of Pakistan and the International Bank for Reconstruction and Development (World Bank) in December 2021 and became effective with effect from August 15, 2022.The project's PC-I was approved by the Executive Committee of the National Economic Council (ECNEC) in its meeting held on November 24, 2021, with a total approved cost of USD 209.00 million. The allocation includes the improvement and modernization of the distribution system of three DISCOs and strengthening initiatives under the Ministry of Energy.

HESCO's share of the loan amounts to USD 50.98 million, comprising USD 48.66 million financed by the World Bank and USD 2.32 million as HESCO's own contribution for overhead expenditures. The objectives of the project include enhancing grid system reliability, modernizing the power distribution infrastructure, improving operation and maintenance practices, capacity building, and providing technical assistance to reduce technical losses and improve system efficiency.

Under World Bank Loan No. IBRD-9318-PK, an initial advance of USD 1.00 million (equivalent to PKR 282.959 million at PKR 282.959/USD) was received on August 15, 2023, through an assignment account maintained at the NBP Fatima Jinnah Road branch, out of which an expenditure of PKR 191.676 million was incurred in financial year 2024. During the current financial year 2025, further utilizations of USD 4.88 million (PKR 1,358.35 million) were executed via direct payments to suppliers and consultants, bringing the cumulative disbursements to the Company to USD 5.88 million as of June 30, 2025.

6.6 It includes overdue portion of Rupees 4,658.339 million (2024:4,588.350 million).

7 CONSUMERS' SECURITY DEPOSITS	Note	2025	2024
		---------- Rupees ----------	
Balance as at July 01,		**3,089,049,742**	2,905,754,642
Deposits received during the year	7.1	**281,751,462**	183,295,100
Balance as at June 30,	7.2	**3,370,801,204**	3,089,049,742

7.1 These represents security deposits received from consumers at the time of electricity connection and are refundable / adjustable on disconnection of electricity supply.

7.2 In respect of said liability, the company has maintained bank balance in separate bank account amounting to Rs. 3,770.953 million (2024: Rs. 3,004.171 million) and Term Deposit Receipts (TDR's) amounting to Rs. Nil (2024: Rs. 259.15 million).

8 RECEIPT AGAINST DEPOSIT WORKS AND CONNECTIONS	Note	2025	2024
		---------- Rupees ----------	
Balance as at July 01,		**5,215,258,913**	4,734,489,070
Contribution received		**4,282,205,052**	3,032,369,238
Transferred to deferred credit against completed projects		**(1,076,596,443)**	(2,239,806,646)
Transferred to labour and overhead recovery		**(49,067)**	(311,792,749)
Balance as at June 30,		**8,420,818,455**	5,215,258,913
The balance at June 30 consist of:			
Capital contribution from consumers awaiting service connections	8.1	**3,685,557,757**	2,455,243,808
Fund received against deposit works	8.2	**4,735,260,698**	2,760,015,105
		8,420,818,455	5,215,258,913

8.1 These represent amounts received from consumers through demand notices against which the related works / jobs have not been completed. These capital contributions are received in accordance with the Government notification for approved rates of capital contribution on every new connection.

8.2 These represent amounts received directly by the Company for electrification of villages, colonies and other deposit works, mainly provided through Government funding against which the related works / jobs have not been completed.

9 STAFF RETIREMENT BENEFITS-Unfunded	Note	2025	2024
		Rupees	
Post Retirement Benefits			
Free medical benefits	9.1	11,475,482,378	9,313,084,145
Pension	9.1	99,008,898,328	87,467,726,555
Free electricity benefits	9.1	5,260,760,644	3,980,126,375
		115,745,141,350	100,760,937,075
Compensated Absences	9.1	2,456,570,407	2,216,453,760
		118,201,711,757	102,977,390,835

9.1 Movement in the net liabilities recognised in the statement of financial position is as follows:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Balance as at July 01, 2024	9,313,084,145	87,467,726,555	3,980,126,375	2,216,453,760	102,977,390,835
Charge for the year (Note 9.2)	1,423,329,413	12,869,349,484	616,843,062	302,811,400	15,212,333,359
Remeasurement loss recognized in statement of comprehensive income (Note 9.3)	1,193,383,847	3,484,241,444	888,161,830	53,339,068	5,619,126,189
Benefits paid	(454,315,027)	(4,812,419,155)	(224,370,623)	(116,033,821)	(5,607,138,626)
Balance as at June 30, 2025	11,475,482,378	99,008,898,328	5,260,760,644	2,456,570,407	118,201,711,757

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Balance as at July 01, 2023	6,740,847,035	78,523,383,451	3,369,097,241	2,572,800,711	91,206,128,438
Charge for the year (Note 9.2)	1,319,346,177	13,020,149,932	586,814,045	(231,829,911)	14,694,480,243
Remeasurement loss recognized in statement of comprehensive income (Note 9.3)	1,629,763,762	(267,299,785)	222,283,559	-	1,584,747,536
Benefits paid	(376,872,829)	(3,808,507,043)	(198,068,470)	(124,517,040)	(4,507,965,382)
Balance as at June 30, 2024	9,313,084,145	87,467,726,555	3,980,126,375	2,216,453,760	102,977,390,835

9.2 Charge for the year recognized in the statement of profit or loss:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	151,299,685	953,130,105	75,331,314	630,241	1,180,391,345
Past service cost	-	-	-	-	-
Net interest cost	1,272,029,728	11,916,219,379	541,511,748	302,181,159	14,031,942,014
Remeasurement (gain) / loss recognized in statement of profit or loss:	-	-	-	-	-
	-	-	-	-	-
	1,423,329,413	12,869,349,484	616,843,062	302,811,400	15,212,333,359

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	287,341,504	952,636,968	71,779,122	637,965	1,312,395,559
Net interest cost	1,032,004,673	12,067,512,964	515,034,923	395,410,395	14,009,962,955
Remeasurement (gain) / loss recognized in statement of profit or loss:	-	-	-	(627,878,271)	(627,878,271)
	1,319,346,177	13,020,149,932	586,814,045	(231,829,911)	14,694,480,243

9.3 Remeasurement (gain) / loss recognized in statement of comprehensive income:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	---------- Rupees ----------				
Experience adjustments	1,193,383,847	3,484,241,444	888,161,830	53,339,068	5,619,126,189

	June 30, 2024				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	---------- Rupees ----------				
Experience adjustments	1,629,763,762	(267,299,785)	222,283,559	-	1,584,747,536

9.4 Principal actuarial assumptions used:

	June 30, 2025			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
Discount rate	12.50%	12.50%	12.50%	12.50%
Inflation rate	-	-	-	-
Salary increase rate	12.50%	10.50%	12.50%	10.50%
Indexation rate	-	6.25%	-	-
Medical exposure rate	-	-	-	-

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
Discount rate	14.00%	14.00%	14.00%	14.00%
Inflation rate	-	-	-	-
Salary increase rate	14.00%	12.00%	12.00%	12.00%
Indexation rate	-	7.75%	-	-
Medical exposure rate	-	-	-	-

9.4.1 Expected changes in Next Financial year:

	June 30, 2025			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
Expected charge to profit and loss account for the next financial year (Rupees)	1,662,258,125	13,376,960,148	757,526,018	307,780,322

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
Expected charge to profit and loss account for the next financial year (Rupees)	1,455,131,466	13,206,218,824	632,549,006	315,532,722

9.4.2 Muturity Profile-Pension

Year 1	4,786,172,391
Year 2	5,335,470,318
Year 3	5,777,608,488
Year 4	5,987,819,166
Year 5	6,640,756,889
Year 6-10	43,047,418,460

9.5 Sensitivity analysis for actuarial assumptions:

	June 30, 2025		
	Free medical benefits	Pension	Free electricity benefits
Discount rate	**1%**	**1%**	**1%**
Increase in assumption (Rupees)	**9,982,522,120**	**88,832,514,440**	**4,812,649,767**
Decrease in assumption (Rupees)	**13,255,329,694**	**110,940,005,023**	**5,784,741,814**
Medical inflation rate	**1%**	**-**	**-**
Increase in assumption (Rupees)	**13,310,412,010**	**-**	**-**
Decrease in assumption (Rupees)	**9,898,751,099**	**-**	**-**
Withdrawal rates	**10%**	**10%**	**10%**
Increase in assumption (Rupees)	**11,459,416,702**	**99,110,452,999**	**5,262,338,869**
Decrease in assumption (Rupees)	**11,494,990,697**	**99,229,456,945**	**5,259,182,413**
Future salary increase	**-**	**1%**	**-**
Increase in assumption (Rupees)	**-**	**101,566,452,907**	**-**
Decrease in assumption (Rupees)	**-**	**97,030,379,012**	**-**
Pension increase rate	**-**	**1%**	**-**
Increase in assumption (Rupees)	**-**	**109,242,072,220**	**-**
Decrease in assumption (Rupees)	**-**	**89,888,308,750**	**-**
Indexation rate	**-**	**-**	**1%**
Increase in assumption (Rupees)	**-**	**-**	**5,826,323,700**
Decrease in assumption (Rupees)	**-**	**-**	**4,924,135,466**
Mortality setback	**1 year**	**1 year**	**1 year**
Increase in assumption (Rupees)	**-**	**100,785,516,339**	**-**
Decrease in assumption (Rupees)	**-**	**96,869,806,108**	**-**

	June 30, 2024		
	Free medical benefits	Pension	Free electricity benefits
Discount rate	1%	1%	1%
Increase in assumption (Rupees)	8,101,451,897	74,197,851,103	3,637,978,738
Decrease in assumption (Rupees)	10,757,543,495	92,557,894,472	4,382,330,227
Medical inflation rate	1%	-	-
Increase in assumption (Rupees)	10,802,246,299	-	-
Decrease in assumption (Rupees)	8,033,466,383	-	-
Withdrawal rates	10%	10%	10%
Increase in assumption (Rupees)	9,300,045,826	78,628,320,136	3,981,320,410
Decrease in assumption (Rupees)	9,328,916,387	78,722,730,766	3,978,932,334
Future salary increase	-	1%	-
Increase in assumption (Rupees)	-	80,922,654,748	-
Decrease in assumption (Rupees)	-	76,679,765,492	-
Pension increase rate	-	1%	-
Increase in assumption (Rupees)	-	90,200,822,299	-
Decrease in assumption (Rupees)	-	76,002,066,351	-
Indexation rate	-	-	1%
Increase in assumption (Rupees)	-	-	4,413,751,655
Decrease in assumption (Rupees)	-	-	3,357,634,607
Mortality setback	1 year	1 year	1 year
Increase in assumption (Rupees)	-	83,845,877,805	-
Decrease in assumption (Rupees)	-	80,857,455,641	-

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the staff retirement benefits to significant actuarial assumptions, the same method (present value of the staff retirement benefits calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis were changed as compared to the previous year due to downward trend in interest rate structure and increase in inflationary expectations.

		2025	2024
9.6	**Amounts for the current and previous two years:**	---------- Rupees ----------	
	Present value of defined benefit obligation of :		
	Free medical benefits	**11,475,482,378**	9,313,084,145
	Pension	**99,008,898,328**	87,467,726,555
	Free electricity benefits	**5,260,760,644**	3,980,126,375
	Compensated absences	**2,456,570,407**	2,216,453,760
	Remeasurement (gain) / loss on obligation of:		
	Free medical benefits	**1,193,383,847**	1,629,763,762
	Pension	**3,484,241,444**	(267,299,785)
	Free electricity benefits	**888,161,830**	222,283,559
	Compensated absences	**53,339,068**	-

9.7 Risks associated with staff retirement benefits:

a) Investment risk

The risk arises when actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

b) Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

10 TRADE AND OTHER PAYABLES	Note	2025	2024
		---------- Rupees ----------	
Creditors		**1,798,843,670**	4,013,847,191
Accrued liabilities		**922,520,622**	940,594,465
Retention money payable		**166,849,584**	109,205,417
Surcharges payable	10.2	**5,888,565,196**	5,666,125,384
Employees' share in funds contribution payable		**27,722,723**	20,631,166
Income tax deducted at source payable		**66,298,339**	37,395,485
Professional tax payable		**707,820**	316,420
Income tax collected at source payable		**216,865,188**	225,631,923
Extra tax payable		**140,861,848**	140,861,848
Further tax payable		**(6,025,460)**	(6,025,460)
Sales tax (SRO 608(I)/2014) payable		**6,905,474**	7,237,818
General Sales tax payable		**906,118,875**	456,359,010
Workers' profit participation fund	10.1 & 13.2	**113,649,226**	113,649,226
Security payable against bank guarantee		**10,000,000**	10,000,000
Others		**1,033,672,797**	2,141,681,232
		11,293,555,902	13,877,511,125

10.1 The Company has not made payment of its contribution towards Works' Profit Participation Fund (WPPF), being the Company's liability on account of provision of Sindh Workers' Profit Participation Act, 2015 pertaining to prior years. This matter is pending for decision with Economic Coordination Committee (ECC) upon recommendation submitted by WAPDA to exempt the undertakings established under the umbrella of WAPDA from compliance with the requirements of Companies Profit (Workers' Participation) Act, 1968. Due to pending decision with the ECC no provision for mark-up is made as required under Sindh Workers' Profit Participation Act, 2015. However, the Company has disclosed the mark-up as contingent liability under note 13.2(iii) to the financial statements.

10.2 Surcharges payable	2025	2024
	---------- Rupees ----------	
Electricity duty payable	**1,543,851,634**	1,342,736,198
TV license fee payable	**24,101,624**	22,153,919
Neelum Jhelum surcharge payable	**123,493,759**	115,076,725
Equalization surcharge payable	**626,836,671**	626,661,099
Tariff rationalization surcharge payable	**3,570,281,508**	3,559,497,443
	5,888,565,196	5,666,125,384

11 DUE TO ASSOCIATED UNDERTAKINGS	Note	2025	2024
		---------- Rupees ----------	
- Cost of electricity	11.1	**366,677,789,528**	369,280,539,543
- Distribution of free electricity	11.2	**8,557,651**	33,866,779
- Disbursement of pension	11.3	**95,003,915**	283,487,223
- Supply of material	11.4	**92,875,913**	35,971,359
- WAPDA against Employee benefits	11.5	**388,474,312**	388,474,312
		367,262,701,319	370,022,339,216

11.1 Cost of electricity		
Central Power Purchasing Agency Guarantee Limited	**359,008,309,392**	356,345,440,418
National Transmission and Despatch Company Limited	**7,669,480,136**	12,935,099,125
	366,677,789,528	369,280,539,543

11.2 Distribution of free electricity		
Faisalabad Electric Supply Company Limited (FESCO)	**7,339,236**	46,707
Peshawar Electric Supply Company Limited (PESCO)	**1,218,415**	6,175,342
Pakistan Electric Power Company (Private) Limited (PEPCO)	**-**	27,644,730
	8,557,651	33,866,779

		2025	2024
		---------- Rupees ----------	
11.3	**Disbursement of pension**		
	Sukkur Electric Power Company Limited (SEPCO) - pension	**27,719,584**	89,648,801
	Multan Electric Power Company Limited (MEPCO) - pension	**1,249,266**	65,400,950
	Lahore Electric Supply Company Limited (LESCO) - pension	**33,955,957**	8,667,801
	Islamabad Electric Supply Company Limited	**14,707,987**	25,501,978
	Gujranwala Electric Power Company Limited	**7,157,659**	12,137,071
	Peshawar Electric Supply Company Limited	**10,213,462**	53,659,140
	Faisalabad Electric Supply Company Limited	**-**	28,471,482
		95,003,915	283,487,223
11.4	**Supply of material**		
	Quetta Electric Supply Company Limited (QESCO)	**14,945,474**	7,012,141
	National Transmission and Dispatch Company Limited (NTDC)	**53,526,859**	24,403,580
	Gujranwala Electric Power Company Limited (GEPCO)	**24,403,580**	4,555,638
		92,875,913	35,971,359
11.5	**WAPDA against Employee benefits**		
	WAPDA - Power wing	**255,510,976**	255,510,976
	WAPDA - Water wing	**97,996,736**	97,996,736
	WAPDA - Coordination	**34,966,600**	34,966,600
		388,474,312	388,474,312
12	**ACCRUED MARK-UP - LONG TERM FINANCING**		
	Asian Development Bank	**10,788,058,674**	9,788,922,914
	International Bank for Reconstruction and Development (IBRD)	**5,085,001,694**	4,801,016,822
		15,873,060,368	14,589,939,736

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Sales tax

	Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal Parties	Date instituted
1	Appellate Tribunal, IR	Demands had been raised amounting to Rupees 149.30 million and Rupees 14.02 million for tax periods July 2008 to June 2010 and July 2010 respectively against the sales tax on supply of energy to steel melters, which is to be paid to FBR as per SRO No. 480(I)/2007 dated 09/06/2007. The Company is in appeal before Appellate Tribunal in respect of demands of Rupees 149.30 million and Rupees 14.02 million which is pending and the tribunal has been decided the matter amounting to Rs. 149.30 Million in favour of HESCO vide dated 20.09.2022 with the direction to the respondant to allow the adjustment. The Company has paid above mentioned demands aggregating to Rupees 163.327 million. The management in consultation with their tax advisor is confident of favorable outcome on this matter.	Company and FBR	16 March 2011 05&15 March 2012

2	Appellate Tribunal, IR	FBR has raised a demand of Rupees 7.159 million for nonpayment / short payment of sales tax on the net unit consumed by Steel Sector and Re-Rolling Mills relating to tax periods 2011-12 and 2012-13. The Company had filed an appeal before Commissioner (Appeals) which was dismiss now the Company has again filled an appeal before appellate tribunal and final decision is pending. The Company has paid Rupees 2 million, the Company is confident of favorable outcome on this matter.	Company and FBR	29 January 2014
3	Appellate Tribunal, IR	FBR Issued show cause notice for claiming of wrong exemption on Sales Tax for the month of July 2015 amounting to Rupees 10.572 million, which was further converted into Sales Tax Order No. 148 of 2017. The Company has filed appeal before Commissioner (IR) Appeals, which was dismiss now the Company has again filled an appeal before appellate tribunal and final decision is pending. The Company, in consultation with its tax advisor, is confident of the favorable outcomes.	Company and FBR	25 January 2017
4	Appellate Tribunal, IR	FBR raised demands amounting to Rupees 0.634 million and Rupees 48.993 million relating to tax period 2011-2012 in respect of discrepancies found due to claiming at difference tax period by unlawful input tax adjustment during the said period on the grounds that suppliers to which that input tax claim relates, have not reported sales in the same period. The Company filed the case to deputy commissioner for rectification on the basis of returns received by the Company from the suppliers. The Deputy Commissioner decided the case against the Company on which Company filed an appeal before Appellate Tribunal. The issue is under process for removal of mistakes of the tax department. The cases are pending in appeals and in consultation with tax advisor, the Company is confident that this amount will also be withdrawn.	Company and FBR	18 July 2016 30 August 2016
5	Appellate Tribunal, IR	FBR issued 3 show cause notices regarding non-filing of Extra tax, Further tax and Retailer tax during period from August 2015 to October 2015, after providing of records. Orders have been passed against the Company on late filing of Extra tax, Further tax and Retailer tax involving amounts Rupees 3.479 million, Rupees 1.592 million and 0.767 million respectively. The Company has filed appeals on all 3 orders before Appellate Tribunal, which are still pending. The Company, in consultation with its tax advisor, is confident of the favorable outcomes.	Company and FBR	25 January 2017 25 January 2017 25 January 2017

6	Appellate Tribunal, IR	The Deputy Commissioner Income tax issued show cause notice under section 48 of the Sales Tax Act 1990 for the short payment of extra tax of Rupees 18.05 million that was levied at 5% and further tax of Rupees 4.81 million at 1 % on the billed amount for the period August 2013 to April 2014. Another, show cause notice was issued under section 48 of the Sales Tax Act 1990 for the short payment of extra tax of Rupees 18.197 million and further tax of Rupees 9.787 million for the period of May-2014 to January-2015 as well as show cause notice was issued under section 48 of the Sales Tax Act 1990 for the short payment of extra tax of Rupees 45.452 million and further tax of Rupees 14.217 million for the period February-2015 to July-2015. The Company have filed appeals before the Commissioner Appeals against all 03 orders thereof order having amount Rupees 22.860 million, Rupees 27.980 million and Rupees 59.669 million were rejected by Commissioner (IR) Appeals, which was further appealed before Appellate Tribunal. In consultation with its tax advisor is confident of the favourable outcome.	Company and FBR	05 May 2014 30 June 2015 4 September 2015
7	Appellate Tribunal, IR	FBR issued show cause notice for charging of reduced rate at 5% for making supply of energy during the month of November 2014 amount involved Rupees 11.341 million, which were further converted into Sales Tax Order. The Company has filled an appeal before commissioner (IR) Appeals, which has decided against the Company. Hence, according to procedure, the Company has filed an appeal before Appellate Tribunal Karachi, the case is remand back vide order dated 20.09.2022 and in consultation with its tax advisor is confident of the favorable outcome.	Company and FBR	01 January 2016
8	Appellate Tribunal, IR	FBR raised demand for amounting Rs. 133.263 million regarding non deduction of 1/5th of Sales Tax for the period from July 2014 to June 2015 vide Order No. 14 of 2016. The Company has filed an appeal before Commissioner (IR) Appeals, which was dispossed off against HESCO, The Company has filled another appeal before Appellate Tribunal Karachi and in consultation with its tax advisor, is confident of the favorable outcomes. During the year 2009, refund claims amounting to Rupees 993.161 million were rejected by the sales tax department on the ground that Company purchased electricity from NTDC while payment was made to WAPDA, and not to NTDC (invoice issuing agency) which is violation of Section 7 & 73 Sales Tax Act 1990. The Company had filed an appeal before the Commissioner Appeals which was dismissed. However, the Company has now filed an appeal before Appellate Tribunal wherein decision has been finalized in favour of HESCO vide order dated 20.09.2022 with the direction to respondent to process the Refund claim after necessary verification afterwords, our consultant request of reminders and tax advisor is confident of the favourable outcome.	Company and FBR	18 December 2015

10	Second Secretary IR, ST & FE, Islamabad	During the Month January-2012, refund claims amounting to Rupees 3,807.748 million was filed for refund claim before secretary IR (Exemption) which was rejected by FBR. HESCO filed an application for condonation of time limit against rejection of application before the Secretary IR (Exemption) Islamabad in consultation with its tax advisor is confident of the favourable outcome.	Company and FBR	26 February 2016
11	Comissioner Appela, IR	During the period 2015-16 and 2014-15 refund claims amounting to Rupees 64.911 million and 14.119 million was filed against excess payment in sales tax return but rejected through order No. 14 of 2018 and 13 of 2018 respectively, then filed an appeal to Commissioner Appeals against order in consultation with tax advisor is confident of the favourable outcome.	Company and FBR	02 November 2016 26 January 2016
12	Second Secretary IR, ST & FE, Islamabad	The Company could not claim the input sales tax of Rupees 527.415 million for the month of August 2010 and September 2010 in its monthly sales tax returns and the claim period has expired. Company's tax consultant approached to Secretary IR (Exemption) Revenue Division Islamabad, who called detailed report from Chief Commissioner RTO Hyderabad. After that Comissioner Inland Revenue has requested vide letter No: 1731 dated 13-05-2016 to explian cogent reason, thereof reply has already been submitted vide our Tax Consultant letter No: 167 dt: 23-05-2016 and issued several reminders to FBR Islamabad but they have rejected the condonation vide letter No: 130463-R dated 26-10-2017. Now, HESCO has again filed application against rejection to Second Secretery-IR ST & FE, FBR Islamabad vide letter No: 176 dated 05-12-2017 and issued subsequent reminders as well, the company is confident of favourable outcome on this matter.	Company and FBR	4 April 2013
13	Second Secretary IR, ST & FE, Islamabad	HESCO write-off 03 Nos of Cases amounting to Rs. 566.061Million, 829.178 Million and 2,909.54 Million for the period of July-2003 to June-2010, 2009 to 2014 and 2009 to 2016 respectively and filed refund application to FBR which were rejected by FBR. HESCO filed an application for condonation o time limit against rejection of application before the Secretary IR (Exemption) Islamabad in consultation with its tax advisor is confident of the favourable outcome.	Company and FBR	4 December 2015 24 April 2017 24 April 2017
14	Second Secretary IR, ST & FE, Islamabad	The Company could not claim the input sales tax of amounting to Rupees 241.166 million, 67.904 million, 464.445 million and 10.689 million for the period 2015-16, 2015-16, 2009 to 2016 and 2017-18 in the monthly sales tax returns and the claim period has expired. Company's tax consultant approached to Secretary IR (Exemption) Revenue Division Islamabad and issued subsequent reminders as well, the company is confident of favourable outcome on this matter.	Company and FBR	24 April 2017 23 July 2018 24 April 2017 18 Jan 2022

15	Second Secretary IR, ST & FE, Islamabad	FBR issued show cause notice No. 799 dated 16.03.2022 regarding charging 17% GST on retailer tax for the period of July 2020 to June 2021 amounting to Rs.186.152 million instead of charging 5% which were already paid during the year and after clarification to FBR DCIR converted into Sales Tax Order no.10/186 of 202-2022 without any facts. The Company has filled an appeal before commissioner (IR) Appeals, the case is remand back vide order no. 25 dated 12.09.2022 from Commisisioner (IR) Appeals-II Karachi, the tax advisor is confident that the said demand should be in favore of HESCO.	Company and FBR	16 March 2022 27 May 2022
16	Commissioner (IR) Appeals-II Karachi	The Deputy Commissioner IR raised demannd amounting to Rs. 5,076.326 Million reagarding Audit Observation for the Tax period July 2017 to June-2019 vide order No. 02/32/2022-23 dated 27.06.2023 Now, HESCO has filled an appeal before Commssioner Appeals-II Karachi and granted stay order vide order No. 28 dated 01.08.2023 from Commissioner Appeals-II Karachi, the tax advisor is confident that the said demand should be in favor of HESCO.	Company and FBR	27 June 2023
17	Commissioner (IR) Karachi	The Deputy Commissioner IR raised demannd amounting to Rs. 93.460 Million reagarding GST Charged on Free Electricity of Employees for the Tax period July 2020 to June-2021 vide order No. 10/32/2023-24 dated 15.12.2023 Now, HESCO has filled an appeal before Commssioner Appeals-II Karachi vide this office letter No. 635-36 dated 16.01.2024, the tax advisor is confident that the said demand should be in favor of HESCO.	Company and FBR	15 December 2023
18	Appellate Tribunal, IR	The Commissioner IR- Karachi filed an appeal at the appeallate Tribunal IR- Karachi against the Commissioner IR (Appeal-II), Karachi Order No.01 dated 01.12.2022 amounting to Rs. 10,070.212 million/- in the various Sales Tax Issues. Subsequestlly, the Appellate Tribunal were remanded back the case to the learned officer holding lawful jurisdiction over the case for fresh procedding afterward the Deputy Commissioner -IR Karachi referral of case to the ADRC vide dated 24.05.2025, the tax advisor is confident that the said demand should be in favor of HESCO.	Company and FBR	15 May 2025
19	Appellate Tribunal, IR	The Commissioner IR- Karachi filed an appeal at the appeallate Tribunal IR- Karachi against the Commissioner IR (Appeal-II), Karachi Order No.16 dated 17.08.2021 amounting to Rs.11,889.043 million in the various Sales Tax Issues. subsequestlly, the Appellate Tribunal were remanded back the case to the learned officer holding lawful jurisdiction overthe case for fresh procedding afterward the Deputy Commissioner -IR Karachi issued a fresh hearing notice vide No.11545 dated 04.06.2025, the tax advisor is confident that the said demand should be in favor of HESCO.	Company and FBR	15 May 2025

Income tax

1	Appellate Tribunal, IR	FBR has issued order u/s 122(5A) of income tax ordinance, 2001 demanding to Rupees 48.171 million and Rupees 30.25 million for the Tax Year 2007 and 2011 on the grounds that the Company did not pay turnover tax in respect of said tax years due to gross loss occurred during these years. The Company filed an appeal before Commissioner (Appeals) which were dismissed. Now the company has again filled appeal of all cases before appellate tribunal and final decisions are pending. The Company has paid Rupees 20 million against Rupees 30.25 million for the Tax Year 2011 and Rupees 48.171 million for the Tax Year 2007. The Company is confident that the judgment will be decided in favour of the Company.	Company and FBR	8 March 2010 28 March 2012
2	Appellate Tribunal, IR	FBR has raised a demand of Rupees 256.777 million on account of failure to deduct withholding tax on payment of purchase of electricity. The Commissioner had passed the order during 2013 which was rectified subsequently thereby reducing the amount to Rupees 167.498 million on filing of rectification application. The Tax Authority revised his order in the preceding year and rectified the amount to Rupees 157.038 million. The Company had also submitted all relevant documents to authorities and filed an appeal before Commissioner (Appeals) which was dismissed. Now the Company has again filled an appeal before appellate tribunal. In consultation with their tax advisor, the Company is confident of favorable outcome on this matter.	Company and FBR	19 September 2014
3	Appellate Tribunal, IR	FBR has issued demand against HESCO u/s 161/205 amounting to Rupees 1,359.787 million vide Order no: 08/01 dated 29.04.2016 and issued corrigendum vide No: 285 dated 02.05.2016 and confimed the amount i.e Rupees 1,395.787 million on the basis that the Company has not duly deducted tax at source for tax year 2014 under income tax ordinance, 2001. The Company is of the view that it has correctly deducted tax at source except in the cases where tax department has granted exemptions and in case of payments against supply of electricity. FBR has recovered the amount Rupees 148.022 million. The Company has filed an appeal before Commissioner (Appeals), which has been decided with shorten the demand Rupees 906.349 million. HESCO has gone into appeal before Appellate Tribunal IR Karachi, thereof decision is pending and in consultation with their tax advisor, the company is confident of favorable outcome.	Company and FBR	28 March 2015

4	Appellate Tribunal, IR	FBR has issued order u/s 205(IA) of Income Tax Ordinance, 2001 demanding to Rupees 0.168 million for tax period 2008 on the grounds that the Company fails to pay the installment of advance tax u/s 147. The Company filed an appeal before Commissioner (Appeals) which was dismissed now the company has again filled an appeal before Appellate Tribunal Karachi and the final decision is pending. The Company has paid Rupees 0.168 million against the demand, the Company in consultation with its tax advisor is confident that the judgment will be decided in favor of the Company.	Company and FBR	13 January 2010
5	Supreme Court	FBR had raised demands of Rupees 125.15 million and Rupees 0.537 million relating to tax period 2009 and 2010 respectively for non-payment of advance tax on the gross billing to consumers. As per income tax law, the Company is required to charge income tax @10% on each commercial and industrial consumer on the basis of consumption charges, whereas FBR is of the view that the income tax @ 10% may be charged on each commercial and industrial consumer on the basis of total gross bill which includes Excise Duty, Income Tax, GST, NJ Surcharge and Bill adjustment. The Company filed an appeal before Commissioner (Appeals) in respect of all said litigations and succeeded in respect of Rupees 125.15 million and Rupees 0.537 million against which tax department filed an appeal before Appellate Tribunal and High Court, where decision has also been made in Company's favor. Company had paid the aforesaid amount of Rupees 125.15 million and Rupees 0.537 million. FBR filed an appeal before Supreme Court of Pakistan against the decision of High Court, the hearing of which is pending. The Company is confident of the favorable outcome on this matter.	Company and FBR	13 May 2010 20 April 2010
6	Appellate Tribunal, IR	FBR has issued order u/s 182 (2) demanding to Rupees 0.991 million for the Tax Year 2009 for non-filing of Withholding Statement U/s 165, for which appeal has been filed to Commissioner (Appeals) which was dismiss now the Company has again filled an appeal before Appellate Tribunal and final decision is pending. The Company is confident that the judgment will be decided in favor of the Company.	Company and FBR	3 September 2009

7	Commissioner Appeals (IR)	FBR has issued order u/s 161/205 of income tax ordinance 2001 demanding Rupees 640.436 million for the tax period 2015 on the grounds that the Company fails to deduct and deposit withholding income Tax on various transactions. The Company has filed an appeal before Commissioner (Appeals) and decision is still pending, the Company is confident that the judgment will be decided in favour of the Company.	Company and FBR	25 April 2017
8	Commissioner Appeals (IR)	FBR has remanded back the case 12/159 dt: 31.01.2021 U/s 161 of income tax ordinance 2001 charging tax U/s 235 and demanding Rupees 1,221.115 million regarding Monitoring of Withholding of Income Tax for the tax period 2019 on the grounds that the Company short deducted withholding Income Tax from various consumers. The Company has filed an appeal before Commissioner (Appeals) IR and the case is remanded back on dated 02.12.2022, the Company is confident that the judgment will be decided in favour of the Company.	Company and FBR	21 March 2021

Sindh Sales Tax

1	Commissioner Appeals-II SRB	SRB has passed the orders 268 of 2019 & 128 of 2019 regarding non withholding of Sindh Sales Tax demanding to Rupees 457.123 million and Rupees 537.335 million respectively, The Company filed an appeal before Commissioner (Appeals-II) which is still pending. The Company has paid Rupees 22.379 million against Rupees 457.123 million for the Tax Year 2016. The Company is confident that the judgment will be decided in favour of the Company.	Company and SRB	4 March 2019 12 February 2018
2	Assistant Commissioner	SRB has passed the orders No.341859 dated 12.02.2024 regarding non withholding of Sindh Sales Tax demanding to Rupees 7.657 million, against the tender No. 1666/22 dated 23.02.2022 and 1670/22 dated 23.02.2022 on the matter of reclaim transformer, The Company filed an appeal before Commissioner (Appeals) SRb Karachi. Afterward, The Commissaioner (Appeals-II) SRB were decided the case against HESCO and took the principal amount Rs.6,961,640/-. subsequently, File an appeal in the Appellate Tribunal; SRB Hyderabad. The Tax advisor is confident that the judgment will be decided in favour of the Company.	Company and SRB	12 February 2024

13.2 Other matters

i) The Company has received various invoices from CPPA representing late payment charges (supplementary charges) being the share of the Company in the mark-up charged to CPPA by Independent Power Producers (IPPs) on account of delayed payments aggregating to Rs. 104,899.724 million (2024: Rs.109,272.756million). As per tariff determination, it was mutually agreed by the representatives of CPPA and distribution companies that, as per clause 9.3(d) of electricity supply agreement dated June 29, 1998 between DISCOs and NTDC, the DISCOs are obliged to pay late payment charges (supplementary charges) to CPPA on account of delayed payment of invoices.

ii) NEPRA has decided that the late payment charges (supplementary charges) recovered from consumers on utility bills sha be offset against the late payment charges (supplementary charges) invoices raised by CPPA and CPPA cannot account f late payment charges (supplementary charges) over and above what is calculated as per agreement. Therefore, r provision for late payment charges (supplementary charges) of Rs. 88,667.489 million have been recognized in thes financial statements as the management is of the view that supplementary charges have not been allowed as expense b NEPRA in tariff determination while Rs. 16,222.23 million have been recognized as allowed by NEPRA as expense.

iii) The Sindh Workers' (Profit Participation) Act, 2015 requires payment of the allocated amount to the workers prof participation fund within nine months of the close of relevant financial year. However, due to pending decision of th Economic Coordination Committee to exempt the corporatized entities under the umbrella of WAPDA from requirements c the said Act, no provision for interest aggregating to Rs 425.987 million (2024: Rs.410.860 million) on unpaid amount ha been recognized by the Company in these financial statements.

iv) In addition to the above-mentioned matters, a large number of small cases have been filed against the Company, primaril by the Company's employees, customers, and vendors, the quantum of which cannot be estimated reliably. However, th management is of the view that in the overall context of these financial statements, there would be no significant liability c the Company against such cases.

	2025	2024
13.3 Commitments	---------- Rupees ----------	
Purchase orders outstanding	**1,574,990,617**	1,722,643,01

14 PROPERTY AND EQUIPMENT

	Note	2025	2024
		---------- Rupees ----------	
Operating fixed assets	14.1	**41,638,045,299**	38,834,748,342
Capital work-in-progress	14.2	**21,314,909,266**	16,305,140,430
		62,952,954,565	55,139,888,772

14.1 Operating fixed assets

	Land - Leasehold	Buildings on lease hold land	Distribution equipment	Construction equipment	Transportation equipment	Computers and Office equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Year ended June, 30 2025							
Opening net book value	**140,160,032**	**1,402,557,327**	**36,890,281,590**	**42,698,736**	**301,497,146**	**57,553,509**	**38,834,748,342**
Additions	**-**	**37,303,372**	**4,240,792,546**	**33,623,000**	**-**	**3,892,098**	**4,315,611,016**
Depreciation charge	**-**	**(28,797,214)**	**(1,439,590,395)**	**(7,632,174)**	**(30,149,715)**	**(6,144,561)**	**(1,512,314,059)**
Closing net book value	**140,160,032**	**1,411,063,485**	**39,691,483,741**	**68,689,562**	**271,347,431**	**55,301,046**	**41,638,045,299**
At June 30, 2025							
Cost	**140,160,032**	**2,160,054,960**	**64,839,900,460**	**353,700,517**	**876,107,264**	**139,777,090**	**68,509,700,323**
Accumulated depreciation	**-**	**(748,991,477)**	**(25,148,416,717)**	**(285,010,955)**	**(604,759,833)**	**(84,476,043)**	**(26,871,655,024)**
Net book value	**140,160,032**	**1,411,063,483**	**39,691,483,743**	**68,689,562**	**271,347,431**	**55,301,047**	**41,638,045,299**
Year ended June, 30 2024							
Opening net book value	139,801,280	1,406,662,814	34,793,421,603	40,409,475	179,996,829	57,364,405	36,617,656,406
Additions	358,752	24,518,132	3,434,849,475	7,033,565	155,000,000	6,583,940	3,628,343,864
Depreciation charge	-	(28,623,619)	(1,337,989,488)	(4,744,304)	(33,499,683)	(6,394,836)	(1,411,251,930)
Closing net book value	140,160,032	1,402,557,327	36,890,281,590	42,698,736	301,497,146	57,553,509	38,834,748,342
At June 30, 2024							
Cost	140,160,032	2,122,751,588	60,599,107,914	320,077,517	876,107,264	135,884,992	64,194,089,307
Accumulated depreciation	-	(720,194,263)	(23,708,826,322)	(277,378,781)	(574,610,118)	(78,331,482)	(25,359,340,966)
Net book value	140,160,032	1,402,557,325	36,890,281,592	42,698,736	301,497,146	57,553,510	38,834,748,342
Depreciation rate (%)	**-**	**2**	**3.5**	**10**	**10**	**10**	

14.1.1 The property rights in the above assets were transferred to the Company on the date of transfer of assets by WAPDA and NTDC. However, titles to the vehicles and some of the freehold land and leasehold land have not been transferred in the name of the Company in the registration authority and land revenue records respectively.

14.1.2 Through Letter No. D(PMC)/F-7 1/96-220 dated 25 May 2016, Property Management Cell of WAPDA has communicated to all DISCOs that, in pursuance of the letter No. F.(Pwr)FESCO-FA/PC/98 dated 30 October 2015 issued by the Privatization Commission of Pakistan, the WAPDA land (as per the requirements of the DISCOs) will be leased out to the Company on DC rate rental value and will remain the property of WAPDA and the Companies has to pay rent of these properties to WAPDA. Accordingly, to avoid transfer and re-transfer of the WAPDA land assets, the transfer of the land assets to the Companies will not be done till further instructions on this matter from the Property Management Cell of WAPDA. No further instructions in this regards has been received till the reporting date.

14.1.3 Building on lease hold land includes book values of residential building amounting to Rs. 127.341 million (2024: Rs. 129.941) million, Hospitals and dispensaries of Rs. 17.89 million (2024: Rs. 18.26) million, Mosque/Rest houses of Rs. 53.2 million (2024: Rs. 54.3) million and school / colleges of Rs. 1.19 million (2024: 1.21) million.

14.1.4 On May 20, 2020, the Company entered into an authorization and interest agreement with Power Holding Limited (PHL) and Meezan Bank Limited (MBL), in which Company authorized PHL to carry out "Certain Action" in relation to relevant transaction assets representing grid stations, colonies and other stations amounting to Rs. 57.01 million. Certain action include selling the relevent transaction assets to MBL and creating a security interest over the same for the purpose of enabling PHL to raise financing through Sukuk issue. In addition to this agreement, PHL entered into an asset purchase agreement with MBL for selling the Relevent Transaction Assets to MBL which include the land of the Company and other distribution and generation companies for a total purchase price of Rs. 200,000 million against Sukuk certificate which will be issued by PHL for a period of ten years.

		Note	2025	2024
			Rupees	
14.2	**Capital work-in-progress**			
	Transmission equipment		**12,085,436,267**	9,035,580,521
	Distribution equipment		**7,108,004,678**	5,273,875,667
	Civil works		**422,151,503**	296,367,424
	Transmission enhancement and distribution improvement programs		**1,699,316,818**	1,699,316,818
		14.2.2	**21,314,909,266**	16,305,140,430

14.2.1 The balance includes material, labour and overhead expenditure incurred on extension of transmission and distribution network.

14.2.2 Movement in capital work-in-progress

	Transmission Equipment	Distribution Equipment	Civil Works	Transmission Enhancement and Distribution Improvement Programs	Total
	Rupees				
Balance at July 01, 2024	**9,035,580,520**	**5,273,875,668**	**296,367,424**	**1,699,316,818**	**16,305,140,430**
Additions made during the year	**3,654,459,324**	**2,876,278,827**	**163,087,453**	**-**	**6,693,825,604**
Material returned during the year	**-**	**-**	**-**	**-**	**-**
Transferred to operating fixed asset	**(604,603,577)**	**(1,042,149,817)**	**(37,303,374)**	**-**	**(1,684,056,768)**
Balance at June 30, 2025	**12,085,436,267**	**7,108,004,678**	**422,151,503**	**1,699,316,818**	**21,314,909,266**
Balance at July 01, 2023	7,557,505,238	4,641,093,118	252,446,336	1,699,316,818	14,150,361,510
Additions made during the year	2,279,904,660	2,320,824,634	63,731,789	-	4,664,461,083
Material returned during the year	-	-	-	-	-
Transferred to operating fixed asset	(801,829,378)	(1,688,042,084)	(19,810,701)	-	(2,509,682,163)
Balance at June 30, 2024	9,035,580,520	5,273,875,668	296,367,424	1,699,316,818	16,305,140,430

15	**LONG TERM LOANS**	**Note**	**2025**	**2024**
			Rupees	
	To employees - considered good			
	- for house building	15.1 & 15.2	**2,918,621**	3,196,816
	- for vehicle purchase	15.1 & 15.2	**213,358**	151,996
			3,131,979	3,348,812
	Less: Amount due within one year shown under current assets	19	**(3,131,979)**	(3,348,812)
			-	-

15.1 These loans are interest free and have been given to employees, other than executives of the Company for purchase of house, vehicles or for personal use in accordance with their terms of employment. The house building loans are recoverable in ten years, car and motorcycle loans in five years and bicycle loans in four years. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement.

15.2 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

		Note	2025	2024
			Rupees	
16	**LONG TERM DEPOSITS**			
	Term deposit receipts	16.1	**611,289,000**	611,289,000
	TDR purchases during the year		**-**	-
	TDR matured during the year		**(259,150,000)**	-
	Less: Term deposits maturing within 12 months	23	**(352,139,000)**	(352,139,000)
			-	259,150,000

16.1 As at June 30, 2025, the rate of mark-up on term deposit receipts ranges from 6.80% to 10.45% (2024: from 5.50% to 7.35%) per annum. This also includes term deposits of Rs. 352.139 million (2024: Rs. 352.139 million) under lien with National Bank of Pakistan against power producing Companies for the purchase of electricity.

		Note	2025	2024
			Rupees	
17	**STORES AND SPARES**			
	Stores		**13,873,757,527**	12,712,171,102
	Spares		**298,583,974**	37,300,478
			14,172,341,501	12,749,471,580
	Less: Provision for slow moving and obsolete stock	17.1	**(1,814,744,850)**	(1,588,969,441)
			12,357,596,651	11,160,502,139
17.1	**Provision for slow moving and obsolete stock**			
	Opening balance		**1,588,969,441**	1,701,248,419
	Provision for the year		**225,775,409**	-
	Provision reversal for the year		**-**	(112,278,978)
	Closing balance		**1,814,744,850**	1,588,969,441
18	**TRADE DEBTS**			
	Considered good		**82,621,151,741**	79,612,006,326
	Considered doubtful		**169,627,045,966**	136,177,901,300
		18.2	**252,248,197,707**	215,789,907,626
	Taxes/Surcharges due from energy debtors		**(62,651,063,070)**	(50,891,204,448)
	Less: allowance for expected credit losses	18.4	**(169,627,045,966)**	(136,177,901,300)
			19,970,088,671	28,720,801,878

18.1 Debtors are secured to the extent of corresponding consumers' security deposit. Debtors include an amount of Rs.2,446.155 million (2024: Rs.2,208.26 million) which is disputed and under litigation with different consumers and has been fully provided.

18.2 These balances includes accrual of Rs. (423.484) million (2024: 1,837.04) relating to fuel price adjustment (FPA) for the month of May 2025 and June 2025 and prior year adjustment (PYA) amounting to Rs. 5,287.573 million. The effect of above mentioned FPA and PYA is passed to consumers after the year end in accordance with NEPRA's notification.

		2025	2024
		Rupees	
18.3	As at June 30, ageing analysis of these trade debts is as follows:		
	Not past due yet	**15,960,121,886**	20,582,737,402
	Due upto 2 months	**543,374,341**	452,120,566
	2 to 3 months	**659,764,715**	594,758,173
	3 to 6 months	**1,580,445,911**	1,308,905,059
	6 months to 1 year	**2,939,435,771**	2,590,118,784
	1 year to 3 years	**10,365,531,638**	11,123,683,093
	3 years and above	**187,091,975,310**	152,544,840,400
	Deferred balances	**2,446,155,519**	2,208,261,592
	Balances due form Government	**30,661,392,616**	24,384,482,557
		252,248,197,707	215,789,907,626
	Less: Taxes and surcharge receivables	**(62,651,063,070)**	(50,891,204,448)
	Less: allowance for expected credit losses	**(169,627,045,966)**	(136,177,901,300)
		19,970,088,671	28,720,801,878

		Note	2025	2024
			---------- Rupees ----------	
18.4	**Movement in allowance for expected credit losses:**			
	Balance at July 01,		**136,177,901,300**	105,255,462,685
	Recognized during the year		**33,449,144,666**	30,922,438,615
	Balance at June 30,		**169,627,045,966**	136,177,901,300
19	**LOANS AND ADVANCES - Considered good**			
	Advance against expenses		**29,339,628**	24,633,954
	Advance to suppliers		**277,054,412**	138,734,730
	Current portion of long term loan to employees	15	**3,131,979**	3,348,812
			309,526,019	166,717,496
20	**DUE FROM ASSOCIATED UNDERTAKINGS**			
	Other power distribution companies			
	- Distribution of free electricity	20.1	**8,563,418,252**	7,693,647,670
	- Supply of material	20.2	**268,801,902**	245,644,811
	- Disbursement of pension	20.3	**2,142,509,541**	2,100,087,791
			10,974,729,695	10,039,380,272
	WAPDA			
	- WAPDA current account		**742,189,686**	595,360,390
	- WAPDA welfare trust		**463,721,851**	410,422,297
			1,205,911,537	1,005,782,687
		20.4	**12,180,641,232**	11,045,162,959

20.1 Distribution of free electricity

Jamshoro Power Generation Company Limited - (GENCO-I)	**3,671,626,004**	3,362,829,961
Central Power Generation Company Limited - (GENCO-II)	**1,600,568,230**	1,571,696,297
Northern Power Generation Company Limited - (GENCO-III)	**129,781,563**	120,805,039
Lakhra Power Generation Company Limited - (GENCO-IV)	**1,500,911,698**	1,511,933,240
Sukkur Electric Power Company Limited (SEPCO)	**1,648,309,358**	1,009,308,043
Quetta Electric Supply Company Limited (QESCO)	**5,860,052**	75,158,983
Multan Electric Power Company Limited (MEPCO)	**1,643,065**	18,526,899
Lahore Electric Supply Company Limited (LESCO)	**3,241,519**	10,982,592
Islamabad Electric Supply Company Limited (IESCO)	**143,938**	9,590,612
Gujranwala Electric Power Company Limited (GEPCO)	**1,055,786**	1,847,034
Tribal Electrical Supply Company Limited (TESCO)	**277,039**	968,970
	8,563,418,252	7,693,647,670

20.2 Supply of material

Sukkur Electric Power Company Limited (SEPCO)	**95,860,111**	79,942,247
Multan Electric Power Company Limited (MEPCO)	**113,664,818**	131,969,971
Lahore Electric Supply Company Limited (LESCO)	**3,443,640**	3,443,640
Islamabad Electric Supply Company Limited (IESCO)	**70,883**	70,883
Faisalabad Electric Supply Company Limited (FESCO)	**55,762,450**	30,218,070
	268,801,902	245,644,811

20.3 Disbursement of pension	2025	2024
	Rupees	
Jamshoro Power Generation Company Limited (GENCO-I)	**482,415,793**	271,080,178
Central Power Generation Company Limited (GENCO-II)	**15,012,283**	14,412,663
Northern Power Generation Company Limited (GENCO-III)	**-**	8,721,227
Lakhra Power Generation Company Limited (GENCO-IV)	**36,870,009**	24,139,557
Water and Power Development Authority (WAPDA)	**1,441,613,454**	1,442,231,472
National Transmission and Dispatch Company Limited (NTDC)	**48,031,081**	226,653,669
Pakistan Electric Power Company Limited (PEPCO)	**87,594,199**	87,594,199
Quetta Electric Supply Company Limited (QESCO)	**21,901,058**	25,254,826
Faisalabad Electric Supply Company Limited (FESCO)	**9,071,664**	-
	2,142,509,541	2,100,087,791

20.4 These amounts represent balance due from either DISCOs and WAPDA in respect of current accounts (associated undertakings). Although certain balances are outstanding for considerable period of time, however the management consider these as good debts as these are due from Government owned entities and will ultimately be recovered in the normal course of business.

20.5 These represent amounts due from associated undertakings. The ageing analysis is as follows:

	2025	2024
	Rupees	
Upto 6 months	**974,451,298**	883,613,036
6 months to 1 year	**2,436,128,247**	2,209,032,592
1 year to 3 years	**2,801,547,483**	2,540,387,480
3 years and above	**5,968,514,204**	5,412,129,850
	12,180,641,232	11,045,162,959

20.6 The maximum aggregate amount due from associated undertakings at the end of any month during the year was as follows:

	2025	2024
	Rupees	
Jamshoro Power Generation Company Limited (GENCO-I)	**3,680,513,359**	3,362,829,961
Central Power Generation Company Limited (GENCO-II)	**1,600,568,229**	1,571,696,296
Northern Power Generation Company Limited (GENCO-III)	**129,890,052**	120,805,039
Lakhra Power Generation Company Limited (GENCO-IV)	**1,515,055,712**	1,513,459,312
National Transmission and Dispatch Company Limited (NTDC)	**15,874,609,018**	13,653,900,579
Water and Power Development Authority (WAPDA)	**1,230,307,440**	1,227,175,096
WAPDA current account	**510,567,614**	509,567,610
WAPDA welfare trust	**366,888,532**	363,288,532
Pakistan Electric Power Company Limited (PEPCO)	**52,644,943**	27,644,730
Sukkur Electric Power Company Limited (SEPCO)	**479,428,301**	447,204,067
Quetta Electric Supply Company Limited(QESCO)	**70,263,043**	69,050,731
Multan Electric Power Company Limited (MEPCO)	**17,891,859**	16,391,859
Lahore Electric Supply Company Limited (LESCO)	**21,738,051**	9,425,639
Islamabad Electric Supply Company Limited (IESCO)	**10,590,612**	9,590,612
Gujranwala Electric Power Company Limited (GEPCO)	**2,347,034**	1,847,034
Peshawar Electric Supply Company Limited (PESCO)	**8,078,583**	6,175,342
Tribal Electrical Supply Company Limited (TESCO)	**1,218,970**	968,970
Faisalabad Electric Supply Company Limited(FESCO)	**1,861,010**	628,598

21 RECEIVEABLE FROM GOVERNMENT OF PAKISTAN	Note	2025	2024
		Rupees	
Tariff differential subsidy	21.1	**111,045,381,418**	82,754,628,824
Industrial support packages	21.2	**1,100,110,514**	1,100,110,514
Zero rated industrial rebate	21.3	**741,677,157**	741,677,157
AQTA receivable from GOP	21.4	**4,384,542,095**	3,610,153,081
Agricultural subsidy	21.5	**169,259,605**	169,259,605
Winter Incentive Package	21.6	**100,018,612**	100,018,612
Prime Minister Incentive Package	21.7	**1,868,425,100**	1,868,425,100
Kissan package	21.8	**-**	-
		119,409,414,501	90,344,272,893
Provision for unverified subsidy			
Tariff differential subsidy	21.1	**(74,542,460,123)**	(54,523,694,266)
Industrial support packages	21.2	**-**	-
Zero rated industrial rebate	21.3	**(451,671,102)**	(451,671,102)
AQTA receivable from GOP	21.4	**(4,384,542,095)**	(3,610,153,081)
Agricultural subsidy	21.5	**-**	-
Winter Incentive Package	21.6	**(100,018,612)**	(100,018,612)
Prime Minister Incentive Package	21.7	**(1,868,425,100)**	(1,868,425,100)
		(81,347,117,032)	(60,553,962,161)
Receivable from Government of Pakistan - Net		**38,062,297,469**	29,790,310,732

21.1 Tariff differential subsidy

Opening balance		**82,754,628,824**	71,244,022,347
Subsidy receivable and accrued during the year		**70,244,124,069**	50,070,148,679
Amount received/adjusted during the year		**(41,953,371,475)**	(38,559,542,202)
		111,045,381,418	82,754,628,824
Provision for tariff differential subsidy	21.1.1	**(74,542,460,123)**	(54,523,694,266)
Net closing balance		**36,502,921,295**	28,230,934,558

21.1.1 Provision for tariff differential subsidy

Opening balance	**54,523,694,266**	44,491,647,005
Claimed during the year	**70,244,124,069**	50,070,148,679
Claim approved by GOP	**(50,225,358,016)**	(40,038,101,418)
Closing balance	**74,542,460,319**	54,523,694,266

21.1.2 Tariff differential subsidy relates to difference between the rate determine by NEPRA and the service charge to consumer in according with the tariff notification issued by GOP.

21.2 Industrial support packages	2025	2024
	Rupees	
Opening balance	**1,100,110,514**	1,100,110,514
Subsidy receivable and accrued during the year	**-**	-
Amount received/adjusted during the year	**-**	-
Closing balance	**1,100,110,514**	1,100,110,514

21.2.1 Industrial support package subsidy relates to the rebate allowed to industrial consumer by GOP through letter no. F-NO.PI-4(18)/2014-2015 dated February 04, 2016. The subsidy of Rs. 3/Kwh/unit is being provided to industrial consumers on usage of electricity during peak hours, whereas subsidy for off peak hours usage was discountined by GOP with effect from July 01, 2019 through letter no. PF-05/(02) 2012 dated July 03, 2019. This subsidy of Rs. 3/Kwh continued upto October 31, 2020. From November 01, 2020, Industrial support package subsidy was revised to Rs. 12.96/Kwh which is supplemented by a further discount of Rs. 4.96/Kwh on incremental sales from corresponding month of the preceding fiscal year.

21.3 Zero rated industrial rebate	Note	2025	2024
		Rupees	
Opening balance		**741,677,157**	741,677,157
Subsidy receivable and accrued during the year		**-**	-
Amount received/adjusted during the year		**-**	-
		741,677,157	741,677,157
Provision for zero rated industrial rebate	21.3.1	**(451,671,102)**	(451,671,102)
Closing balance		**290,006,055**	290,006,055

21.3.1 Provision for zero rated industrial rebate		
Opening balance	**451,671,102**	**451,671,102**
Claimed during the year	**-**	-
Claim approved by GOP	**-**	
Closing balance	**451,671,102**	**451,671,102**

21.3.2 The GOP introduced dollar based tariff vide its SRO 12 (I)/2019 for zero rated industrial consumers at the rate of US $ 7.5 cent per unit, translated into Pak Rupee at rates prevailing on last working day of preceding month. In financial year 2022, GOP has increased rate to US $ 9 cent per unit through letter no. PF-5(02-ZRI)2021-22 dated 10th September 2021. During the year, Zero Rated Industrial Rebate has been withdrawn vide notification PF-5-(02-ZRI) 2020 dated February 28, 2023.

21.4 AQTA Subsidy	Note	2025	2024
		Rupees	
Opening balance		**3,610,153,081**	3,114,270,774
Subsidy accrued during the year		**2,734,686,756**	4,283,599,726
Amount received/adjusted during the year		**(1,960,297,742)**	(3,787,717,419)
		4,384,542,095	3,610,153,081
Provision for AQTA subsidy	21.4.1	**(4,384,542,095)**	(3,610,153,081)
Closing balance		**-**	-

21.4.1 Provision for AQTA subsidy		
Opening balance	**3,610,153,081**	3,114,270,774
Claimed during the year	**2,734,686,756**	4,283,599,726
Claim approved by GOP	**(1,633,586,660)**	(3,546,781,457)
Reversal of provision	**(326,711,082)**	(240,935,962)
Closing balance	**4,384,542,095**	3,610,153,081

GOP through S.R.O No. 769(I) 2025 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. (1.5538) per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from January 01, 2025 for next 2 months.

GOP through S.R.O No. 488(I) 2025 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 1.9004 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from April 01, 2025 for next three months.

GOP through S.R.O No. 2063(I) 2024 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 0.1957 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable for the month of December 2024 only.

GOP through S.R.O No. 1432(I) 2024 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 1.7432 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from September 01, 2024 for next 2 months.

GOP through S.R.O No. 804(I) 2024 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 0.9262 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from August 01, 2024 for next 2 months.

GOP through S.R.O No. 804(I) 2024 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 1.9 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from July 01, 2024 to 30 july 2024.

GOP through S.R.O No. 466(I) 2024 introduced quarterly tariff differential subsidy domestic consumer and additional subsidy of Rs. 2.7492 per unit for maintaining uniform tariff on all category of consumers (except lifeline consumers). The said adjustments applicable from April 01, 2024 for next three months.

AQTA subsidy relates to difference between the rates determined by NEPRA and the rates charged to the consumers in accordance with the tariff notifications issued by GOP.

21.5 Agricultural subsidy

This includes in amount of Rs. 65.5 millions, being the general sales tax subsidy to the agriculture consumer on the electricity cost, in the years and it June 30, 2008 to 2010 and the remaining amount represents subsidy to agricultiure consumer and in the years ended June 13, 2014 to 2016, being the difference of tariff notified by the GOP and rate notified by the Ministry of Water and Power Development Authority, GOP for agriculture consumers.
Furthermore, the company vide letter no. GEPCO/FD/CPC/5768-69, has requested the Ministry of Energy, GOP through PPMC, for the early settlement of the subsidy.

	Note	2025	2024
21.6 Winter Incentive Package		---------- Rupees ----------	
Opening balance		**100,018,612**	100,018,612
Subsidy receivable and accrued during the year		-	-
		100,018,612	100,018,612
Provision for winter incentive package	21.6.1	**(100,018,612)**	(100,018,612)
Closing balance		-	-

21.6.1 Provision for winter incentive package

Opening balance		**100,018,612**	100,018,612
Claimed during the year			-
Closing balance		**100,018,612**	100,018,612

21.6.2 The Federal Government through SRO 1418 (1) 2021 introduced winter incentive package for period of November 01, 2021 to February 28, 2022. The Flat tariff rate of Rs 12.96/kwh shall be charged to domestic consumers (Non-Tou), commercial consumers (Non-Tou) and general services consumer on the incremental consumption above the reference consumption pertaining to preceding period of November 2020 to February 2021. Winter incentive package relates to difference between the service charge to consumer in accordance with the tariff notification issued by GOP and flat tariff rate.

	Note	2025	2024
21.7 Prime Minister Incentive Package		---------- Rupees ----------	
Opening balance		**1,868,425,100**	1,868,425,100
Subsidy receivable and accrued during the year		-	-
		1,868,425,100	1,868,425,100
Provision for prime minister incentive package	21.7.1	**(1,868,425,100)**	(1,868,425,100)
Closing balance		-	-

21.7.1 Provision for prime minister incentive package

Opening balance		**1,868,425,100**	1,868,425,100
Claimed during the year		-	-
Closing balance		**1,868,425,100**	1,868,425,100

21.7.2 During 2022, GOP has introduced Prime Minister's (PM's) relief package. PM's relief package is Rs.5 per unit for eligible consumers. Commercial Consumers having sanctioned load less than 5KW and domestic (non TOU) consumers having monthly consumptions up-to 700 units (excluding life line consumers) are eligible consumers for PM's relief package.

	Note	2025	2024
21.8 Kissan package		---------- Rupees ----------	
Opening balance			-
Subsidy receivable and accrued during the year		**87,848,492**	87,848,492
		87,848,492	87,848,492
Amount adjusted during the year		**(87,848,492)**	(87,848,492)
Closing balance	21.8.1	-	-

21.8.1 During 2022, GOP has introduced kissan package 2022. Kissan Package is Rs. 3.60 per unit in the base rate of Rs. 16.6 per unit for eligible consumers. Agriculture Consumers having sactioned load less than 5KW (non TOU) are eligible consumers for Kissan Package.

		Note	2025	2024
			---------- Rupees ----------	
22	**OTHER RECEIVABLES**			
	Considered good			
	Duties / charges and tax receivables	22.1	-	-
	Taxes receivable from Customers	22.2	-	1,177,642,870
			-	1,177,642,870
	Considered doubtful			
	Sales tax receivable from WAPDA	22.3	**1,131,212,293**	1,131,212,293
	Receivables from suppliers		**423,409,523**	423,409,523
			1,554,621,816	1,554,621,816
	Less: provision for doubtful receivables		**(1,554,621,816)**	(1,554,599,985)
			-	1,177,664,701

22.1

Duties / charges and tax receivables	Note	**Receivables not yet realized**	**Payables not yet realization**	**Total**
		---------- **Rupees** ----------		
Electricity duty		**2,648,326,700**	**(2,648,326,700)**	-
Income tax		**1,142,054,801**	**(1,142,054,801)**	-
Neelum Jhelum surcharge		**997,864,056**	**(997,864,056)**	-
T.V. license fee		**1,776,696,783**	**(1,776,696,783)**	-
Equalization surcharge		**22,281,680**	**(22,281,680)**	-
Financing cost surcharge	22.1.1	**11,241,533,006**	**(11,241,533,006)**	-
Tariff rationalization surcharge	22.1.2	**1,017,532,348**	**(1,017,532,348)**	-
Extra tax	22.1.3	**108,543,476**	**(108,543,476)**	-
Further tax	22.1.4	**63,653,499**	**(63,653,499)**	-
Sales tax (SRO 608(I)/2014)	22.1.5	**34,385,117**	**(34,385,117)**	-
Sales tax		**12,076,633,901**	**(12,076,633,901)**	-
As at June 30, 2025	22.1.6	**31,129,505,367**	**(31,129,505,367)**	-

Duties / charges and tax	Note	**Receivables not yet realized**	**Payables not yet realization**	**Total**
		---------- **Rupees** ----------		
Electricity duty		2,335,483,255	(2,335,483,255)	-
Income tax		1,259,521,505	(1,259,521,505)	-
Neelum Jhelum surcharge		973,583,835	(973,583,835)	-
T.V. license fee		1,610,248,568	(1,610,248,568)	-
Equalization surcharge		20,425,128	(20,425,128)	-
Financing cost surcharge	22.1.1	7,804,962,684	(7,804,962,684)	-
Tariff rationalization surcharge	22.1.2	1,024,775,627	(1,024,775,627)	-
Extra tax	22.1.3	56,780,577	(56,780,577)	-
Further tax	22.1.4	28,017,026	(28,017,026)	-
Sales tax (SRO 608(I)/2014)	22.1.5	13,845,010	(13,845,010)	-
Sales tax		4,093,242,488	(4,093,242,488)	-
As at June 30, 2024	22.1.6	19,220,885,703	(19,220,885,703)	-

		2025	2024
		---------- Rupees ----------	
22.2	**Taxes receivable from Customers**		
	Sales tax	**31,098,691,840**	31,269,649,752
	Extra tax	**197,122,919**	197,122,919
	Further tax	**144,234,995**	144,234,995
	Sales tax (SRO 608(I)/2014)	**81,507,949**	81,507,949
	22.2.2	**31,521,557,703**	31,692,515,615
	Less: Provision for doubtful receivables	**(31,521,557,703)**	(30,514,872,745)
		-	1,177,642,870

22.2.1 Movement in provision against debts considered doubtful

Opening balance	**30,514,872,745**	23,850,780,893
Provision made during the year	**1,006,684,958**	6,664,091,852
Closing balance	**31,521,557,703**	30,514,872,745

22.2.1.1 This represents the provision against sales tax, further tax and extra tax considered doubtful of recovery.

22.2.2 This balance represents taxes receivable from customers that were previously payable on an assessment basis. Effective February 2023, the applicable regulations require such taxes to be payable on a collection basis. Accordingly, amounts already paid by Company under the earlier assessment regime have been recognized as seperate receivables, pending adjustment against future tax collections.

22.1.1 Finance Cost Surcharge of Rs. 3.23/kWh was levied under SRO 173(I)/2023 (March 2023) issued by NEPRA under Section 31(5) of the NEPRA Act. It applies to all consumers except lifeline/protected domestic users and is meant to recover financing costs of PHPL loans for circular debt settlement.

22.1.2 This represents Tariff rationalization surcharge levied by the Government of Pakistan under the directives of NEPRA pursuant to Section 31(5) of the NEPRA Act. During FY 2023-24, the surcharge was applicable at the rate notified by the Federal Government mentioned against the categories specified in the schedule of electricity tariffs.

22.1.3 This represents Extra tax levied by Federal Government through SRO 509(I)/2013 dated June 12, 2013 at the rate of 5 percent of the total billed amount on supplies of electric power and natural gas to persons having industrial and commercial connections who have not obtained registration number.

22.1.4 This represents Further tax levied by Federal Government through Sales Tax Act 1990 Section 3(1A) levied at the rate of 3 percent of total billed amount on supplies of electric power and natural gas to persons who have not obtained registration number.

22.1.5 This represents Sales tax levied by Federal Government through SRO 608(I)/2014 dated July 02, 2014 levied on retailers at the rate of 5 percent where the monthly bill amount does not exceed Rs. 20,000 and at the rate of 7.5% where the monthly bill amount exceeds the aforesaid amount.

22.1.6 These receivables include the amount billed to the customers on behalf of respective authorities against which no recoveries have been made as at the reporting date. These amounts have been netted off against respective payables.

22.3 The gross amount represents General Sales Tax, recoverable from the Government of Pakistan, through WAPDA. Provision has been made since no recovery could be effected since long.

23 BANK BALANCES	Note	2025	2024
		---------- Rupees ----------	
Current accounts	23.1	**14,163,327,658**	13,453,656,960
Saving accounts	23.2	**2,028,867,460**	2,571,883,663
Term deposits maturing within 12 months	16	**352,013,079**	352,139,000
		16,544,208,197	16,377,679,623

23.1 This include an amount of Rs. 3,770.953 million (2024: Rs. 3,222.614 million) kept in a separate bank account maintained in respect of security deposits received from consumers.

23.2 This includes an amount of Rs. 176.569 million (2024: Rs. 176.569 million) deposited against bank guarantees for the purchase of electricity.

23.2 This carries mark up ranging from 7.81% to 19.1% (2024: 7.50% to 19.50%).

24 ELECTRICITY SALES - NET	Note	2025	2024
		---------- Rupees ----------	
Gross sales		**133,757,751,505**	139,136,887,605
Less: Output sales tax		**(22,259,174,863)**	(22,065,772,661)
	24.1	**111,498,576,642**	117,071,114,944
24.1 Residential		**42,610,424,426**	47,434,291,761
Commercial		**12,164,426,567**	11,094,241,931
Industrial		**35,228,251,913**	37,169,386,109
Agricultural		**5,324,008,312**	5,985,885,173
Others	24.3	**16,171,465,424**	15,387,309,970
	24.2 & 24.4	**111,498,576,642**	117,071,114,944

24.2 Sale of electricity has been recognized based on the notified rates and includes accrual of Rs. (423.484) million (2024: 1,837.04) relating to fuel price adjustment (FPA) for the month of May 2025 and June 2025 and prior year adjustment (PYA) amounting to Rs. 5,287.573 million. The effect of above mentioned FPA and PYA is passed to consumers after the year end in accordance with NEPRA's notification.

24.3 This includes supply of electricity in respect of street lights, bulk connections, residential colonies and general services.

24.4 During the year, the Company sold 3,915.849 million (2024: 3,709.360 million) (kwh) electricity units to the consumers in different tariff categories. Out of these units 923.570 million (Kwh) (2024: 729.650 million) (Kwh) represents the electricity units billed to consumers under detection billings, the majority of which have been billed to residential consumers.

25 SUBSIDIES FROM GOVERNMENT OF PAKISTAN	Note	2025	2024
		---------- Rupees ----------	
Tariff Differential Subsidy	21.1	**70,244,124,069**	50,070,148,679
AQTA	21.4	**2,734,686,756**	4,283,599,726
		72,981,385,090	54,356,322,768

25.1 This represents tariff subsidy receivable from the Government of Pakistan as the difference between the National Electric Power Regulatory Authority (NEPRA) tariff determinations and notifications from time to time, and the rates charged to the consumers in accordance with the tariff notified by the Government of Pakistan. During the financial year ended June 30, 2025, tariff rate were notified vide SRO 1039(I)/2024 dated July 14, 2024.

26 COST OF ELECTRICITY	Note	2025	2024
		---------- Rupees ----------	
Purchase of electricity	26.1	**165,874,328,603**	169,054,118,122
26.1 Power Purchase Price			
Energy transfer charges		**56,674,255,641**	56,316,865,966
Capacity transfer charges		**99,090,569,812**	102,748,402,916
Use of system charges	26.3	**10,070,921,938**	9,927,346,574
Market operation fees		**38,581,212**	61,502,666
		165,874,328,603	169,054,118,122
Units purchased (kwh)		**5,423,698,843**	5,159,158,083
Units sold (kwh)		**3,915,848,893**	3,709,360,185
Transmission and distribution losses %		**27.80%**	28.10%

26.2 This includes cost of electricity purchased from Central Power Purchasing Agency (Guarantee) Limited (CPPA), authorized by GoP and IPP's. Electricity purchases during the year have been incorporated according to the invoices issued by NTDC / CPPA and adjusted in accordance with monthly Fuel Price Adjustment determined and notified by NEPRA. The Company purchases electricity from private power producers. The cost of such purchases, amounting to Rs. 2,216.001 million has been included in the cost of electricity. Furthermore, the average rate for the year was Rs. 30.58 (2024: Rs. 32.77) per Kilo Watt Hour (Kwh).

26.3 This represent amounting of Rs. 5,664.049 million (2024: Rs. 5,768.820 million) charged by Pak Matyari Lahore Transmission Company (PMLTC), which is a part of national transmission line. As per NEPRA tariff amount billed by PMLTC to NTDCL shall be allocated to DISCOs based on their monthly KW consumption for their month.

27 OPERATING EXPENSES EXCLUDING DEPRECIATION	Note	2025	2024
		Rupees	
Salaries, wages and other benefits	27.1	**23,230,781,816**	22,381,698,752
Repairs and maintenance		**1,749,483,139**	1,888,152,463
Travelling		**275,305,215**	242,240,080
Transportation		**291,279,576**	309,122,358
Rents, rates and taxes		**5,669,561**	7,417,185
Office supplies and other expenses		**43,716,344**	37,415,008
Legal and professional charges		**26,811,229**	17,844,611
Power, light and water		**18,578,612**	124,022,044
Advertisement expenses		**20,227,309**	8,199,220
Collection charges		**75,950,705**	58,939,460
Supervisory charges to PEPCO		**132,650,316**	4,897,551
Prime Minister assistance package	27.2	**62,521,009**	61,088,051
Postage and telephone		**17,713,282**	28,267,954
Distribution license fee (NEPRA)		**76,383,158**	54,574,513
Software license fee to PEPCO		**24,216,345**	21,229,396
Directors' meeting fee		**46,011,191**	27,007,298
Auditors' remuneration	27.3	**3,360,729**	2,851,405
Insurance charges to WAPDA		**8,251,029**	-
Other expenses		**31,463,453**	26,445,619
		26,140,374,018	25,301,412,968

27.1 The aggregate amount charged in respect of staff retirement benefits amounts to Rs. 15,212.333 million (2024: Rs. 14,694.480 million).

27.2 This represents the cost of incentive package announced by Government of Pakistan vide Cabinat Secretariate O.M No. 8/10/2013-E-2(Pt.) dated December 04, 2015 for the families of deceased employees who died in service. Subsequently, the same has also been approved by PEPCO vide O.M Ref.# GM(HR)/HRD/A-332-4050-75 dated November 04, 2016 with effect from Febraury 09, 2015. The financial implications of this package have been calculated on an actual basis for this year, as of June 30, 2025, for 160 deceased employees.

27.3 Auditors' remuneration	Note	2025	2024
		Rupees	
Statutory audit fee		**2,877,935**	2,390,900
Out of pocket expenses		**287,794**	239,090
Other certifications		**195,000**	221,415
		3,360,729	2,851,405

28 OTHER INCOME			
Income from financial assets			
Return on TDR's and saving accounts		**498,195,127**	555,052,100
Income from non-financial assets			
Rental and service income	28.1	**2,432,931,444**	2,380,864,545
Reconnection fee		**47,706**	39,778
Sale of scrap		**32,621,100**	142,143,635
Non-utility operations	28.2	**27,966,789**	342,422,659
Stores handling and others	28.3	**536,953,954**	926,739,653
		3,030,520,993	3,792,210,270
		3,528,716,120	4,347,262,370

28.1 Rental and service income	2025	2024
	Rupees	
Meter and service rentals	**34,249,168**	28,910,334
Late payment surcharge	**2,397,541,444**	2,350,829,682
Public lighting	**1,140,832**	1,124,529
	2,432,931,444	2,380,864,545

28.2 It represents recovery on labour and overhead charges at the time of application for new connections. It is recognized at the time of installation of connection. Further it includes other electric revenue charged at the rate of 3% on electricity duty realized for the month.

28.3 It represents amount received from customers in respect of material handling charges, commission on collection of PTV fee, tender fee, recoveries from parties and receipts of liquidated damages during the year.

29 FINANCE COST	Note	2025	2024
		Rupees	
Bank charges		**1,348,712**	1,042,120
Supplementary charges	29.1	**2,397,541,444**	2,350,829,682
Mark up on long term financing		**1,283,120,632**	1,528,805,317
		3,682,010,788	3,880,677,119

29.1 This represents supplementary charges passed on to the Company, which compromise re-allocation of mark-up on late payments imposed by Independent Power Producers (IPPs) to CPPA on the basis of average outstanding balance.

30 TAXATION AND LEVY	Note	2025	2024
		Rupees	
Levy for the year	30.1	**1,973,472,479**	2,024,267,284
Prior period adjustment	30.2	**3,156,715,425**	-
		5,130,187,904	2,024,267,284

30.1 The charge for current taxation is based on minimum tax payable on turnover at the current rate of taxation after taking into account applicable tax credits, rebates and exemption available if any.

30.2 The Company has historically computed its income tax liability on the basis of the distribution margin determined by the National Electric Power Regulatory Authority (NEPRA) and had recognized minimum tax in accordance with the appellate order issued by the Commissioner Inland Revenue (Appeals) dated June 25, 2018.During the current year, the taxation authorities raised a demand for minimum tax under section 113 of the Income Tax Ordinance, 2001, calculated at 1.25% of the Company's gross turnover, including government subsidy. In light of the recent judgments of the Honorable Supreme Court of Pakistan in C.P.L.A. Nos. 513 to 522 of 2024 and C.P.L.A. Nos. 1028 to 1036 of 2024 (arising out of Lahore High Court I.T.R. Nos. 309 of 2022 and connected matters), wherein it was held that government subsidy forms part of business receipts and is, therefore, subject to turnover tax under section 113 of the Income Tax Ordinance, 2001, the Company has recognized and paid the additional minimum tax during the year to account for the potential tax exposure arising from the revised interpretation adopted by the taxation authorities.

30.3 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these financial statements as taxable income and tax liability are based on minimum tax payable on turnover for the year.

30.4 Deferred tax

	2025	2024
	Rupees	
Deferred income tax effect due to:		
Accelerated tax depreciation	**6,229,836,124**	7,060,570,242
Employees' retirement benefits	**(34,278,496,410)**	(29,863,443,342)
Deferred credit	**(6,972,177,039)**	(6,912,840,958)
Provision for doubtful debts	**(49,191,843,330)**	(39,491,591,377)
Provision for slow moving items	**(526,276,007)**	-
Provision against other receivables	**(9,141,251,734)**	(9,300,147,092)
Provision for GOP subsidies	**(23,590,663,939)**	(17,560,649,027)
Unused tax losses and credit - unabsorbed tax depreciation	**(9,050,034,682)**	(7,964,905,677)
Unused tax losses and credit - business losses	**(50,035,561,232)**	(44,554,832,648)
Minimum Tax	**(4,219,956,474)**	(1,714,034,360)
Net deferred income tax asset	**(180,776,424,723)**	(150,301,874,239)
Unrecognized deferred income tax asset	**180,776,424,723**	150,301,874,239
	-	-

30.3.1 Deferred tax liability raised as at June 30, 2025 amounting to Rupees 6,229.836 million (2024: Rupees 7,060.570 million) on property and equipment has been utilized against the deferred tax asset on the unabsorbed tax depreciation as at June 30, 2025 amounting to Rupees 9,050.035 (2024: Rupees 7,964.905 million).

30.3.2 Deferred tax asset as at June 30, 2025 amounting to Rupees 180,776.425 million (2024: Rupees 150,301.874 million) has not been recognized in these financial statements due to uncertainty in availability of sufficient future taxable profits as these temporary differences are not likely to reverse in the foreseeable future.

30.3.3 The Company has assessed tax losses available for carry forward under the Income Tax Ordinance 2001. The utilization of these losses is subject to the generation of future taxable profit within the respective expiry periods. The ageing of assessed tax losses is as follow:

Years of expiry for assessed losses are 2028, 2027 & 2026 is Rupees. 54,156.461 million Rupees 100,380.467 million & Rupees. 127,088.312 million respectively.

31. LOSS PER SHARE

		2025	2024
		Rupees	
Basic loss per share			
Loss after taxation	**(Rupees)**	**(68,935,882,699)**	(73,146,714,269)
Weighted average number of ordinary shares	**(Numbers)**	**1,000**	1,000
Loss per share - basic	**(Rupees)**	**(68,935,883)**	(73,146,714)
Diluted loss per share			
Loss after taxation	**(Rupees)**	**(68,935,882,699)**	(73,146,714,269)
Weighted average number of ordinary shares including deposit for shares	**(Numbers)**	**22,585,664,494**	15,917,543,117
Loss per share - diluted	**(Rupees)**	**(3.05)**	(4.60)

	Note	2025	2024
		Rupees	

32 CASH GENERATED FROM OPERATIONS

Loss before taxation		**(63,805,694,795)**	(71,122,446,985)
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		**1,512,314,059**	1,411,251,930
Amortization of deferred credit		**(871,989,267)**	(867,347,472)
Provision for staff retirement benefits		**15,212,333,359**	14,694,480,243
Finance cost		**3,682,010,788**	3,880,677,119
Allowance for expected credit losses		**34,455,829,624**	37,586,530,467
Allowance for slow moving stock		**225,775,409**	(112,278,978)
Profit on bank deposits		**(498,195,127)**	(555,052,100)
Non-utility operations		**(49,067)**	(311,792,749)
Working capital changes	32.1	**25,837,025,479**	25,807,927,170
		15,749,360,462	10,411,948,645

	2025	2024
	Rupees	

32.1 Working capital changes

Increase in current assets		
Stores and spares	**(1,422,869,921)**	(2,939,277,565)
Trade debts	**(24,698,431,459)**	(28,938,481,161)
Loans and advances	**(142,808,523)**	(83,257,069)
Other receivables	**(1,112,140,889)**	2,437,302,692
Due from associated undertaking	**(1,135,478,273)**	(413,700,171)
Subsidies from Government of Pakistan	**(8,271,986,737)**	(1,478,559,216)
	(36,783,715,802)	(31,415,972,490)
Increase in current liabilities		
Trade and other payables	**(2,583,955,223)**	6,945,174,744
Accrued mark-up - long term financing	**1,283,120,632**	(1,622,279,698)
Due to associated undertakings	**63,921,575,872**	51,901,004,614
	62,620,741,281	57,223,899,660
Working capital changes	**25,837,025,479**	25,807,927,170

33 TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of Government of Pakistan (GoP), Pakistan Electric Power Company Limited (PEPCO), National Transmission Despatch Company (NTDC), Nine distribution companies, four power generation companies, Power Information Technology Company (Private) Limited (PITC), Central Power Purchasing Agency (Guarantee) Limited (CPPAGL) and WAPDA. Amounts due from and to related parties and key management personnel, if any, are shown under receivables and payables. Remuneration of Chief Executive Officer, directors and executives are disclosed in note 34.

Relationship with Related parties and nature of transactions	2025	2024
	---------- Rupees ----------	
a) Associated Undertaking		
Purchase of electricity from CPPAGL	**165,874,328,603**	169,054,118,122
Software license fee to PEPCO	**24,216,345**	21,229,396
Insurance charges to WAPDA	**8,251,029**	-
Distribution license fee to NEPRA	**76,383,158**	54,574,513
Supplementary charges to CPPA	**2,397,541,444**	2,350,829,682
Pension paid to employees of associated companies	**956,300,963**	1,562,557,182
Free supply of electricity provided to employees of associated companies	**441,805,013**	606,147,975
Supply of material	**63,670,142**	98,785,454
Purchase of material	**209,088,608**	22,993,457
b) Economic Affairs Division (GoP)		
Accrued mark-up on relent loans	**1,283,120,632**	1,528,805,317
C) Ministry of Water and Power (GoP)		
Subidies from Government of Pakistan	**72,981,385,090**	54,353,748,403

33.1 A number of governmental departments are the electricity consumers of the Company to whom the electricity is sold on the notified tariff rates, the detail of which cannot be produced due to impracticability.

33.2 Associated companies / undertakings with whom the Company have transactions or have arrangements / agreements in place:

Jamshoro Power Generation Company Limited (GENCO-I)
Central Power Generation Company Limited (GENCO-II)
Northern Power Generation Company Limited (GENCO-III)
Lakhra Power Generation Company Limited (GENCO-IV)
Pakistan Electric Power Company Limited (PEPCO)
National Transmission and Dispatch Company Limited (NTDC)
Economic Affairs Division (Government of Pakistan)
Central Power Purchasing Agency (Guarantee) Limited (CPPAGL)
Lahore Electric Supply Company Limited (LESCO)
Multan Electric Power Company Limited(MEPCO)
Quetta Electric Supply Company Limited (QESCO)
Islamabad Electric Supply Company Limited (IESCO)
Peshawar Electric Supply Company Limited (PESCO)
Sukkur Electric Power Company Limited (SEPCO)
Faisalabad Electric Supply Company Limited (FESCO)
Gujranwala Electric Power Company Limited (GEPCO)
Tribal Electric Supply Company Limited(TESCO)
Water and Power Development Authority (WAPDA)
Power Planning and monitoring Company(PPMC)
Power Information Technology Company (Private) Limited (PITC)
Ministry of Water and Power
Other Government authorities

	June 30, 2025		June 30, 2024	
	Financial Asset	Maximum Exposure	Financial Asset	Maximum Exposure
	----------Rupees----------		----------Rupees----------	
Long term loans	-	-	-	-
Long term deposits	-	-	259,150,000	259,150,000
Trade debts	**189,597,134,637**	**19,970,088,671**	164,898,703,178	28,720,801,878
Loans and advances	**309,526,019**	**309,526,019**	166,717,496	166,717,496
Due from associated undertakings	**12,180,641,232**	**12,180,641,232**	11,045,162,959	11,045,162,959
Other receivables	**31,521,557,703**	**31,521,557,703**	31,692,515,615	30,514,872,745
Accrued mark up	**140,456,107**	**140,456,107**	122,953,422	122,953,422
Bank balances	**16,544,208,197**	**16,544,208,197**	16,377,679,623	16,377,679,623
-	**250,293,523,895**	**80,666,477,929**	224,562,882,293	87,207,338,123

Out of total financial asset of Rs. 250,293.523 million (2024: Rs. 224,562.882 million), the financial asset which are subject to credit risk amounted to Rs. 80,666.477 million (2024: Rs. 87,207.338 million). Difference in the balances as per statement of financial statements and maximum exposure were due to the fact that trade debt and other receivables amounting to Rs. 169,627.025 million (2024: Rs. 137,355.544 million) respectively has been provided for.

35.1.1 Credit risk related to trade debts

Financial instruments that potentially subject the Company to concentration of credit risk are trade debts. The Company's electricity is sold to domestic, commercial, agriculture, industrial and bulk rate consumers including government organizations. Due to large number and diversity of its customer base, concentration of credit risk with respect to trade debts is limited. Further the Company manages its credit risk by obtaining security deposit from the customers. The Company believes that it is not exposed to significant credit risks except to the extent of receivables from its defaulted consumers including government administrative offices. The Company controls its credit risk by continuous monitoring of its receivables and disconnecting defaulting consumers. In addition, outstanding customer receivables are regularly monitored and appropriate actions are taken to minimize risk of bad debts.

35.1.2 Collateral against trade debts

The Company receives security deposit from each customer at the time of allotment of new connection which is adjustable against the amount due from him in case of his default. At present the Company holds security deposit amounting to Rs. 3,370.801 million (2024: Rs.3,089.049 million).

35.1.3 Credit risk related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Chief Executive Officer and Chief Financial Officer in accordance with the Company's policy.

The credit risk on liquid funds (bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of banks as at June 30, 2025 where the Company maintains its major bank balances are as follows:

Name of bank	Rating Agency	Short-term / Long-term	2025	2024
			Rupees	
National Bank of Pakistan	PACRA	A1+ / AAA	**8,351,161,762**	10,410,731,984
Habib Bank Limited	VIS	A1+ / AAA	**1,823,082,736**	693,494,052
United Bank Limited	VIS	A-1+ / AAA	**1,477,489,721**	1,414,705,756
Allied Bank Limited	PACRA	A1+ / AA+	**2,557,743,261**	2,257,652,588
MCB Bank Limited	PACRA	A1+ / AAA	**2,056,726,574**	1,415,216,560
Bank Alfalah Limited	VIS	A-1+ / AA+	**84,396,384**	11,755,516
Askari Commercial Bank Limited	PACRA	A-1+ / AA+	**1,260,368**	75,890,536
Meezan Bank Limited	VIS	A1+ / AAA	**4,434,181**	1,777,342
Faysal Bank limited	PACRA	A1+ / AA	**47,833,702**	49,668,846
Sindh Bank Limited	VIS	A-1+ / A+	**62,538**	3,337,719
Silk Bank limited	VIS	A-2 / A-	**140,016,970**	43,448,724
			16,544,208,197	16,377,679,623

There is no significant credit risk against other receivables as majority of the receivables are from other Distribution Companies which are financially backed by the Ministry of Water and Power Development Authority and the Government of Pakistan.

35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring substantial losses or risk damage to the Company's reputation.

The following table shows the Company's remaining contractual maturities of financial liabilities, including interest payments:

		Contractual cash flows	
	Carrying amount	**Less than one year**	**More than 5 years**
June 30, 2025	----------	**Rupees**	----------
Long term financing	**10,966,244,512**	**4,488,843,443**	**6,477,401,069**
Consumers' security deposits	**3,370,801,204**	**-**	**3,370,801,204**
Accrued mark-up	**15,873,060,368**	**15,873,060,368**	**-**
Trade and other payables	**7,502,168,181**	**7,502,168,181**	**-**
Due to associated undertakings	**367,262,701,319**	**367,262,701,319**	**-**
	404,974,975,584	**395,126,773,311**	**9,848,202,273**

		Contractual cash flows	
	Carrying amount	Less than one year	More than 5 years
June 30, 2024	----------	Rupees	----------
Long term financing	9,607,890,562	4,442,558,856	5,165,331,706
Consumers' security deposits	3,089,049,742	-	3,089,049,742
Accrued mark-up	14,589,939,736	14,589,939,736	-
Trade and other payables	10,774,825,748	10,774,825,748	-
Due to associated undertakings	370,022,339,216	370,022,339,216	-
	408,084,045,004	399,829,663,556	8,254,381,448

35.3 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as fuel price and equity price risk. Financial instruments affected by market risk include loans and borrowings, bank deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

35.3.1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the following:

	2025	2024
	---------- Rupees ----------	
Fixed rate instruments		
Financial assets		
Term deposit receipts	**352,013,079**	611,289,000
Financial liabilities		
Long term financing	**10,966,244,512**	9,607,890,562
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	**2,028,867,460**	2,571,883,663

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair values through profit or loss. Therefore, change in interest rates at the reporting date would not affect statement of profit or loss.

35.3.2 Equity price risk management

The Company do not have any investments in listed and unlisted equity securities which are susceptible to market price risk arising from uncertainties about future values of the investment securities.

35.4 Determination of fair values

35.4.1 Fair value of financial instruments

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

35.4.2 Recognized fair value measurements - non-financial assets

There were no non-financial assets as at June 30, 2025 (2024: Nil) for the recognized fair value measurement.

35.5 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	At amortized cost	
	2025	2024
Assets as per statement of financial position	Rupees	
Long term deposits	-	259,150,000
Loans and advances	**309,526,019**	166,717,496
Trade debts	**19,970,088,671**	28,720,801,878
Due from associated undertakings	**12,180,641,232**	11,045,162,959
Other receivables	-	1,177,664,701
Accrued mark up	**140,456,107.00**	122,953,422
Bank balances	**16,544,208,197**	16,377,679,623
	49,144,920,226	57,870,130,079

	At amortized cost	
	2025	2024
Liabilities as per statement of financial position	Rupees	
Long term financing	**10,966,244,512**	9,607,890,562
Trade and other payables	**7,502,168,181**	10,774,825,748
Due to associated undertakings	**367,262,701,319**	370,022,339,216
Accrued mark-up	**15,873,060,368**	14,589,939,736
	401,604,174,380	404,994,995,262

36 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e. its shareholders' equity is to safeguard its ability to continue as a going concern to maintain a strong capital base to support the sustained development of its business. The Company is not exposed to any external capital requirement. As mentioned in note 4, Company will issue shares amounting to Rs. 225,856.634 million at the rate of Rs. 10 per share on the closing of supplementary business transfer agreement which will strengthen the capital management of the Company. As public interest entity financial support is available to the Company from Federal Government and WAPDA in the form of delayed settlement of CPPAGL against electricity purchase, tariff revision and subsidy on purchases.

37 NUMBER OF EMPLOYEES

	2025	2024
	Number	
Number of employees as at June 30,	**6,680**	6,791
Average number of employees during the year	**6,736**	6,957

38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on _____ by the Board of Directors of the Company.

39 GENERAL

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

Figures have been rounded off to the nearest Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR