



MEPCO



STATEMENT OF CORPORATE INTENT

FY 2026–27 TO FY 2028–29

Summary:

In compliance with **Clause-8(4)** of State-Owned Enterprise Management Policy and Principles in **The Gazette of Pakistan** dated **02-02-2023** which is reproduced here as;

"The board of every state-owned enterprise shall at the start of each financial year, adopt and cause to have published a statement of corporate intent for the state-owned enterprise or the group comprising the state-owned enterprise and its subsidiaries (if any), in respect of that year and the following two financial years in the manner and form set out in Schedule-III."

Multan Electric Power Company (MEPCO) has developed its Statement of Corporate Intent according to guidelines mentioned in the **Section 8(4) – Schedule-III (Statement of Corporate Intent)** of The Gazette of Pakistan. SCI were developed by integrating key elements, operational efficiency (performance improvement and loss reduction strategies), financial projections (revenue, costs and returns) and demand/load forecasts (growth trends and system capacity alignment).

MEPCO aims to enhance operational efficiency and ensure compliance with NEPRA's targets through loss reduction targets, improved recovery and customer services, strengthen the company financial viability and adoption of new technologies. It is committed to delivering reliable, high-quality power and improving service standards to enhance customer satisfaction. The company also prioritizes sustainable growth by ensuring safety, optimizing human resource utilization, and strengthening financial viability. MEPCO is focused on reducing T&D losses upto 11.34% by FY 2026-27 as per NEPRA approved loss target through modern technology, operational improvements, and strict anti-theft measures. Key initiatives include large-scale deployment of AMI upto 33% by FY 2026-27, installation of APMS upto 52% and scanning meters upto 50% for accurate energy monitoring and development of dedicated Data Center to support MEPCO's future digital transformation initiatives. A targeted anti-theft campaign is also underway to reduce electricity theft across the network.

Enhancing customer service and ensuring financial sustainability remain key priorities of MEPCO. The Company is ensuring timely processing of new connections and improved customer support through Customer Facilitation Centers and the CCMS portal, while strengthening transformer reclamation to enhance service reliability. Simultaneously, MEPCO is implementing cost-saving measures through outsourcing, digitization, and automation, along with initiatives to improve power quality, network reliability, voltage regulation, and overall system performance.

In compliance with NEPRA's directions dated 07.01.2026 and the approved Terms of Reference (TORs) communicated on 04.02.2026, MEPCO initiated the procurement process for the engagement of an Independent International Third-Party Consultant/Consortium to conduct the Transmission and Distribution (T&D) Technical Loss Evaluation under Tender No. 214/26 (EPADS Tender No. F-26031802402). The tender was published on 30.03.2026, bids were opened on 30.04.2026, and the technical and financial evaluations have been completed. The procurement is currently under approval, with contract signing expected in August 2026. Considering the extensive scope of work, particularly the GIS-based LT loss assessment, the overall T&D Loss Evaluation Study is expected to be completed by April 2028.

1. Name of State-Owned Enterprise: Multan Electric Power Company.

2. Incorporated/established:

MEPCO was incorporated in Pakistan under the Companies Ordinance of 1984 on **May 14, 1998**, in line with the government's policy of unbundling and corporatizing the power sector. This was a result of the restructuring of WAPDA's Power Wing following the enactment of the NEPRA Regulation of Generation, Transmission, and Distribution of Electric Power Act (Act XL of 1997).

3. Subsidiaries included in this statement of corporate intent:

No Subsidiaries included.

4. Description of main Business of the:

Multan Electric Power Company (MEPCO) is a public sector electricity distribution company responsible for the distribution and supply of electric power within its licensed service territory in southern Punjab. The Company operates, maintains, and develops its distribution network to provide a safe, reliable, and efficient electricity supply to domestic, commercial, industrial, agricultural, and other consumers in accordance with the applicable regulatory framework.

License	License Granted / Submitted	License End	License No.
Distribution of Electric Power	9 th May 2023	8 th May 2043	DL/06/2023
Power Supplier	2nd December 2023	26 th April 2043	SOLR/06/2023

5. Summary of Business Goals:

MEPCO's Business goals include;

Improve power supply reliability, enhance customer service experience, increase company revenue, improve energy efficiency and sustainability, reduce losses, ensure better voltage optimize, operational efficiency, modernize the distribution network with digital technology, enhance employee skills and safety, expand the electricity distribution network, enhance digital customer service platforms and ensure compliance with industry regulations.

6. Summary of the performance measures and benchmarks against business goals and its primary objectives:

The following benchmark are set to track the progress over the span of three years (FY 2026-27, FY 2027-28 & FY 2028-29) using key performance indicators (KPIs) such as AT&C losses, collection efficiency, and technology deployments.

Component		Actual FY 25-26	Target FY 26-27	Target FY 27-28	Target FY 28-29
AT&C Losses	%age	11.18%	11.34%	10.80%	10.40%
	Reduction	-	0.16%	0.54%	0.40%

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T&D Losses	%age	11.91%	11.34%	10.80%	10.40%
	Reduction	-	0.57%	0.54%	0.40%
Improvement in Bill Collection		100.84%	100%	100%	100%
Recovery of Bad Debt (above three Years) through Write-off		6.87%	5.3%	5.3%	5.3%
Commercial Load-Shedding		4.2%	-	-	-
Enhanced Consumer Services		100%	100%	100%	100%
Development and Strengthening of Safety System		85%	95%	100%	100%
Deployment of SCADA (Pilot Project)		-	-	-	25%
Completion of GIS Mapping & Tagging		76.01%	92.50%	100%	100%
Deployment of AMI (Three Phase Meters)		38.3%	61.2%	100%	100%
Amendment and updating of HR Manual		-	100%	100%	100%
Business Process Automation through ERP		65%	72%	84%	89%
Deployment of Computerized Energy Audit up to Distribution Transformer		3.96%	53.17%	89.64%	100%

7. Strategies for achieving business goals and primary objective:

The following initiatives will be implemented for each directorate for the period of three years (FY 2026-27, FY 2027-28 & FY 2028-29) to achieve business goals and set benchmarks.

Description	Business Goals to be Achieved	Strategies to Achieve those goals	CAPEX (in Million Rs.)
STG	Improve power supply reliability, Enhance Customer Service experience, increase company revenue, Improve energy efficiency and sustainability, System Stability,	1. Construction of 9 Nos. New Grid Stations/Conversion. 2. Installation of 4 Nos. 132KV Capacitor Bank. 3. Expansion and Rehabilitation of 25 Nos. (498.4 km) Transmission Lines. 4. Addition of 3 Nos. Line Bay and 1 No. Power Transformer Bay.	15,007
HT Plan		Expansion and Rehabilitation of 181 Nos. Feeder under the head of ELR and DOP	9,319

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LT Plan	Reduce losses, ensure better voltage, Expand the Electricity Distribution Network,	1. Expansion and Rehabilitation of 1,220 Nos. LT Proposal. 2. ABC cable 165 km. 3. Augmentation of 2,321 Nos. Distribution Transformers. 4. Replacement of 1,642,756 Nos.* Sluggish Meters. (On Post expenditure basis)	3,608
SCADA	Optimize operational efficiency, Modernize the Distribution Network with digital technology, Increase in Sale, Theft Detection, and Improve in Customer Services,	Hiring of consultant for the project SCADA pilot project implementation of 5 Nos. Grid Stations.	145
AMI Expansion		Installation of 164,294 Nos. AMI meters against three phase meters.	3,450
		Installation of 28,474 Nos. AMI meters against single phase meters (Provisional Government) & 33,168 Nos. against small roll out plan	773
IT Directorate		Improvement in IT Working Environment i.e. purchase of New Laptop, Computers, UPS, Mobile Phone, heavy duty printers, laser printer etc.	273
GIS Mapping		1. GIS Mapping of 264 Nos. HT lines (2,640 km). 2. GIS Mapping of 132,032 Nos. LT lines (33,008 km).	20
Installation of APMS		Installation of 40,175 Nos. APMS on Distribution Transformers.	10,730
Installation of Scanning Meters		Installation of 63,783 Nos. Scanning meters on 10, 15, 25&50KVA Distribution Transformers.	1,282
Establishment of Data Center		Establishment of Data Center	3,772
ERP	Enhance digital Customer Service platforms, and Ensure Compliance with Industry regulations.	1. SAP Up gradation from ECC 6.0 EHP 7 to SAP S/4 HANA. 2. Disaster Recovery Site (DRS). 3. Project System & SAP Analytics, 4. Pension System. 5. Workflows (HCM-FICO) including Annual Confidential Report (ACR)	115
Public Relation and Image Building		Production Studio for MEPCO You tube Channel & Other Social Media Platforms and Equipment.	10
Safety Improvement		Procurement of Tools and Plants	537
Civil Works		The proposed works include the establishment of Customer Facilitation Centers and the rehabilitation, protection,	543

		addition, alteration, and upgradation of grid station and associated infrastructure.	
Transport Directorate		Purchase of 21 Nos. Crane (03 to 05 tons) and 119 Nos. Bucket Mounted Trucks	2,603
Transformer Workshop		Construction of TRW at Sahiwal and Bahawalnagar	195
Total Cost (in Million Rs.)			52,382

The monitoring will be done on monthly, quarterly and annual basis. This will involve an evaluation of the performance against the targets set for that specific period, discussions regarding any operational, commercial or recovery issues encountered. However, a monthly monitoring framework, developed over twelve months, will track annual targets using key performance indicators (KPIs) such as AT&C losses, collection efficiency, and technology deployments. This data-driven approach will enable progress assessment and performance evaluations.

8. The current or anticipated borrowing:

The MEPCO's current and anticipated borrowing for the FY 2025-26 to FY 2028-29 is listed below;

Detail of Current & Anticipated Borrowing of MEPCO					
Sr. No.	Name of Project	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
1	Electricity Distribution Efficiency Improvement Project (EDEIP) under World Bank	279	8,000	5,040	-
2	Power Distribution Strengthening Project under ADB	-	1,892	4,572	4,035

9. The accounting policies for the financial records and reporting:

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

9.1 Staff retirement benefits

9.1.1 Defined benefit plans

The Company operates funded pension scheme, an unfunded free electricity scheme and an unfunded free medical facility scheme for all its employees. Further, the Company's employees are also entitled for accumulated compensated absences which are encased at the time of retirement up to maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using Projected Unit Credit Actuarial Cost Method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the number of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Past service cost is recognized immediately in the statement of profit or loss.

Remeasurements of the net defined benefit liability (except for compensated absences), which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company

determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan are recognized in profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

9.1.2 General / Employees' Provident Fund

For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deduction from salaries of the employees and remits these amounts to the funds established by WAPDA.

The provident fund related disclosure required by the Companies Act, 2017 is not shown in these financial statements as General / Employees' Provident Fund established by WAPDA includes the employees of other power distribution and generation companies and the Company's share cannot be segregated from the whole General / Employees' Provident Fund.

9.2 Levy

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- those outflows of resources that are within the scope of other standards.
- fines or other penalties that are imposed for breaches of the legislation.

In these financial statements, levy is an amount calculated on the gross revenue. It falls under the scope of IFRIC 21/IAS 37 and is recognized as an operating expense. Any amount that exceeds this is treated as a current income tax expense under the scope of IAS 12.

9.3 Taxation

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001. Income tax assets and liabilities in respect of current taxation are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, as applicable in Pakistan, used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at average tax rate that are expected to apply to the period when the asset is realized or the liability is settled.

9.4 Property, plant and equipment

9.4.1 Cost

Operating property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss, except freehold land which is stated at cost less any accumulated impairment loss and leasehold land which is stated at cost less accumulated depreciation and any identified impairment loss. Cost comprises the purchase price and directly attributable costs necessary to bring the assets to the location and condition required for them to operate as intended.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewals or improvements can be measured reliably. The cost of day-to-day servicing of property, plant and equipment is recognized in statement of profit or loss as incurred.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. Cost includes all expenditure relating directly to the construction, installation and acquisition of specific assets, together with borrowing costs directly attributable to qualifying assets during the construction/erection period, in accordance with IAS 23. Upon completion, the accumulated cost (including borrowing costs) is transferred to operating property, plant and equipment when the asset is available for use.

9.4.2 Depreciation

Depreciation on operating fixed assets is calculated applying the straight-line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.2. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month when the asset is de-recognized. Depreciation on operating fixed assets is charged to the statement of profit or loss except for depreciation provided on construction equipment and vehicles during the period of construction of operating fixed assets that is capitalized as part of the cost of operating fixed assets. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

9.4.3 Derecognition

An item of property, plant 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 statement of profit or loss in the year the asset is de-recognized.

9.5 Intangible assets

Intangible assets represent the cost of computer software and is stated at cost less accumulated amortization and any accumulated impairment loss. Intangible asset is amortized from the month, when the assets become available for use, using the straight-line method, and up to the last month prior to the month of disposal, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

9.6 Stores and spare parts

Stores and spare parts are valued at lower of cost and net realizable value. Usable stores and spare parts are valued principally at cost using moving average cost method less provision for slow moving, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for obsolete items is based on their condition as at the reporting date depending upon the management's judgement.

Net realizable value specifies the estimated selling price in the ordinary course of business less the estimated cost necessary to be incurred to make the sale.

9.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

9.8 Revenue from contracts with customers

9.8.1 Revenue recognition

Sale of electricity

Revenue from sale of electricity is recognized upon supply to consumers at the rates determined by NEPRA and notified by the Government of Pakistan through the official gazette. Late payment surcharge is recognized on an accrual basis after the due date has passed.

Net Metering Billing

In accordance with NEPRA Regulations, at the end of each billing cycle following the date of final interconnection of Distributed Generation facility (Net metering) to the distribution system of the Company, the Company shall net off the kWh supplied by the Distributed Generator against the kWh supplied by it.

In case the kWh supplied by the Company exceed the kWh supplied by Distributed Generator, the Distributed Generator shall be billed for the net kWh in accordance with the Applicable Tariff. In case the kWh supplied by Distributed Generator exceed the kWh supplied by the Company, the Net kWh shall be credited against distributors' next billing cycle for future consumption, or can be paid by the Company to the Distributed Generator upon demand at the end of quarter.

Tariff differential subsidies

Subsidies from Government are announced by the Government of Pakistan for consumers and are recognized under revenue on accrual basis.

Rental and service income

Meter rentals are recognized on time proportion basis.

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest income

Interest income is recognized on a time proportion basis on the principal amount outstanding at the applicable rates.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

9.8.2 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

9.8.3 Contract liabilities

Contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made by the customer. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

9.9 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

9.9.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

9.9.1.1 Debt instruments that meet following conditions are measured subsequently at amortized cost:

The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

9.9.1.2 Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at reporting date, the Company does not hold any assets classified as at fair value through other comprehensive income (FVTOCI).

9.9.1.3 Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

As at reporting date, the Company does not hold any equity instruments designated as at FVTOCI.

9.9.1.4 Financial assets at fair value through profit or loss

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company does not possess any financial assets classified as FVTPL.

Impairment of financial assets

The Company accounts for an allowance for expected credit losses (ECLs) on all debt instruments, with the exception of receivables from the Government of Pakistan and an Associated Undertaking. The ECL is the difference between the contractual cash flows and the cash flows the Company expects to receive, with both amounts discounted at the original effective interest rate. Expected cash flows include cash flows from the sale of collateral held or any other credit enhancements that are essential to the contract's terms.

The Company measures the ECL of a financial instrument based on:

- An unbiased and probability-weighted amount, which is determined by assessing a range of possible outcomes.
- The time value of money, if applicable.
- Reasonable and supportable information about past events, current conditions, and future economic forecasts that is available without excessive cost or effort on the reporting date.

Expected credit losses are measured over the maximum contractual period during which the entity is exposed to credit risk. The significant estimates for measuring the ECLs relate to the fair value of any collateral, the expected timing of collection, and any forward-looking economic factors.

The receivable from the Government of Pakistan and the Government of Punjab represents the amount owed for subsidies and the amount due from an associated undertaking (government-owned entities). This amount is against electricity, medical reimbursement, and pension payments.

SRO No. 985(1)/2019, issued by the SECP on September 02, 2019, regarding companies holding financial assets from the Government of Pakistan, states that the application of the expected credit losses method, as required in IFRS 9 (Financial Instrument), is not applicable until December 31, 2024. S.R.O. No. 1784(I)/2024, dated November 04, 2024, further extended this exemption to December 31, 2025.

Therefore, no impairment charge is recorded on the balances mentioned above. However, these balances are assessed at each reporting date to determine if they are objectively impaired, as per IAS 39. A financial asset is considered impaired if objective evidence indicates that one or more events have negatively impacted the estimated future cash flows of that asset.

Write-off policy

The Company writes off a financial asset when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in statement of profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in the statement of profit or loss.

9.9.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are initially recognized at fair value. In the case of loans, borrowings, and payables, this value is net of any directly attributable transaction costs. The Company's financial liabilities include trade and other payables, long-term financing, and interest accrued on long-term financing.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized or when they are amortized through the EIR process. Amortized cost is calculated by accounting for any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

9.9.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

9.10 Trade debts and other receivables

Trade debts and other 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.

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 years is used to base the calculation of expected credit loss.

9.11 Deferred credit

Amounts received from consumers and Government as contributions towards the cost of extension of electricity distribution network and of providing service connections are deferred and amortized over the estimated useful lives of related assets except for separately identifiable services in which case revenue is recognized upfront upon establishing a connection network. Amortization of deferred credit for the year is recognized as income in the statement of profit or loss.

9.12 Borrowings

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method.

9.13 Borrowing cost

Interest, mark-up 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, mark-up and other charges are charged to the statement of profit or loss in the period in which these are incurred.

9.14 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax.

9.15 Trade and other payables

Trade and other payables are initially recognized at fair value plus directly attributable costs. These are subsequently measured at amortized cost.

9.16 Impairment of non-financial assets

Assets with an indefinite useful life are not subject to depreciation and are tested annually for impairment. The carrying amounts of the Company's other non-financial assets are reviewed at each reporting date to assess whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount.

At each reporting date, previously recognized impairment losses are reviewed to determine whether circumstances have changed and the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment been recognized.

9.17 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

9.18 Earnings / (loss) per share

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 attributable to ordinary shareholders or loss for the year of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings / (loss) per share is determined by adjusting the profit attributable to ordinary shareholders or loss for the year and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

9.19 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.

9.20 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation 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; or
- There is a present obligation that arises from past events but it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

9.21 Related party transactions

Transactions with related parties are conducted at arm's length, using normal commercial rates under the same terms and conditions that apply to third-party transactions.

9.22 Regulatory Deferral Accounts

The Company recognizes regulatory deferral account balances in accordance with IFRS 14 – Regulatory Deferral Accounts. These balances represent amounts of income or expense relating to the current reporting period that are determined by NEPRA to be recoverable from, or refundable to, consumers through future tariffs, but do not otherwise meet the recognition criteria under other IFRS. Regulatory deferral account balances are recognized in the period to which they relate and are presented separately in the financial statements in accordance with IFRS 14.

RECLASSIFICATION OF TRADE DEBTORS TO CONTRACT ASSETS

The Company issues invoices to customers prior to the end of each reporting period. For electricity supplied between the billing date and the reporting date, revenue is accrued based on the units delivered. Since an invoice has not yet been issued and an unconditional right to payment does not exist at that stage, these accruals meet the definition of contract assets under IFRS 15 Revenue from Contracts with Customers.

Previously, these balances were presented as trade debtors. In line with the requirements of IFRS 15, management has reclassified them as contract assets. This reclassification has been made in accordance with IAS 1 Presentation of Financial Statements and does not affect the reported profit or equity of the Company.

Description	Reclassified from	Reclassified to	2023 (Rupees)
Effect on statement of financial position:			
Contract asset	Trade debtors	Contract assets	19,927,180,168

Description	Reclassified from	Reclassified to	2024 (Rupees)
Effect on statement of financial position:			
Contract asset	Trade debtors	Contract assets	34,660,729,699

10. Summary Indicative Balance Sheet and profit and loss Statement:

The MEPCO's Balance sheet and profit and loss statement for the FY 2025-26 to FY 2028-29 is listed below;

10.1. MEPCO's Balance Sheet (FY 2025-26 to FY 2028-29)

Balance Sheet				
	Rs. In Million			
Description	Act. Projected	Projected	Projected	Projected
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
	as on June 30, 2026	as on June 30, 2027	as on June 30, 2028	as on June 30, 2029
Intangible Fixed Assets				
Net Fixed Assets in Operations	164,722	172,963	202,364	218,607
Total Net Fixed Assets in Operations	164,722	172,963	202,364	218,607
Capital Work in Progress	15,344	16,862	16,046	16,393
Long Term Loans to Employees	657	702	747	792
Deferred Cost & Long-Term Deposits	0.05	0.05	0.05	0.05
	16,001	17,564	16,793	17,185
Current Assets				
Stores & Spares	9,511	9,321	9,134	8,952
Trade Debts	59,859	62,852	61,595	60,363
Advances, Prepayments, Other Receivables	41,947	46,981	42,752	38,905
Tariff Subsidy (Receivable from GoP)	86,810	91,151	72,920	65,628
Receivable from Associated Companies& Others	6,752	6,077	5,469	4,922
Cash & Bank Balances	47,359	51,148	49,102	48,120
Total Current Assets	252,238	267,528	240,973	226,890
Total Assets	432,961	458,056	460,130	462,681
Subscribed Equity	134,240	134,240	134,240	134,240
Unappropriated Profit	(169,287)	(159,936)	(149,391)	(148,217)
Total Equity	(35,047)	(25,696)	(15,151)	(13,977)
Long-Term Liability				
Security Deposits	16,979	17,998	19,078	19,459
Employee Retirement Benefits	189,719	196,386	166,229	147,071
Contract Liabilities	4,226	4,649	5,113	5,625
Deferred Credits	90,306	99,480	107,167	113,451
Total Long-Term Loan	6,691	15,885	16,620	17,958
Total Long-Term Liability	307,921	334,397	314,206	303,563
Current Liability				
Current Maturity on Long Term Loans	9,320	10,183	12,948	16,510
Accrued Mark up	12,791	13,485	14,609	15,963
Provision for Taxation & WPPF	8,403	8,904	9,205	10,559
Receipt Against Deposit work	31,011	30,701	33,771	37,148
Payable to NTDC/CPPA	66,532	65,867	65,208	64,556
Creditors, Accrued and Other Liabilities	32,030	20,215	25,333	28,359
Total Current Liability	160,087	149,355	161,075	173,095

Total Liabilities and Commitments	468,008	483,752	475,281	476,658
Total Liabilities and Equity	432,961	458,056	460,130	462,681

10.2. MEPCO's Profit & Loss Statement (FY 2025-26 to FY 2028-29)

Profit and Loss Statement				
	Rs. In Million			
Profit & Loss Statement	Act. Projected	Projected	Projected	Projected
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Revenue				
Sales Revenue	414,928	548,129	552,369	567,029
Subsidy	99,956	86,464	87,757	88,085
Fuel Price Adjustment	-	-	-	-
Total Sales Revenue	514,884	634,593	640,126	655,115
Rental & Service Income	98	85	89	94
Amortization of Deferred Credits	4,929	5,259	5,935	6,017
Other Income	12,763	14,036	15,982	15,446
Total Revenue	532,674	653,973	662,132	676,672
Operating Cost				
Power Purchase Cost	452,209	553,169	552,711	554,578
O&M Expenses	50,815	65,532	72,180	82,688
Depreciation	8,480	10,263	11,132	12,147
Amortization	-	-	-	-
Supplemental Charges	7,174	8,359	8,526	8,696
*Provision for Bad Debt	-	-	-	-
Total Operating Cost	518,678	637,323	644,549	658,109
EBIT	13,996	16,649	17,583	18,562
Financial Charges & Levies	2,439	1,197	1,317	1,448
Earning before Tax (EBT)	11,557	15,452	16,267	17,114
Tax	1,287	1,475	1,520	1,750
Earning after Tax (EAT)	10,270	13,977	14,747	15,364
WPPF	541	736	776	809
Profit for the period	9,729	13,242	13,971	14,555
Openning Accumulated Loss	(174,565)	(169,287)	(159,936)	(149,391)
Comprehensive Income	(4,452)	(3,890)	(3,425)	(13,381)
Accumulated Profit/ (Loss)	(169,287)	(159,936)	(149,391)	(148,217)

11. Consolidated summary indicative balance sheet and profit and loss statement for the MEPCO and its subsidiaries as a group:

Not Applicable

12. The proposed dividend declaration and distribution policy:

No Dividend Declared since incorporation.

13. Description of any public services obligations and their impact on the forecasted financial outcomes of MEPCO:

The State-Owned Enterprises (SoE) Act-2023 introduced the concept of Public Service Obligation as Non-Commercial Activities undertaken by the Commercial SoEs (MEPCO) undertaken on behalf of the Federal Government. As per Clause-IV of Schedule-II to the SoE Act-2023, the Federal Government and Commercial SoE are required to enter into a PSO Agreement where the situation warrants. Pursuant to SoE Act-2023, Ministry of Energy (Power Division) forwarded Draft PSO Agreement for review, comments and concurrence of MEPCO, covering the following scope:

1. Management & Administration of the Subsidies.
2. Management & Administration of Collection / Deposit of Surcharges.

In view of the foregoing, the PSO Agreement, after due process and approval of MEPCO BoD, signed and forwarded to Ministry of Energy (Power Division) in June-2026 for execution and further proceeding as required under SoE Act-2023.

Conclusion

This Statement of Corporate Intent sets out MEPCO's strategic priorities, performance targets, and planned initiatives for FY 2026–27 to FY 2028–29 in accordance with the requirements of the State-Owned Enterprises governance framework. The Company remains committed to improving operational efficiency, reducing technical and commercial losses, strengthening financial sustainability, modernizing its distribution network through digital technologies, and enhancing customer service. Through effective implementation of these initiatives, prudent resource management, and continuous monitoring of key performance indicators, MEPCO aims to deliver a safe, reliable, and efficient electricity supply while creating long-term value for consumers.