

TRIBAL AREAS ELECTRIC SUPPLY COMPANY, PESHAWAR

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No. 604-607 /CEO/TESCO



Office of the Chief Executive Officer
TESCO, 213-WAPDA House
Shami Road, Peshawar

Dated: 11 / 9 / 2026

The Registrar
National Electric Power Regulatory Authority
NEPRA Tower, G-5/1
Islamabad

Subject: ADJUSTMENT AND INDEXATION OF CONSUMER-END TARIFF FOR CY 2027

Reference: i. NEPRA Tariff Determination No. NEPRA/TRF-632/TESCO-Distribution/2025/318-25 dated 7 January 2026.

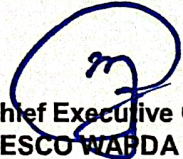
ii. NEPRA Tariff Determination No. NEPRA/TRF-633/TESCO-Supply/2025/309-16 dated 7 January 2026.

It is submitted that NEPRA, through the tariff determinations referred to above for TESCO's Distribution and Supply businesses, has prescribed annual adjustment and indexation mechanisms for the relevant tariff components.

Further, NEPRA has directed TESCO to submit its annual adjustment and indexation request in a timely manner. In compliance with the Authority's directions, TESCO is submitting its adjustment and indexation petition for CY 2027 for both its Distribution and Supply businesses, along with the presently available supporting data and workings, for kind consideration.

It is, therefore, requested that TESCO's adjustment and indexation petition for CY 2027 may kindly be considered and processed under the mechanisms prescribed in the aforesaid tariff determinations. The petition and supporting workings are enclosed.

D/A: As above


Chief Executive Officer
TESCO WAPDA House
Peshawar

Copy to:

1. Director General, MIRAD, TESCO Peshawar, for information.
2. Chief Financial Officer, TESCO, for information.
3. Director Finance, TESCO, for information.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED

TESCO ADJUSTMENT AND INDEXATION FOR CY 2027

AND

PRIOR YEAR ADJUSTMENT (PYA)

Under the Applicable Distribution and Supply Tariff Determinations

Table of Contents

S. No.	Description	Page
1.	Indexation / Adjustment Main Table	4
2.	Pay and Allowances	5
3.	Post-Retirement Benefits	5
4.	Outsourcing of ALMs and LMIs	5
5.	Repair and Maintenance	5
6.	Travelling Allowance	5
7.	Vehicle Maintenance	5
8.	Other Expenses	6
9.	Actuarial Staff Retirement Benefits	6
10.	Depreciation	6
11.	Other Income	6
12.	RORB	6
13.	Wheeling Charges	7
14.	Prior Year Adjustment	7

Indexation / Adjustment for CY 2027 under Applicable Tariff Determinations

Description	Units	Projected CY 2027 - Rs. Million		
		SoP	DoP	Total
Units Received	GWh	1,650	1,650	1,650
Units Sold	GWh	1,503	1,503	1,503
Units Loss	GWh	147	147	147
Percentage Loss	%	8.89%	8.89%	8.89%
Energy Charges	Min. Rs.	14,134.627	0.000	14,134.627
Capacity Charges	Min. Rs.	46,630.407	0.000	46,630.407
Transmission/Market Charges	Min. Rs.	5,654.966	0.000	5,654.966
MoF/Operator Fee	Min. Rs.	0.00	0.00	0.00
Total Power Purchase	Min. Rs.	66,420.000	0.000	66,420.000
Pay & Allowances	Min. Rs.	504.00	1,176.00	1,680.00
Post-Retirement Benefits	Min. Rs.	225.00	525.00	750.00
Outsourcing of 32 ALMs and 32 LMIs	Min. Rs.	0.00	56.37	56.37
Repair & Maintenance	Min. Rs.	29.60	266.40	296.00
Travelling Allowance	Min. Rs.	14.10	32.90	47.00
Vehicle Maintenance	Min. Rs.	21.90	51.10	73.00
Other Expenses	Min. Rs.	33.90	79.10	113.00
Actuarial Staff Retirement Cost	Min. Rs.	961.87	2,244.37	3,206.24
Total O & M Costs	Min. Rs.	1,790.37	4,431.24	6,221.62
Depreciation	Min. Rs.	71.30	641.70	713.00
RORB	Min. Rs.	175.30	1,577.70	1,753.00
Other Income	Min. Rs.	(72.40)	(651.60)	(724.00)
Wheeling Charges	Min. Rs.	2,495.52	0.00	2,495.52
Distribution and Supply Margin	Min. Rs.	4,460.09	5,999.04	10,459.14
Prior Year Adjustment	Min. Rs.	13,218.295	2,337.077	15,555.372
Overall Revenue Requirement	Min. Rs.	64,098.388	8,336.119	92,434.507



Pay & Allowances:

Pay and Allowances, including employees' salaries and benefits, constitute a major component of TESCO's O&M expenses. TESCO follows the Basic Pay Scale structure prescribed by the Federal Government for its regular employees, while the approved lump-sum pay structure applies to contractual employees. The salary increase announced by the Federal Government and the normal annual increment have been incorporated in the projected expenditure.

For CY 2027, an amount of Rs. 504 million is requested for the Supply business and Rs. 1,176 million for the Distribution business. The total amount requested under Pay and Allowances is Rs. 1,680 million.

Post-Retirement Benefits:

Post-retirement benefits of TESCO's employees are paid in accordance with the applicable Government rates. The expenditure also increases with the addition of newly retired employees and the continuing obligations towards pensioners.

For CY 2027, an amount of Rs. 225 million is requested for the Supply business and Rs. 525 million for the Distribution business. The total amount requested under Post-Retirement Benefits is Rs. 750 million.

Outsourcing of ALMs and LMIs:

TESCO intends to outsource the services of 32 Assistant Linemen and 32 LMIs to support field operations and the effective maintenance of its electricity network. The estimated monthly remuneration is Rs. 63,059 for each ALM and Rs. 70,400 for each LMI. A contractor margin of 10% has been included in the estimated cost.

The total amount requested for outsourcing under the Distribution business for CY 2027 is Rs. 56.373 million.

Repair & Maintenance:

Repair and maintenance expenditure is essential for reliable operation of TESCO's network. TESCO serves a geographically dispersed and difficult territory through 20 grid stations, approximately 949.13 kilometres of transmission lines, 355 feeders, 19,423 distribution transformers, 11,240.57 kilometres of HT lines and 6,334.55 kilometres of LT lines.

The ageing network, overloading of the distribution system, difficult terrain, adverse weather and recurring damage to network infrastructure require regular maintenance and replacement of damaged equipment. The provision covers grid stations, transmission and distribution lines, transformers, protection systems and associated operational equipment.

For CY 2027, Rs. 29.6 million is requested for the Supply business and Rs. 266.4 million for the Distribution business. The total amount requested under Repair and Maintenance is Rs. 296 million.

Travelling Allowance:

TESCO's operational area includes remote and difficult locations. Employees are required to travel for inspection and maintenance of the transmission and distribution systems, supervision of field activities, complaint handling, recovery operations, official meetings and training programmes.

For CY 2027, Rs. 14.1 million is requested for the Supply business and Rs. 32.9 million for the Distribution business. The total amount requested under Travelling Allowance is Rs. 47 million.

Vehicle Maintenance:

TESCO maintains an operational fleet for field inspections, maintenance activities, complaint handling, recovery operations and transportation of staff and equipment across its service territory. Difficult terrain, extensive travelling requirements and the cost of fuel, lubricants, spare parts and repairs affect expenditure under this head.



For CY 2027, Rs. 21.9 million is requested for the Supply business and Rs. 51.1 million for the Distribution business. The total amount requested under Vehicle Maintenance and POL is Rs. 73 million.

Other Expenses:

Other Expenses comprise operating costs not covered under the preceding heads. The major components include injuries and damages, consultancy and professional charges, legal expenses, Board of Directors fees, rent, advertising and publicity, postage and telephone, computer services, power, light and water, office supplies, subscriptions, audit-related expenditure and miscellaneous operational expenses.

For CY 2027, Rs. 33.9 million is requested for the Supply business and Rs. 79.1 million for the Distribution business. The total amount requested under Other Expenses is Rs. 113 million.

Actuarial Staff Retirement Benefits:

The FY 2024-25 financial statements recognize staff retirement benefit cost comprising current service cost and net interest expense. For CY 2027, the actuarial staff retirement cost has been projected on a prudent basis. To avoid overlap with the recurring Post-Retirement Benefits claim, the recurring amount of Rs. 750 million has been deducted from the gross projected actuarial cost.

Description	Rs. Million
Gross projected actuarial cost for CY 2027	3,956.242
Less: Recurring Post-Retirement Benefits	(750.000)
Additional actuarial cost claimed for CY 2027	3,206.242

Accordingly, Rs. 961.873 million is requested for the Supply business and Rs. 2,244.369 million for the Distribution business. The total additional actuarial cost requested for CY 2027 is Rs. 3,206.242 million.

Depreciation:

Depreciation has been projected in accordance with the mechanism prescribed by NEPRA, taking into account the fixed assets employed in TESCO's Supply and Distribution businesses and the projected movement in gross fixed assets in operation.

For CY 2027, Rs. 71.3 million is requested for the Supply business and Rs. 641.7 million for the Distribution business. The total amount requested under Depreciation is Rs. 713 million.

Other Income:

Other Income comprises rental and service income, profit on deposits, amortization of deferred credits, income from non-utility operations and miscellaneous income. The amount has been projected in accordance with the applicable mechanism prescribed by NEPRA.

Other Income of Rs. 72.4 million has been allocated to the Supply business and Rs. 651.6 million to the Distribution business. A total of Rs. 724 million has been deducted from TESCO's revenue requirement for CY 2027.

RORB:

TESCO requires continued investment in its electricity network for reinforcement and rehabilitation of grid stations, transmission and distribution lines, overloaded transformers, protection systems and other operational assets. These investments are necessary for improving system reliability and maintaining continuity of supply within the service territory.

RORB has been projected in accordance with the regulatory asset base and the applicable rate of return. For CY 2027, Rs. 175.3 million is requested for the Supply business and Rs. 1,577.7 million for the Distribution business. The total RORB requested is Rs. 1,753 million.

Wheeling Charges:

TESCO receives electricity through the transmission and distribution network of PESCO at the applicable voltage levels. Consequently, PESCO raises wheeling charges against TESCO for use of its system. Based on the latest complete-year charges, TESCO requests Rs. 2,495.520 million under Wheeling Charges for CY 2027. The entire amount has been allocated to the Supply business.

Wheeling charges pertaining to previous periods remain pending for recovery. The cumulative pending amount from FY 2019-20 to FY 2025-26 is claimed separately through PYA.

Period	Rs. Million
FY 2019-20	2,363.161
FY 2020-21	595.090
FY 2021-22	571.000
FY 2022-23	406.000
FY 2023-24	796.000
FY 2024-25	4,479.927
FY 2025-26	2,495.520
Total Pending Wheeling Charges	11,706.697

Prior Year Adjustment (PYA):

TESCO has incurred prior-period costs arising from the nature of its regulated Supply and Distribution businesses that remain unrecovered through the existing tariff. TESCO therefore requests the Authority to allow the following amounts through PYA for CY 2027.

Description	SoP Rs. Min.	DoP Rs. Min.	Total Rs. Min.
Pending wheeling charges	11,706.697	0.000	11,706.697
FBR payment/deduction	509.994	0.000	509.994
FY 2024-25 actuarial staff retirement charge	1,001.604	2,337.077	3,338.681
Total PYA	13,218.295	2,337.077	15,555.372

The PYA includes Rs. 509.994 million deducted/recovered by the Federal Board of Revenue in relation to TESCO's electricity supply operations. The entire amount has been allocated to the Supply business.

The FY 2024-25 financial statements recognize a staff retirement benefits charge of Rs. 3,338.681 million, comprising current service cost of Rs. 499.924 million and net interest expense of Rs. 2,838.757 million. This amount has been claimed separately through PYA and allocated between the Supply and Distribution businesses on a 30:70 basis.

Accordingly, TESCO requests total PYA of Rs. 15,555.372 million. Including Power Purchase Price of Rs. 66,420 million and the CY 2027 Distribution and Supply Margin of Rs. 10,459.135 million, TESCO's total adjustment and indexation request for CY 2027 amounts to Rs. 92,434.507 million.

LIST OF ANNEXURES

S.No.	Annexure	Description
01	Annexure-A	Revision of Basic pay Scales and allowances
02	Annexure-B	Grant of Increase in Pension
03	Annexure-C	Statement of Financial Position as 2024-25 & 2026
04	Annexure-D	TESCO Defined Benefit Plans at 30-06-2025
05	Annexure-E	TESCO Wheeling Charges & Debit Memos
06	Annexure-F	Provision of withholding Tax Detail

Annexure-A



No.F.1(2)IMP/2026

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE



Islamabad, the 21st July, 2026

OFFICE MEMORANDUM

SUBJECT: REVISION OF BASIC PAY SCALES AND ALLOWANCES OF CIVIL SERVANTS OF THE FEDERAL GOVERNMENT 2026

The Federal Government has approved revision of Basic Pay Scales & Allowances with effect from 1st July, 2026 for the civil employees of Federal Government, paid out of civil estimates and defense estimates as detailed in the following paragraphs:

Part-I (Pay)

2. Revision of Basic Pay Scales:

The Basic Pay Scales (BPS)-2026 have been introduced by merging Ad-hoc Relief Allowance-2022 and Ad-hoc Relief Allowance-2025. The Basic Pay Scales-2026 shall replace the Basic Pay Scales-2022 with effect from 01-07-2026 as given at the end of this Office Memorandum.

3. Fixation of Pay of the existing employees:

i) The basic pay of an employee in service on 30-06-2026 shall be fixed in the Basic Pay Scales-2026 on point to point basis i.e. at the stage corresponding to that occupied by him/her above the minimum of Basic Pay Scales-2022;

ii) In case of Personal Pay being drawn by an employee as part of his/her basic pay beyond the maximum of his/her pay scale on 30-06-2026, he/she shall continue to draw such pay in the Basic Pay Scales-2026 at the revised rates.

4. Annual increment:

Annual increment shall continue to be admissible, subject to the existing conditions, on 1st December each year.

All the Special Pays, Special Allowances or the Allowances admissible as percentage of pay (excluding those which are capped by fixing maximum limit) including House Rent Allowance and the Allowance/Special Allowance equal to one month basic pay, granted to Federal Government employees irrespective of his/her posting in Ministry/Division/Department/Office etc. including civil employees in BPS-1 to 22 of Judiciary shall stand frozen at the level of its admissibility as on 30-06-2026.

8. Option:

(1) The Ministry/Division/Department/Office to which an employee belongs and/or on whose pay roll he/she is borne shall obtain an irrevocable option in writing from such employees within 30 days commencing from the date of issue of this Office Memorandum and communicate it to the concerned Accounts Office/DDO, as the case may be, either to continue to draw salary in the Scheme of Basic Pay Scales-2022 or in the Scheme of Basic Pay Scales-2026 as specified in this Office Memorandum.

(2) An existing employee, as aforesaid, who does not exercise and communicate his/her option within the specified time limit, shall be deemed to have opted for the Scheme of Basic Pay Scales-2026.

9. All the existing rules/orders on the subject shall be considered to have been modified to the extent indicated above. All the existing rules/orders, not so modified, shall continue to be in force under this scheme.

10. Anomalies:

An Anomaly Committee shall be set up in the Finance Division (Regulations Wing) to resolve the anomalies, if any, arising out in the implementation of the Basic Pay Scales-2026.

11. **Existing Pay Scales-2022 and Revised Pay Scales-**

BASIC PAY SCALES OF THE CIVIL SERVANTS							
BPS	Basic Pay Scales-2022			Stages	Basic Pay Scales-2026		
	MIN	INCR	MAX		MIN	INCR	MAX
1	13,550	430	26,450	30	16,280	520	31,880
2	13,820	490	28,520	30	16,600	590	34,300
3	14,260	580	31,660	30	17,130	700	38,130
4	14,690	660	34,490	30	17,650	800	41,650
5	15,230	750	37,730	30	18,300	910	45,600

6	15,760	840	40,960	30	18,930	1,010	49,230
7	16,310	910	43,610	30	19,590	1,100	52,590
8	16,890	1,000	46,890	30	20,290	1,210	56,590
9	17,470	1,090	50,170	30	20,990	1,310	60,290
10	18,050	1,190	53,750	30	21,680	1,430	64,580
11	18,650	1,310	57,950	30	22,410	1,580	69,810
12	19,770	1,430	62,670	30	23,750	1,720	75,350
13	21,160	1,560	67,960	30	25,420	1,880	81,820
14	22,530	1,740	74,730	30	27,060	2,090	89,760
15	23,920	1,980	83,320	30	28,730	2,380	100,130
16	28,070	2,260	95,870	30	33,720	2,720	115,320
17	45,070	3,420	113,470	20	54,140	4,110	136,340
18	56,880	4,260	142,080	20	68,330	5,120	170,730
19	87,840	4,530	178,440	20	105,510	5,450	214,510
20	102,470	6,690	196,130	14	123,090	8,040	235,650
21	113,790	7,420	217,670	14	136,680	8,920	261,560
22	122,190	8,710	244,130	14	146,770	10,470	293,350



26

Ahsen Azim (O/B) SO
Webmaster
21 July, 2026, 07:11:02 PM

[Signature]

Faisal Nadeem
(O/B) SO (Implementation)

Kamran Ali Afzal
Cabinet Secretary
Cabinet Division,
Islamabad

Kamran Rehman Khan
Secretary Kashmir Affair, Gilgit Baltistan & SAFRON
1st Floor, R-Block, Pak Secretariat, Islamabad.,
Islamabad

Sarah Saeed
Secretary Ministry of Parliamentary Affairs
Ministry of Parliamentary Affairs R block, Pak Secretariat, Islamabad.,
Islamabad

Ali Sher Mahsud
Federal Secretary (MoCommunication)
Ministry of Communications,

5.

Part-II (Allowances)**Ad-hoc Allowances:**

Upon introduction of BPS-2026 the following Ad-hoc Relief Allowances granted w.e.f. 01-07-2022 and 01-07-2025 shall cease to exist with effect from 01-07-2026:

S. No.	Name of Ad-hoc Relief Allowance	Office Memorandum and Date	Admissible Rates
i	Ad-hoc Relief Allowance-2022 (01-07-2022)	F.1(2)Imp/2022-283, dated 01-07-2022.	15% of the running basic pay of BPS-2017.
ii	Ad-hoc Relief Allowance-2025 (01-07-2025)	F.1(1)Imp/2025, dated 04-07-2025.	10% of the running basic pay on BPS-2022.

6.

Ad-hoc Relief Allowance-2026:

- a. An Ad-hoc Relief Allowance-2026 @ 7% of the running basic pay of BPS-2026 shall be allowed to the civil employees of the Federal Government as well as civilians paid out of Defence estimates including contingent paid staff and contract employees employed against civil posts in Basic Pay Scales on standard terms and conditions of contract appointment with effect from 01-07-2026 till further orders;
- b. The Ad-hoc Relief Allowance will be subject to Income Tax;
- c. The Ad-hoc Relief Allowance will be admissible during leave and entire period of L.P.R. except during extra ordinary leave;
- d. The Ad-hoc Relief Allowance will not be treated as part of emoluments for the purpose of calculation of Pension/Gratuity and recovery of House Rent;
- e. The Ad-hoc Relief Allowance will not be admissible to the employees during the tenure of their posting/deputation abroad;
- f. The Ad-hoc Relief Allowance will be admissible to the employees on their repatriation from posting/deputation abroad at the rate and amount which would have been admissible to them, had they not been posted abroad;
- g. The Ad-hoc Relief Allowance will be admissible during the period of suspension;
- h. The term "Basic Pay" will also include the amount of Personal Pay granted on account of annual increment (s) beyond the maximum of the existing pay scales.

7.

Special Pay and Allowances:



No.14(2)R-3/2025

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE



Islamabad, the 21st July, 2026

OFFICE MEMORANDUM

SUBJECT: GRANT OF DISPARITY REDUCTION ALLOWANCE-2026

The undersigned is directed to state that the Federal Government has approved the grant of Disparity Reduction Allowance-2026 @15% of Basic Pay as on 30.06.2022 to the employees in BPS-1 to 22 on the existing terms and conditions for those who are already in receipt of Disparity Reduction Allowance, w.e.f. 01.07.2026.

Nadeem Aslam chaudhary
Special Secretary (PAU)
Prime Minister's Office,
Islamabad

Inamullah Khan Dharejo
Secretary to the President
AIWAN -E- SADR,
Islamabad

Barrister Nabeel A. Awan
Secretary Establishment Division
Establishment Division,
Islamabad

Awais Manzoor Sumra
Secretary Planning
Planning Commission,
Islamabad

Capt.(Retd.) Muhammad Mahmood
Secretary Housing
1st and 2nd floor, Block B, Pak Secretariat, Islamabad.,

**Ansar Mahmood
SO (Regulation-III)**

Ahsen Azim (On behalf of)
Webmaster
21 July, 2026, 07:09:30 PM



GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE



No.3(1)R-5/2010-P-001

Islamabad, the 21st July , 2026

OFFICE MEMORANDUM

SUBJECT: REVISION IN THE RATES OF CONVEYANCE ALLOWANCE FOR CIVIL SERVANTS OF THE FEDERAL GOVERNMENT BPS 1-22

The undersigned is directed to refer to the subject cited above and to state that Federal Government has approved the revision of conveyance allowance admissible to the civil servants working in BPS 1-22 by 50% of existing amount per month on existing terms and conditions with effect from 01-07-2026, as per following detail:

BPS	Existing Rate	Revised Rate
1-4	Rs. 1,785/-	Rs. 2,678/-
5-10	Rs. 1,932/-	Rs. 2,898/-
11-15	Rs. 2,856/-	Rs. 4,284/-
16 and above	Rs. 5,000/-	Rs. 7,500/-

Ahsen Azim (On behalf of)
Webmaster
21 July , 2026, 07:08:36 PM

Tahir Rauf
SO (Regulation-V)

Barrister Nabeel A. Awan
Secretary Establishment Division
Establishment Division,


Irfan Ahmed
SO (Regulation-VI)

Shakeel Ahmed Mangnejo
Special Secretary
Prime Minister's Office,
Islamabad

Saeed Ahmad Maitla
Additional Secretary(Admin)
Parliament House, Constitution Avenue, Islamabad,
Islamabad

Kashif Ahmad Noor
Military Accountant General
Kashmir Road Rawalpindi Cantt,
Rawalpindi

Aamir Rathor
Director Staff to Chairman
Capital Development Authority, Islamabad,
Islamabad

Hamid Raza Khalid
Director General(CDNS)
Block No. 23/N, Savings House, Civic Centre, G-6 Markaz, Islamabad,
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Dr. Fahad Haroon Aziz
Chief Accounts Officer
Ministry of Foreign Affairs, SYK Block, 3rd Floor, Constitution Avenue, Sector G-5,
Islamabad

Ahmad Jan Malik
Director General
Plot 7, Khayaban-e-Johar H-9/4,
Islamabad

Ali Tahir
Secretary
FEDERAL OMBUDSMAN OF PAKISTAN Head Office, 36-Constitution Avenue, G-5/2 Islamabad,
Islamabad

Annexure-B



No.4(1)/REG.6/2026

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE

Priority



Islamabad, the 29th July, 2026

OFFICE MEMORANDUM

SUBJECT: GRANT OF INCREASE IN PENSION TO PENSIONERS OF THE FEDERAL GOVERNMENT.

The undersigned is directed to convey the approval of Federal Government to grant an increase @7% on baseline pension with effect from 1st July, 2026 to all Civil Pensioners of the Federal Government including Civilians paid from Defence Estimates as well as retired Armed Forces Personnel and Civil Armed Forces Personnel. The baseline pension shall be as decided/determined vide Finance Division's O.M. No.9(3)R-6/2024-403 dated 01.01.2025 read with Finance Division's O.M. No. 4(1)REG.6/2025 dated 07.07.2025 and Finance Division O.M. No. 4(1)REG.6/2025 dated 05.08.2025.

2. The increase in pension @7% as mentioned at para-1 above shall also be admissible to the pensioners who retired on or after 01.07.2026.

3. The increases in pension @15% allowed vide Finance Division's OM. No 4(1)-Reg.6/2022-486, dated 01.07.2022 and @7% allowed vide Finance Division O.M. No. 4(1)REG.6/2025 dated 07.07.2025 shall remain admissible to the Government employees retiring on or after 01.07.2026.

4. The increase will also be admissible on family pension granted under the Pension-cum-Gratuity Scheme, 1954, Liberalized Pension Rules, 1977 as amended from time to time, on pension sanctioned under the Central Civil Services (Extraordinary Pension) Rules as well as on the Compassionate Allowance under CSR-353.

5. If the gross pension sanctioned by the Federal Government is shared with any Government in accordance with the rules laid down in Part-IV of Appendix-III to the Accounts Code, Volume-I, the amount of the increase in pension will be apportioned between the Federal Government and the other Government concerned on proportionate basis.

6. The increase in pension sanctioned in this O.M., will not be admissible on Special Additional Pension allowed in lieu of pre-retirement Orderly Allowance and monetized value of a driver or an orderly.

Annexure-C

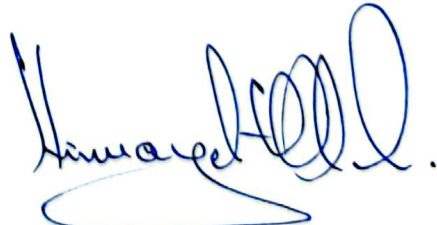
TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees Restated	2022 Rupees Restated
ASSETS				
Non-current assets				
Property, plant and equipment	6	23,042,933,996	21,080,277,730	18,543,438,635
Long term advances	7	20,505,818	25,674,528	31,517,028
		23,063,439,814	21,105,952,258	18,574,955,663
Current assets				
Stores and spares	8	4,896,785,495	5,187,733,121	3,540,494,506
Trade debts	9	75,568,157,838	83,124,593,046	75,978,347,568
Advances and other receivables	10	38,167,382,893	35,285,216,941	31,338,726,580
Receivable from Government	11	63,057,628,244	63,057,628,244	62,712,592,211
Cash and bank balances	12	948,160,436	1,351,871,598	2,070,533,403
		182,638,114,906	188,007,012,950	175,640,691,268
Total assets		205,701,554,720	209,112,995,208	194,215,649,931
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorized share capital:		200,000,000	200,000,000	200,000,000
Issued, subscribed and paid up share capital	13	10,000	10,000	10,000
Share deposit money	14	427,164,244	427,164,244	427,164,244
Un-appropriated profit		18,721,629,137	28,748,667,202	23,508,164,061
		19,148,803,381	29,175,841,446	23,935,338,245
Non-current liabilities				
Long term loan from Government of Pakistan	15	19,233,228,900	19,233,228,900	19,233,228,900
Long term loans	16	43,374,586	59,648,050	72,887,222
Deferred credits	17	11,185,458,163	8,485,064,566	6,996,318,082
		30,462,061,649	27,777,941,516	26,302,434,204
Current liabilities				
Consumers' security deposits	18	350,968,361	458,093,459	444,178,705
Current portion of long term loans		114,712,654	98,439,190	85,200,017
Trade and other liabilities	19	155,625,008,674	151,602,679,597	143,448,498,759
		156,090,689,689	152,159,212,246	143,977,877,481
		205,701,554,720	209,112,995,208	194,215,649,931
Contingencies and commitments				
	20			

The annexed notes, from 1 to 37, form an integral part of these financial statements


Chief Executive Officer




Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees Restated
Sale of electricity	21	57,862,978,422	62,009,243,038
Cost of electricity	22	64,771,732,567	52,639,813,742
Gross (loss) / profit		(6,908,754,146)	9,369,429,296
Other income	23	702,836,077	552,932,894
Operating cost	24	3,812,731,984	4,591,033,012
Financial charges	25	8,388,013	90,825,977
		3,821,119,996	4,681,858,989
(Loss) / profit before income tax and minimum tax differential		(10,027,038,065)	5,240,503,201
Minimum tax differential	26	-	-
Net (loss) / profit before income tax		(10,027,038,065)	5,240,503,201
Provision for taxation	27	-	-
(Loss) / profit for the year		(10,027,038,065)	5,240,503,201
(Loss) / earning per share - basic & diluted	28	(10,027,038)	5,240,503

The annexed notes, from 1 to 37, form an integral part of these financial statements


Chief Executive Officer




Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

(Loss) / Profit for the year

Other comprehensive income:

Items that will not be subsequently reclassified to profit or loss

Items that may be subsequently reclassified to profit or loss

Total comprehensive (loss) / income for the year

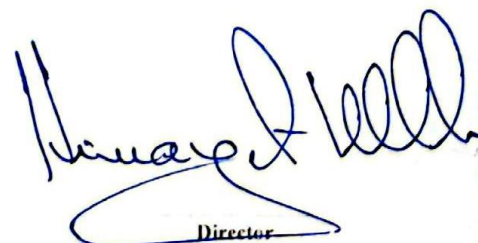
The annexed notes, from 1 to 37, form an integral part of these financial statements

2024 Rupees	2023 Rupees Restated
(10,027,038,065)	5,240,503,201

-	-
-	-
(10,027,038,065)	5,240,503,201


Chief Executive Officer




Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees <i>Restated</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	30	(1,097,594,187)	289,448,998
Financial charges paid		(1,600,950)	(252,608)
Net cash (used in) / generated from operating activities		<u>(1,099,195,137)</u>	<u>289,196,390</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(152,087,000)	(366,345,217)
Payment for capital work-in-progress		(2,453,291,437)	(2,702,892,115)
Long term advances recovered		5,168,710	5,842,500
Profit on bank deposits		177,239,281	140,584,761
Net cash used in investing activities		<u>(2,422,970,446)</u>	<u>(2,922,810,071)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Consumer security deposit (paid) / received		(107,125,098)	13,914,754
Increase in deferred credit contribution		3,225,579,518	1,901,037,122
Net cash generated from financing activities		<u>3,118,454,420</u>	<u>1,914,951,876</u>
Net decrease in cash and cash equivalents		(403,711,163)	(718,661,805)
Cash and cash equivalents at the beginning of the year		1,351,871,599	2,070,533,404
Cash and cash equivalents at the end of the year		<u>948,160,436</u>	<u>1,351,871,598</u>

The annexed notes, from 1 to 37, form an integral part of these financial statements


Chief Executive Officer




Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid up share capital	Share deposit money	Accumulated loss	Total
	-----Rupees-----			
Balance as at June 30, 2022	10,000	427,164,244	28,296,334,916	28,723,509,160
Effect of restatement			(4,788,170,914)	(4,788,170,914)
Balance as at June 30, 2022 - restated	10,000	427,164,244	23,508,164,001	23,935,338,245
Balance as at July 01, 2022	10,000	427,164,244	23,508,164,001	23,935,338,245
Profit for the year	-	-	5,240,503,201	5,240,503,201
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5,240,503,201	5,240,503,201
Balance as at June 30, 2023	10,000	427,164,244	28,748,667,202	29,175,841,446
Balance as at July 01, 2023	10,000	427,164,244	28,748,667,202	29,175,841,446
Loss for the year	-	-	(10,027,038,065)	(10,027,038,065)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(10,027,038,065)	(10,027,038,065)
Balance as at June 30, 2024	10,000	427,164,244	18,721,629,137	19,148,803,381

The annexed notes, from 1 to 37, form an integral part of these financial statements


Chief Executive Officer




Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND ACTIVITIES

- 1.1** Tribal Areas Electric Supply Company Limited (the Company) was detached from Peshawar Electric Supply Company (PESCO) on July 03, 2002 and incorporated as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at WAPDA House, Lahore. The Company was formed after acquiring / taking over all the properties, rights, assets, obligations and liabilities relating to Federally Administered Tribal Areas (FATA), now Newly Merged Tribal Districts (NMDs) of Khyber Pakhtunkhwa (KP) from Water and Power Development Authority (WAPDA). All such assets and liabilities have been transferred to the Company under the terms and conditions of Business Transfer Agreement dated July 31, 2004 which is effective from July 01, 2003. The Company was awarded a distribution license by National Electric Power Regulatory Authority (NEPRA) in 12th August, 2013. The principal activity of business is the provision of electricity services to domestic and commercial consumers.

The company has several accounting units with the following addresses:

Business Unit	Address
TESCO HQ Peshawar	Shami Road WAPDA House Peshawar
XEN TESCO Peshawar	Industrial Estate Hayatabad Peshawar
RO TESCO Peshawar	Industrial Estate Hayatabad Peshawar
XEN TESCO Hangu	KDA Kohat
RO TESCO Hangu	KDA Kohat
XEN TESCO Bannu	Miran Shah, North Waziristan
RO TESCO Bannu	Miran Shah, North Waziristan
XEN/RO TESCO Tank	Wana, South Waziristan
XEN TESCO Northern	Ghallani, District Muhmand
RO TESCO Northern	Ghallani, District Muhmand
XEN TESCO SSTL Peshawar	Industrial Estate Peshawar
XEN TESCO GSC Peshawar	Industrial Estate Peshawar
XEN TESCO FATA Construction Peshawar	University Town Peshawar



2 Basis of preparation

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS/IAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Accounting conversion

"These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies."

2.3 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 2023:

- a) Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' - Disclosure of Accounting Policies;
 - b) Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
 - c) Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Change in definition of 'Accounting Estimate'; and
 - d) Amendments to IAS 12 'Income Taxes' - International Tax Reform - Pillar Two Model Rules.
- e) 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.

2.4 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 2023 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.

2.5 Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting

periods beginning on or after 01 July 2024 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2024. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants' (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback' (Amendments to IFRS 16) with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements' (Amendments to IAS 7 and IFRS 7) to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting periods beginning on or after 01 January 2024.

Classification and Measurements of Financial Instruments (Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments') 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'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (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 with a focus on identifying material sub-totals and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, while others are strengthened and expanded. IFRS 18 introduces a number of elements in the financial statements, but it might change what an entity reports as its operating profit.

2.6 Standards, amendments to standards and interpretations not yet effective in current year and not relevant to company.

There are certain amendments to accounting and reporting standards that are mandatory for accounting periods beginning on or after July 01, 2023 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.

2.7 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated 16 January 2012 has granted exemption for the application of International Financial Reporting Interpretation Committee (IFRIC) 4 "Determining whether an arrangement contains a Lease" to all companies including Power Sector Companies and IFRIC 12 "Service Concession Arrangements" to all Power sector Companies. However, SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the result of the Company's financial statements.

2.8 Functional and presentation currency

These Financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.9 Significant accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management judgements and estimates in these financial statements are as follow:

- Useful live, residual value and depreciation method used for property, plant and equipment - Note 3.2
- Provision for stores, spares and loose tools - Note 3.3
- Expected credit losses - Note 3.4
- Staff retirement benefits - Note 3.7
- Deferred credits - Note 3.8



- Revenue recognition - Note 3.10
- Provision - Note 3.12
- Taxation - Note 3.13
- Impairment of financial assets - Note 3.14

3 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these financial statements, unless otherwise stated.

3.1 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss whenever incurred.

3.2 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Freehold land and capital work in progress are stated at cost less accumulated impairment losses, if any. Capital work in progress is transferred to operating fixed assets as and when assets are available for use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is provided on straight line method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 4.1. Depreciation on addition in operating property, plant and equipment is charged from the day of purchase or capitalization up to the date, when asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Minor repair and maintenance are charged to statement of profit or loss as and when incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in statement of profit or loss.

3.3 Stores, spares and loose tools

Stores, spares and loose tools are valued at cost, Calculated using the weighted average method less allowance for obsolete and slow moving items. Subsequently, they are measured at the lower of cost and net realizable value. Items in transit are valued at invoice value plus other charges incurred thereon.

3.4 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.

- a) Actual credit loss experience over past years is used to base the calculation of expected credit loss
- b) Expected credit losses are recognized as follows:
- c) No expected credit loss on Government institutions balances, being not subject to risk of default.
- d) Expected credit loss of whole amount receivable from permanently disconnected consumers, exceeding one year;
- e) Expected credit loss on whole arrears from private consumers, exceeding one year; and
- f) Expected credit loss on all deferred arrears.

3.5 Loans and other receivables

These are initially recognized at the fair value of consideration given. Subsequent to initial recognition these are recorded at their amortized cost less accumulated impairment, if any.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short-term highly liquid investments that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

3.7 Staff retirement benefits

Defined benefit plans

The Company provides a funded pension scheme for all its regular employees. Further, the Company's employees are also entitled to



accumulated compensated absences which are encashed at the time of retirement up to a maximum limit of 365 days. The Company's obligations under these schemes are determined annually by a qualified actuary using the Projected Unit Credit Actuarial Cost Method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit 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 comprise 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 benefits payments. Net interest expense and other expenses related to defined benefit plan is 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.

General / Employees' Provident Fund

For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deductions 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 figures related to the Company cannot be segregated from the whole General / Employees' Provident Fund.

3.8 Deferred credit

As the Company has applied IFRIC 18 along with the provisions of IAS 20, as a result of which amounts received from consumers and the Government as contributions towards the cost of extension of distribution network and of providing service connections are deferred for amortization 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. The rate of amortization is 3.5%.

3.9 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.10 Revenue recognition

Revenue is recognized in accordance with IFRS 15 (Revenue from Contracts with Customers). The company, as a distributor and supplier of power, is deemed to provide electricity (Performance Obligation) to its consumers within the jurisdiction of seven NMDs and six Frontier Regions (FRs) at the Transaction price determined by NEPRA and notified by the Government of Pakistan. The services are simultaneously received by the consumers as rendered by the Company. The Company generates revenue from:

- Electricity sale

Revenue related to sale of electricity is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan, from time to time. Late payment surcharges are recognized on an accrual basis and as and when the conditions of late payments are met.

- Tariff differential subsidy

Tariff differential subsidy (TDS) arises as a result of variance between notified tariff (Uniform tariff) by Government of Pakistan and Company specific determined tariff by NEPRA. The differential claim is submitted to Gov in the form of TDS. Tariff differential subsidy on electricity announced by the Government of Pakistan for consumers is recognized under revenue on an accrual basis.

Meter Rental and service income

Meter rentals are recognized as other income on a time proportionate basis.

Interest / mark-up

Interest / mark-up on bank deposits is recognized as other income on accrual basis using the effective interest rate method.

3.11 Borrowings

Borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and the redemption value is recognized in the statement of profit or loss over the period of borrowing on an effective rate basis. The borrowing cost on qualifying assets is included in the cost of the related assets.

3.12 Provisions

A provision is recognized in the statement of financial position 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 are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.12.1 Contingencies

A contingent liability is disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the company.

A contingent liability is also disclosed when there is a present obligation arising from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.13 Taxation

Minimum tax levies

The company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

Current tax

The charge for current taxation is based on taxable income at the current rates after taking into account applicable tax credits, rebates and exemption available (if any) or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher.

Deferred tax

Deferred tax is provided using the balance sheet method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.14 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

3.14.1 Classification

3.14.1.1 Financial assets

The Company classifies its financial assets in the following categories:

- at amortized cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

The Company determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured 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 specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured at FVTPL.

3.14.1.2 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.14.2 Measurement

3.14.2.1 Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

3.14.2.2 Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

3.14.2.3 Financial assets and liabilities at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in statement of comprehensive income.

3.14.3 Impairment of financial assets

The Company recognizes loss allowance for ECL on financial assets measured at amortized cost except for debts due directly / ultimately from Government of Pakistan, if any, in respect of which exemption is granted by SECP through S.R.O. 1177 (I) / 2021 dated September 13, 2021 applicable till June 30, 2024. For trade debts, if any, except debts due directly / ultimately from Government of Pakistan, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for deposits and other receivables i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

In respect of financial assets due directly / ultimately from Government of Pakistan, if any, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.14.4 Derecognition

3.14.4.1 Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all associated risks and rewards of ownership to another entity. Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of profit or loss. Additionally, upon derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of profit or loss. In contrast, upon derecognition of an investment in an equity instrument for which the Company has elected, at initial recognition, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to the statement of changes in equity.

3.14.4.2 Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

3.14.5 Off-setting of financial assets and financial liabilities

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

Related parties transactions

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled



price method. The power is sold to related parties at the rates determined by National Electric Power Regulatory Authority.

4 **Adoption of ICAP's Guidance on Accounting for Minimum Taxes and Final Taxes**

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) issued the "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes." This guidance requires the bifurcation of minimum taxes into two components:

- A component representing income tax within the scope of IAS 12 (Income Taxes).
- A component representing a levy within the scope of IFRIC 21 (Levies) or IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets).

For bifurcation of minimum taxes into above two components, following two approaches can be adopted:

(a) Designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognize it as an operating expense. Any excess over the amount designated as a levy is then recognized as current income tax expense falling under the scope of IAS 12.

(b) Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.

The company has adopted approach (b) as per the guidance, wherein the amount calculated on taxable income using the notified tax rate is designated as an income tax within the scope of IAS 12 and is recognized as a current income tax expense. Any excess over the amount designated as income tax is recognized as a levy within the scope of IFRIC 21 or IAS 37.

The company is required to accounted for this guidance retrospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors). As this change in accounting policy does not have a material impact on the comparative financial statements, therefore, no adjustments have been made to the comparative figures presented in these financial statements.



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5 Restatement Of Prior Year Financial Statements

During the year the following errors have been identified in prior year financial statements:

- (i) The "Receivable from Government" disclosed in Note 10 of the financial statements represents the company's outstanding balances with the Government of Pakistan which includes amounts related to the Industrial Subsidy Package and other subsidies, such as the Kissan Package, Winter Incentive, and AQTA Subsidy. The Central Power Purchasing Authority (CPPA-G) on behalf of the Government of Pakistan, confirmed that all such claims were remitted to the company in previous financial years. However, the company did not account for these receipts in previous years. Consequently, these errors have been retrospectively corrected in the current financial year in accordance with IAS 8.

- (ii) The company's advances and other receivables disclosed in Note 9 included unadjusted opening balances in respect of Inter office transactions. The company identified following errors in inter office transactions:

"The company charged profit on the supply of stores and spares to its own division, while the divisions did not allocate this amount to the project. As a result, the receivable and other income was recognized in financial statements.

"In the financial year 2019, the company overstated its sales by Rs 2,737,441,671, leading to an overstatement of both receivables and profit for that year.

The restatements are accounted for retrospectively as per the requirements of IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative information for financial year 2023 has been restated. restatements have been made by stating each of the affected financial statement line items for the prior period as follows.

	2022			2023		
	As previously reported	Adjustment	Restated	As previously reported	Adjustment	Restated
<u>Effect on Statement of financial position:</u>						
<u>Assets</u>						
Receivable from Government	61,784,875,933	927,716,278	62,712,592,211	61,694,213,418	1,363,414,826	63,057,628,244
Advances and other receivables	37,054,613,772	(5,715,887,192)	31,338,726,580	41,001,104,133	(5,715,887,192)	35,285,216,941
	174,817,837,273	(4,788,170,914)	170,029,666,359	185,819,910,597	(4,352,472,366)	181,467,438,231
<u>Equity and Liabilities</u>						
Trade and other payables	143,448,498,759	-	143,448,498,759	151,602,679,597	-	151,602,679,597
Accumulated Profit/Loss	28,296,334,916	(4,788,170,914)	23,508,164,001	33,101,139,568	(4,352,472,366)	28,748,667,202
	171,902,920,915	(4,788,170,914)	166,956,662,760	184,861,906,406	(4,352,472,366)	180,351,346,799
<u>Effect on Statement Profit or loss:</u>						
Subsidy from Government	-	-	-	13,817,578,946	(435,698,548)	14,253,277,494
	-	-	-	13,817,578,946	(435,698,548)	14,253,277,494



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
6 Property, plant and equipment			
Operating property, plant and equipment	6.1	12,352,787,557	9,546,751,540
Capital work in progress	6.2	10,690,146,439	11,533,526,190
		<u>23,042,933,996</u>	<u>21,080,277,730</u>
6.1 Operating property, plant and equipment			
		<u>Rupees</u>	
Year ended June 30, 2023			
Opening net book value		31,586,946	316,604,558
Transfers from CWIP		-	1,901,037,122
Additions during the year		-	6,028,817
Depreciation charge		-	(8,018,348)
Closing net book value		<u>31,586,946</u>	<u>314,615,027</u>
As at June 30, 2023			
Cost		35,186,946	397,317,385
Accumulated depreciation		-	(86,302,358)
Net book value		<u>35,186,946</u>	<u>311,015,027</u>
Year ended June 30, 2024			
Opening net book value		35,186,946	311,015,027
Adjustment during the year		-	-
Transfers from CWIP		-	332,503,788
Additions during the year		152,087,000	-
Depreciation charge		-	(14,596,423)
Closing net book value		<u>187,273,946</u>	<u>628,922,391</u>
As at June 30, 2024			
Cost		187,273,946	729,821,173
Accumulated depreciation		-	(100,898,782)
Net book value		<u>187,273,946</u>	<u>628,922,391</u>
Depreciation Rate		2%	3.5%

6.1.1 Operating property, plant and equipment includes following assets which were transferred from WAPDA and are held in the name of WAPDA.

	Cost	Accumulated depreciation	Net book value
	<u>Rupees</u>		
Freehold land	10,242,946	-	10,242,946
Building	80,525,715	40,143,312	40,382,403
Motor vehicles	11,379,122	11,379,122	-
	<u>102,147,783</u>	<u>51,522,434</u>	<u>50,625,349</u>



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
6.2 Capital work in progress			
Distribution equipment & Civil works	6.2.1	10,690,146,439	11,533,526,190
		<u>10,690,146,439</u>	<u>11,533,526,190</u>
6.2.1 The movement during the year is as follows:			
Opening balance		11,533,526,190	11,234,922,914
Additions during the year		2,453,291,437	2,199,640,398
Transfer to property, plant and equipment		(3,296,671,188)	(1,901,037,122)
Closing balance		<u>10,690,146,439</u>	<u>11,533,526,190</u>
7 LONG TERM ADVANCES			
Secured - considered good		27,035,991	33,850,700
To employees	10	(6,530,173)	(8,176,172)
Less: current portion		<u>20,505,818</u>	<u>25,674,528</u>
7.1 These are the interest free advances given to employees of the Company for house building, purchase of plot / vehicles and are repayable in five to ten years. These are secured against the mortgage of immovable property and hypothecation of vehicles. These advances have been carried at cost and settled from monthly salaries of the			
	Note	2024 Rupees	2023 Rupees
8 Stores and spares			
Opening balance		5,187,733,121	3,540,494,506
Inventory receipts		1,303,239,981	4,301,733,092
Inventory issued		(1,594,187,607)	(2,654,494,477)
Closing balance		<u>4,896,785,495</u>	<u>5,187,733,121</u>
8.1 Stores and spares consist of items primarily used for the construction, maintenance, and operation of grid stations and related infrastructure. These include essential electrical components such as transformers, circuit breakers, cables, insulators, and other critical spare parts necessary to ensure the reliability and efficiency of the power distribution network			
9 TRADE DEBTS	Note	2024 Rupees	2023 Rupees
Considered good			
From consumers:			
- Against electricity cost	9.1	43,270,638,082	53,553,050,325
- Against Government levies and other charges	9.2	32,297,519,756	29,571,542,720
		<u>75,568,157,838</u>	<u>83,124,593,046</u>
Considered doubtful		14,523,487,500	14,242,753,314
Allowance for expected credit losses	9.3	(14,523,487,500)	(14,242,753,314)
		<u>75,568,157,838</u>	<u>83,124,593,046</u>
9.1 Trade debts are partially secured to the extent of the corresponding consumer security deposits. As of the reporting date, trade debts are classified into residential, commercial, industrial, agricultural, public lighting, residential colonies, and other categories.			
9.2 Component wise break up of trade debts are as follows	Note	2024 Rupees	2023 Rupees
Electricity duty		243,179,728	207,342,391
Withholding income tax		2,359,841,267	2,286,817,776
GST on billing		16,464,626,596	16,366,615,178
Nelum jehlum surcharges		1,252,516,283	1,271,250,937
Extra tax		2,855,665,029	2,772,124,818
Further Tax		846,722,670	825,632,704
F-C-Surcharges		7,399,759,503	5,017,102,103
Others	9.2.1	875,208,679	884,656,813
		<u>32,297,519,756</u>	<u>29,571,542,720</u>
9.2.1 The other taxes includes different taxes receivables on account of at source billing and majorly it comprises of Surchage Tax, EQ, 235-A & B, DS Surchage, UD Surchage, ZRIR.			
9.3 Allowance for expected credit losses	Note	2024 Rupees	2023 Rupees
Opening balance		14,242,753,314	12,665,961,277
Provision for the year		280,734,186	1,576,792,037
Closing balance		<u>14,523,487,500</u>	<u>14,242,753,314</u>
10 ADVANCES AND OTHER RECEIVABLES			
Advances against expenses		37,543,572	38,884,785
Other advances		166,812	166,812
Due from associated undertakings	10.1	48,809,655	48,811,501
Advances against shortage of store		284,005	284,005
Current portion of long term advances		6,530,173	8,176,172
General sales tax		38,074,048,676	35,188,890,666
		<u>38,167,382,893</u>	<u>35,285,216,941</u>



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024 Rupees	2023 Rupees
10.1 Due from associated undertakings			
WAPDA Welfare Fund	10.1.1	48,553,938	48,553,938
Other related parties	10.1.2	255,717	260,563
		<u>48,809,655</u>	<u>48,814,501</u>

10.1.1 As of June 30, 2024, the Company has recorded a receivable balance of Rs 48,553 million from WAPDA, which remains under dispute. The Company has contested this amount, and reconciliation efforts are ongoing to resolve the matter. Given the current uncertainty regarding the timing and outcome of a potential settlement, no adjustments have been made to the recorded balance, as management considers it appropriate based on available information. The Company continues to monitor the situation closely and will make adjustments to the receivable if necessary once the dispute is resolved.

10.1.2 These include receivables from NTDC and MEPCO (NTDC: Rs. 111,750, MEPCO: Rs. 143,967).

	Note	2024 Rupees	2023 Rupees Restated
11 RECEIVABLE FROM GOVERNMENT			
Balance as on July 01, 2023		63,057,628,244	62,712,592,211
Tariff differential and other subsidies recognized during the year		12,527,488,950	3,384,302,430
Adjusted against tariff rationalization surcharge		(12,527,488,950)	(3,039,266,397)
Closing balance		<u>63,057,628,244</u>	<u>63,057,628,244</u>

11.1 This balance represents the tariff differential subsidy (TDS) and AQTA subsidy claimed from the Government of Pakistan, arising from the variance between the uniform tariff notified by the Government of Pakistan and the company-specific tariff determined by NEPRA. The subsidy is claimed as the difference between these rates.

	Note	2024 Rupees	2023 Rupees
12 CASH AND BANK BALANCES			
Cash in hand			
Cash at banks:			
- current account	12.1	339,267,929	183,722,648
- saving account		608,892,507	868,148,950
		<u>948,160,436</u>	<u>1,351,871,598</u>

12.1 The other bank accounts comprises of different Current and Saving accounts. These Saving accounts include an amount of Customers' Security deposits of Rs. 501 million (2023: Rs. 981 million) and another amount of Capital Contribution of Rs. 41 million (2022: Rs. 65,514 million) kept in separate bank accounts. Consumers' security deposits accounts and Capital Contribution accounts carry profit at the rates, ranging from 20.85% to 23.87% per annum (2023: 13.91% to 23.27% per annum).

	2024 Number	2023 Number	2024 Rupees	2023 Rupees
13 Issued, subscribed and paid up share capital				
			10,000	10,000
	1,000	1,000		

13.1 Out of the total of 1000 ordinary shares, 993 are being held by Pakistan Water and Power Development Authority. The remaining 7 shares were being held by the founding Board members at the time of incorporation and consequently these shares are transferred to the new members upon reconstitution of the Board of Directors on timely basis.

	2024 Rupees	2023 Rupees
14 SHARE DEPOSIT MONEY		
14.1	427,164,244	427,164,244

14.1 This represents expenses incurred and payments made on behalf of the company, amounting to Rs. 255 million by WAPDA and Rs. 172 million by the Government of Pakistan (GoP). Shares were to be issued to WAPDA and GoP for these amounts. However, the GoP subsequently notified the company through a formal letter to treat the Rs. 172 million as an equity contribution.

	Note	2024 Rupees	2023 Rupees
15 LONG TERM LOAN FROM GOVERNMENT OF PAKISTAN			
15.1		19,233,228,900	19,233,228,900

15.1 This represents a portion of loan (total amount of loan was Rs. 203,219 billion, out of which TESCO was allocated a share of 9.464% equivalent to Rs. 19,233 billion) obtained by corporatized entities (DISCOs) to cover up short fall of revenue during the year 2003 to 2007 in the absence of subsidy mechanism in shape of payment to IPPs through Government of Pakistan. Accordingly, a credit memo was issued to TESCO in June, 2013 for the mentioned amount. Repayment terms are not yet agreed. Request for conversion of this loan into subsidy is pending with Government of Pakistan. It is not payable on demand hence classified as non current liability. This loan is also unsecured and is not subject to markup.

	Note	2024 Rupees	2023 Rupees
16 LONG TERM LOANS			
Unsecured: under markup arrangement			
Cash development loans	16.1	158,087,240	158,087,240
Less: current portion:			
Over due		99,956,336	85,200,018
Payable within one year		14,756,318	13,239,172
		<u>114,712,654</u>	<u>98,439,190</u>
		<u>43,374,586</u>	<u>59,648,050</u>



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

16.1 These loans have been transferred to the Company by WAPDA in the year 2008-09 vide letter no. GMF(PY)LOANS/MISC/CTDL/645 in accordance with the terms of Loan Liabilities Transfer Agreement (L.L.T.A) dated June 30, 2004. The balance amount of loans at the time of transfer to the Company were repayable in 7 to 24 years in unequal annual instalments commencing from 2005 and ending on 2028. These are subject to markup at the rates ranging from 10.87% to 11.70% per annum (2023: 10.87% to 11.70% per annum). These are payable to the Government of Pakistan (Federal Government).

16.2 The carrying value of loans related to overdue instalments is Rs. 114.7122 million (2022: Rs. 98.439 million).

	Note	2024 Rupees	2023 Rupees
17 DEFERRED CREDITS			
Opening balance		11,779,732,497	9,878,695,375
Asset recognized during the year for capital expenditure		3,225,579,518	1,901,037,122
		15,005,312,015	11,779,732,497
Less: Accumulated amortization			
Opening balance		3,294,667,931	2,882,377,294
Amortization for the year		525,185,921	412,290,637
		3,819,853,852	3,294,667,931
		11,185,458,163	8,485,064,566

17.1 This represents capital contribution received from the government of Pakistan against which assets are constructed by the company.

	Note	2024 Rupees	2023 Rupees
18 CONSUMERS' SECURITY DEPOSITS			
18.1		350,968,361	458,093,459

18.1 These represents security deposits received from consumers against electricity connections.

19 TRADE AND OTHER LIABILITIES			
Creditor	19.1	69,994,929,837	66,268,530,626
Due to associated undertakings	19.2	41,956,994,300	43,303,351,611
Electricity duty payable		403,855,876	207,342,391
Withholding income tax		2,362,649,499	2,286,817,776
Capital contributions awaiting connections		291,545,364	268,032,296
Receipts against deposit work in progress		9,198,333,795	11,707,414,520
Accrued liabilities		250,989,056	325,237,566
Retention money - contractors		205,867,159	158,217,835
General sales tax		16,921,192,087	16,306,615,178
Others taxes payable	16.3	14,038,651,702	10,770,767,376
Supplier Security		-	352,473
		155,625,008,674	151,602,679,597

19.1 These includes payables to related party i.e Central power purchasing agency
Central Power Purchasing Agency

19.2 Due to associated undertakings			
Peshawar Electric Supply Company Limited (PESCO)		41,841,716,786	43,194,071,130
WAPDA		93,030,147	93,030,147
Jamshoro Power Company Limited (GENCO-1)		3,000	3,000
Lahore Electric Supply Company Limited (LESCO)		3,010,131	2,716,387
Faisalabad Electric Supply Company Limited (FESCO)		2,228,065	1,704,799
Gujranwala Electric Supply Company Limited		1,038,611	579,554
Islamabad Electric Supply Company Limited (IESCO)		14,944,123	10,837,320
Hyderabad Electric Supply Company Limited (HESCO)		665,877	379,274
Quetta Electric Supply Company Limited (QESCO)		357,561	-
		41,956,994,300	43,303,351,611

19.3 OTHERS TAXES PAYABLE

NJ Sur		1,271,250,937	1,271,250,937
TAX-235A		144,542,871	144,542,871
F-C-SUR		8,103,398,314	5,017,102,103
ADDL. STAX		10,878,450	10,878,450
EXTRA TAX		2,915,208,574	2,772,124,818
T-R-SUR		486,051,099	486,051,099
FURTHER TAX		864,065,392	825,632,704
EQ		186,945,211	186,945,211
TV FEE		212,822	178,137
TAX-235B		48,676,458	48,676,458
STAX-2014		7,421,574	7,384,587
		14,038,651,702	10,770,767,376

20 CONTINGENCIES AND COMMITMENTS

20.1 CONTINGENCIES

Various industrial consumers and establishments in specified areas have disputes with the Company and have filed suits for the withdrawal of surcharges. Management has evaluated these matters and, based on legal counsel's advice, believes that the likelihood of any material adverse impact on the Company's financial position, results of operations, or cash flows is remote. Therefore, no provisions or contingencies have been disclosed regarding these matters.



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

20.2 COMMITMENTS

The company has entered into capital expenditure contracts totaling Rupees 750.27 million, dedicated to various projects for the construction and development of distribution equipment. Following is the list of projects.

Projects	Contract Amount
Bara to Jamrud transmission line	36,990,077
132KV GSS Razmak	49,399,229
Conversion of 06 Nos. Iso Bays into Line Bays	88,122,157
Providing Independent feeder to Crush Stones Mines at Bagyari Check Post Khyber	1,258,131
Reconductoring / Bifurcation of 11 kV Sher Bridge feeder	64,000,000
Reconductoring / Bifurcation of 11 kV Marble Chowk	80,000,000
Providing of 11 kV Independent feeder to Marble Industries at Bajour	72,000,000
Bifurcation of 11 kV Mandori	72,000,000
Bifurcation of 11 kV Kirman II	61,000,000
New 11 kV Montoi	28,000,000
New 11 kV Shamsha	25,000,000
Bifurcation of 11 kV Machani	35,000,000
Conversion of 06 Nos. Iso Bays into Line Bays	109,500,000
132KV GSS Razmak	25,000,000
	750,269,894

	Note	2024 Rupees	2023 Rupees
21 SALE OF ELECTRICITY			
Electricity billing	21.1	45,335,489,471	47,755,965,514
Subsidy from GoP - restated	21.2	12,527,488,950	14,253,277,494
		57,862,978,422	62,009,243,038

21.1 During the year 1286.08 million units (2023: 1564.32 million units) of electricity were sold at the average rate of Rs. 35.25 (2023: Rs. 31.22) per unit.

21.2 This represents Tariff differential between the Sale Price of electricity charged to the consumer and the rate determined by NEPRA under different tariff determinations. During the year, the Company had collected at an average rate of Rs 19.17 which was not above the tariff determined by NEPRA and thus, the differential amount stands receivable from Central Power Purchasing Agency-Guarantee. Also, these figures are inclusive of the Quarterly Adjustment claims.

	Note	2024 Rupees	2023 Rupees
22 COST OF ELECTRICITY			
Purchases from Central Power Purchase Agency	22.1	64,771,732,567	52,639,813,742

22.1 During the year, the company purchased electricity at the average rate of Rs.46.67 per MWh (2023: Rs. 30.76 per MWh) from CPPA.

	Note	2024 Rupees	2023 Rupees
23 OTHER INCOME			
Profit on deposits		177,239,281	140,584,761
Amortization of deferred credit	17	525,185,921	412,290,637
Income from non utility operations		58,452	57,496
Supplier security written back		352,423	-
		702,836,077	552,932,894

	Note	2024 Rupees	2023 Rupees
24 OPERATING COST			
Salaries, wages and other benefits		1,038,258,021	1,040,073,315
Pension expenses		472,438,904	436,730,104
Repair and maintenance		358,649,673	390,245,893
Transport		67,600,078	68,981,569
Travelling		46,607,372	36,651,861
Power, light and water		5,187,471	8,128,596
Rent, rates and taxes		4,438,935	2,574,914
Postage and telephone		4,479,723	4,476,645
Office supplies and other expenses		11,086,633	3,650,903
Legal and professional charges		3,241,250	2,159,400
Damages and injuries		8,564,355	5,984,601
Consultancy		12,816,458	13,544,611
Management fee		37,081,523	38,278,558
Auditors' remuneration	21.1	534,000	534,000
Store handling/computer charges (ERP)		-	1,630,000
Advertising and publicity		3,169,925	2,760,776
Subscription and periodicals		269,272	237,956
Computer services (PITC)		1,300,561	12,278,917
Directors Fees		10,860,000	2,280,000
Bad debts		280,734,186	1,576,792,037
Depreciation		642,722,171	532,398,237
Wheeling charges to PESCO		796,000,000	106,000,000
Miscellaneous		6,691,472	4,640,120
		3,812,731,984	4,591,033,012



	Note	2024 Rupees	2023 Rupees
24.1 Auditors' remuneration			
Audit fee		534,000	531,000
Out of pocket expenses		534,000	531,000
25 FINANCIAL CHARGES			
Interest/mark up on long term loans		6,787,063	90,573,369
Bank charges		1,600,950	252,608
		8,388,013	90,825,977
26 Minimum tax differential			
Minimum tax as a levy		-	-

This represents minimum tax differential and final tax levies payable under various sections of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of ITRIC 21/AS 37, however Income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for minimum and final tax levies has been made.

27 PROVISION FOR TAXATION

Income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for current and deferred taxation has been made. Consequently, no deferred tax asset/liability has been recognized in this regard given that the Company does not recognize current tax on its net income. Furthermore, In view of uncertainty of taxable profit in the foreseeable future against which losses could be utilized, the Company has not recognized deferred tax asset.

	Note	2024	2023
28 EARNINGS PER SHARE - BASIC & DILUTED			
(Loss) / Profit for the year - Rupees		(10,027,038,065)	5,240,503,201
Number of ordinary shares		1,000	1,000
(Loss) / Earning per share- Basic & diluted - Rupees		(10,027,038.07)	5,240,503.20

28.1 There is no dilutive effect on basic earning per share of the Company.

29 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in the financial statements for remuneration, including all benefits to the Chief Executive officer, directors and executives of the company is as follows:

	Chief Executive Officer		Executives	
	2024	2023	2024	2023
	Rupees		Rupees	
Basic Salary	6,769,630	5,207,400	45,605,892	38,564,342
Utility	271,200	235,800	29,022,113	25,121,541
Monetization allowance	1,150,920	1,150,920	-	-
CPI	1,299,096	781,100	-	-
House Rent	1,393,800	1,212,000	4,996,000	4,271,500
Other benefits	612,672	275,702	19,348,075	15,973,771
	11,497,318	8,862,922	98,972,080	83,934,154

29.1 The Chief Executive Officer is provided with the Company's maintained vehicles, free electricity, and other utilities. Further, most of the executives of the Company have been provided with the Company's maintained vehicles and unfurnished accommodation according to the Company's policy, while free electricity has been provided to all executives.

29.2 The aggregate amount charged in the financial statements for meeting fees to directors, including the Chief Executive Officer (CEO), is Rs. 10,860,000.

29.3 No remuneration other than the meeting fee was paid to any Director of the Company.

	Note	2024 Rupees	2023 Rupees
30 CASH GENERATED FROM OPERATIONS			
(Loss) / Profit before taxation		(10,027,038,065)	5,240,503,201
Adjustments for non cash and other items:			
Depreciation		642,722,171	532,398,237
Amortization of deferred credits		(525,185,921)	(412,290,637)
Bad debts		280,734,186	1,576,792,037
Profit on deposits		(177,239,281)	(140,584,761)
Financial charges		8,388,013	90,825,977
		229,419,169	1,647,140,852
Operating (loss) / profit before working capital changes		(9,797,618,896)	6,887,644,053



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Working capital changes:

(Increase) decrease in current assets:

Stores and spares

Trade debts

Advances, loan and other receivables

Receivable from Government

290,947,626	(1,647,238,615)
7,275,701,021	(8,723,037,515)
(2,882,165,952)	(3,946,490,361)
-	(345,036,033)
4,684,482,695	(14,661,807,524)

Increase (decrease) in current assets:

Accrued and other liabilities

Note	2024 Rupees	2023 Rupees
	4,015,542,014	8,064,607,169
	8,700,024,710	(6,598,195,055)
	(1,097,594,187)	289,448,998

Cash generated from operations

31 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note present information about the company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring risk and management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of director has overall responsibility for the establishment and oversight of the Company's risk management framework. The above are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the company's activities. The company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Board oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the company. The Board is assisted in oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

31.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without considering the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

31.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Credit risk of the company arises principally from Trade debts, other receivables and bank balances.

The company's credit risk exposures are categorized under the following headings:

	Note	2024 Rupees	2023 Rupees
Trade debts	31.1.2	75,568,157,838	83,124,593,046
Bank balances		948,160,436	1,351,871,598
Other receivables		38,129,388,504	35,245,881,339
Receivable from government		63,057,628,244	63,057,628,244
		177,703,335,022	182,805,648,755

Geographically there is no concentration of credit risk as the company operates in the same geographical area.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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 unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding from the government. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	0-1 year	1-2 years	More than 2 years
			Rupees		
June 30, 2024					
Long term loan from Government of Pakistan	19,233,228,900	(19,233,228,900)	-	-	(19,233,228,900)
Consumers' security dep	350,968,361	(350,968,361)	(350,968,361)	-	-
Trade and other liability	146,426,674,879	(146,426,674,879)	(146,426,674,879)	-	-
	166,168,959,380	(166,168,959,380)	(146,679,204,050)	-	(19,233,228,900)



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

June 30, 2023

Long term loan from Government of Pakistan	19,233,228,900	(19,233,228,900)		(19,233,228,900)
Consumers' security deposits	158,093,459	(158,093,459)	(158,093,459)	
Trade and other liabilities	139,980,465,096	(139,980,465,096)	(139,980,465,096)	
	<u>159,829,874,695</u>	<u>(159,829,874,695)</u>	<u>(140,523,758,573)</u>	<u>(19,233,228,900)</u>

31.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

31.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at year end, the company is not exposed to any currency risk as there are no transactions in foreign currency.

31.3.2 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by maintaining adequate bank balances. At the reporting date the Company's interest-bearing financial instruments were:

	2024	2023
	Rupees	Rupees
Variable rate instruments		
Financial assets		
Bank balances	<u>608,892,507</u>	<u>868,148,950</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Fair value sensitivity analysis for variable rate instruments

The company holds cash and bank balances in savings accounts, which typically earn interest at a variable rate. These balances are exposed to market risk, primarily due to fluctuations in interest rates. However, given the nature of these balances and the generally low volatility in interest rate changes, the company does not consider a detailed sensitivity analysis necessary. The impact of such fluctuations on the company's financial position is minimal.

31.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as it does not have any investments in equity securities.

31.4 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or issue new shares.

31.5 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities approximates their carrying amounts.

	Note	2024 Rupees	2023 Rupees
31.6 Financial instruments by categories			
At amortized cost			
Financial assets			
Trade debts	9	75,568,157,838	83,124,593,046
Advances and other receivables	10	38,129,388,504	35,245,881,339
Receivable from government	11	63,057,628,244	63,057,628,244
Bank balances	12	<u>948,160,436</u>	<u>1,351,871,598</u>
		<u>176,755,174,586</u>	<u>181,453,777,157</u>
Financial liabilities			
Long term loan from Government of Pakistan	15	19,233,228,900	19,233,228,900
Consumers' security deposits	18	350,968,361	458,093,459
Trade and other liabilities	19	<u>146,426,674,879</u>	<u>139,980,465,096</u>
		<u>166,010,872,140</u>	<u>159,829,874,695</u>

32 TRANSACTIONS WITH RELATED PARTIES

WAPDA holds 99.3% shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA are related parties of the company. Further, WAPDA is owned by the government of Pakistan and thus, the government ultimately owns the company. Other related parties comprise of associated companies, directors, key management personnel, Government of Pakistan and Government owned entities. The following are the transactions / account balances entered into with related parties during the year:



TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Name of related party	Nature of transaction	2024 Rupees	2023 Rupees
Government of Pakistan			
Ministry of finance	Subsidy received during the year	9,446,975,582	13,908,160,493
	Subsidy claimed during the year	9,446,975,582	13,817,497,978
Associated companies / undertakings			
Central power purchasing Agency (Guarantee) Limited	Electricity purchased by the Company	64,771,732,567	52,639,813,742
	Management fee	37,081,523	38,278,558
	Markup expense on long term loan	-	90,573,369
	Wheeling charges recognized as expense	796,000,000	106,000,000
Peshawar Electric Supply Company Limited	Free electricity supplied by the Company	5,981,422.69	80,112,353

Name of related party	Nature of transaction	2024 Rupees	2023 Rupees
Islamabad Electric Power Company Limited	Free electricity supplied to employees of associated company	4,106,803	3,427,814
Power Information Technology Company Limited	PITC charges	1,300,561	12,278,917
Faisalabad Electric Supply Company Limited	Free electricity supplied to employees of associated company	523,266	246,224
Gujranwala Electric Power Company Limited	Free electricity supplied to employees of associated company	459,057	335,271
Hyderabad Electric Supply Company Limited	Free electricity supplied to employees of associated company	286,604	160,666
Quetta Electric Supply Company Limited	Free electricity supplied to employees of associated company	357,561	-
Lahore Electric Supply Company Limited	Free electricity supplied to employees of associated company.	263,744	179,704

33 SUMMARY OF SIGNIFICANT EVENTS

- 33.1 The company has hired an independent audit firm for conducting Physical verification of Fixed Assets, Tagging of Fixed Assets and Maintenance of Fixed Asset Register. The work order has been issued to the selected bidder and timeline for completing the assignment is 10 months.
- 33.2 The company has hired an independent firm for conducting actuarial valuation studies. The objectives for such studies is to determine the present values of the projected pension liabilities of TESCO employees. The word order has been issued to the selected bidder and timeline for completing the assignment is 6 months.

34 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2024
Average number of employees for the year

2024 Number	2023 Number
1006	1012
1024	1024

35 CORRESPONDING FIGURES

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. During the year company has not reclassified any amount.

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 6-Nov-2024

37 GENERAL

Figures in the accounts are rounded off to the nearest rupee.

Chief Executive Officer



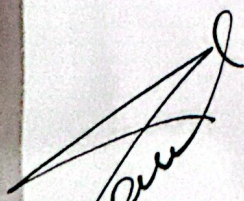
Director

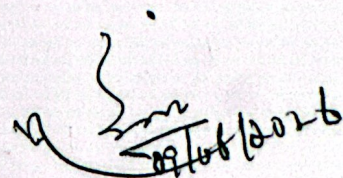
TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees (Restated)	2023 Rupees (Restated)
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	24,646,793,768	22,938,686,444	20,882,079,917
Long-term advances	6	14,154,995	20,505,818	25,674,528
		24,660,948,763	22,959,192,262	20,907,754,445
Current Assets				
Stores and spares	7	5,064,877,570	4,896,785,495	5,187,733,121
Trade debts	8	79,410,057,927	75,568,157,837	83,124,593,046
Advances and other receivables	9	41,355,687,413	38,167,382,893	35,285,216,941
Receivable from government	10	62,879,663,858	62,879,663,858	62,879,663,858
Cash and bank balances	11	1,909,684,534	948,160,436	1,351,871,598
		190,619,971,302	182,460,150,519	187,829,078,564
Total Assets		215,280,920,065	205,419,342,781	208,736,833,009
EQUITY AND LIABILITIES				
Share Capital And Reserves				
Issued, subscribed and paid-up share capital	12	10,000	10,000	10,000
Share deposit money	13	255,009,865	427,164,244	427,164,244
Un-appropriated profits / (accumulated losses)		1,529,536,934	(4,009,912,016)	9,092,526,330
		1,784,556,799	(3,582,737,772)	9,519,700,574
Non-Current Liabilities				
Long-term loan from Government of Pakistan	14	19,233,228,900	19,233,228,900	19,233,228,900
Long-term loans	15	28,444,094	44,891,489	59,647,807
Deferred credits	16	11,913,947,583	10,903,578,375	8,192,961,158
Contract liabilities	17	8,710,730,318	9,489,879,159	11,975,446,816
Consumers' security deposits	18	427,400,081	350,968,361	458,093,459
Staff retirement benefits	20	20,584,896,209	20,000,986,330	17,862,721,056
		60,898,647,185	60,623,532,614	57,782,099,196
Current Liabilities				
Current portion of long-term loans	15	138,381,290	121,933,895	107,177,577
Trade and other payables	19	152,459,334,791	148,256,614,044	141,327,855,662
		152,597,716,081	148,378,547,939	141,435,033,239
		215,280,920,065	205,419,342,781	208,736,833,009

Contingencies and Commitments

The annexed notes from 1 to 40 form an integral part of these financial statements.

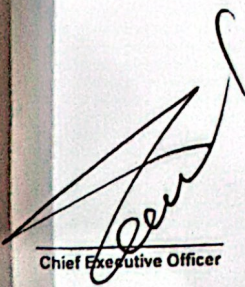

Chief Executive Officer

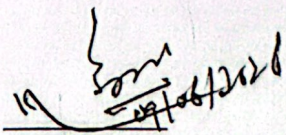

Director

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

	Note	2025 Rupees	2024 Rupees (Restated)
Sale of electricity	22	66,170,453,865	57,649,651,118
Cost of electricity	23	(51,984,933,172)	(64,771,732,567)
Gross profit / (loss)		14,185,520,693	(7,122,081,451)
Operating cost	24	(11,660,588,422)	(6,372,733,996)
Other expenses	25	(178,125,296)	-
Other income	26	794,928,419	905,939,762
Finance cost and other charges	27	(380,933,293)	(429,249,660)
		(11,424,716,592)	(5,896,043,894)
Profit / (loss) before taxation and levies		2,760,804,101	(13,018,125,345)
Levies	28	-	-
Profit / (loss) before taxation		2,760,804,101	(13,018,125,345)
Provision for taxation	29	-	-
Profit / (loss) for the year		2,760,804,101	(13,018,125,345)
Earnings per share - basic and diluted	30	2,760,804	(13,018,125)

The annexed notes from 1 to 40 form an integral part of these financial statements.

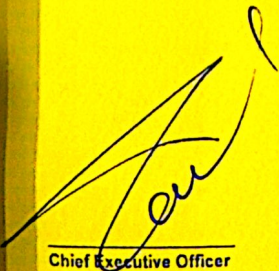

Chief Executive Officer


Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees (Restated)
Profit / (Loss) for the year		2,760,804,101	(13,018,125,345)
Other comprehensive income / (loss):			
- Items that will not be subsequently reclassified to profit or loss		-	-
Remeasurement gain / (loss) of post retirement benefits	19	2,606,490,470	(84,313,001)
- Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive income / (loss) for the year		<u>5,367,294,571</u>	<u>(13,102,438,346)</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive Officer


Director

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

Balance as at June 30, 2023
Effect of restatement - Note 4
Balance as at July 01, 2023 - Restated
Profit / (loss) for the year
Other comprehensive income / (loss)
Total comprehensive income / (loss) for the year
Balance as at June 30, 2024 - Restated
Balance as at July 01, 2024 - Restated
Profit / (loss) for the year
Other comprehensive income / (loss)
Accumulated losses adjusted against share
deposit money
Total comprehensive income / (loss) for the year
Balance as at June 30, 2025

Share Capital Issued, subscribed and paid-up share capital	Share deposit money	Revenue Reserves Un-appropriated profits / (accumulated losses)	Total
Rupees			
10,000	427,164,244	28,748,657,203	29,175,841,447
-	-	(19,656,140,873)	(19,656,140,873)
10,000	427,164,244	9,092,526,330	9,519,700,574
-	-	(13,018,125,345)	(13,018,125,345)
-	-	(84,313,001)	(84,313,001)
-	-	(13,102,438,346)	(13,102,438,346)
10,000	427,164,244	(4,009,912,016)	(3,582,737,772)
10,000	427,164,244	(4,009,912,016)	(3,582,737,772)
-	-	2,760,804,101	2,760,804,101
-	-	2,606,490,470	2,606,490,470
-	(172,154,379)	172,154,379	-
-	(172,154,379)	5,539,448,950	5,367,294,571
10,000	255,009,865	1,529,536,934	1,784,558,799

The annexed notes from 1 to 40 form an integral part of these financial statements.

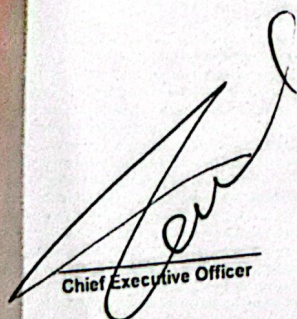
Chief Executive Officer

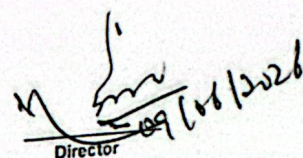
Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	2,955,238,736	1,907,488,252
Staff retirement benefit paid		(648,298,664)	(519,514,782)
Bank charges paid		(1,607,437)	(1,600,950)
Net cash generated from operating activities		<u>2,305,332,635</u>	<u>1,386,372,520</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of operating property, plant and equipment		(22,659,590)	(152,087,000)
Payments made for capital work-in-progress		(2,310,669,521)	(2,453,291,437)
Long-term advances recovered		6,350,823	5,168,711
Profit on bank deposits		105,232,458	177,239,281
Net cash used in investing activities		<u>(2,221,745,830)</u>	<u>(2,422,970,445)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Consumer security deposit received / (paid)		76,431,720	(107,125,098)
Receipt against deposit works and connections		801,505,573	740,011,861
Net cash generated from financing activities		<u>877,937,293</u>	<u>632,886,763</u>
Net increase / (decrease) in cash and cash equivalents		961,524,098	(403,711,162)
Cash and cash equivalents at the beginning of the year		948,160,436	1,351,871,598
Cash and cash equivalents at the end of the year		<u>1,909,684,534</u>	<u>948,160,436</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive Officer


Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND ACTIVITIES

- 1.1** Tribal Areas Electric Supply Company Limited (the Company) was detached from Peshawar Electric Supply Company (PESCO) on July 03, 2002 and incorporated as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at WAPDA House, Lahore. The Company was formed after acquiring / taking over all the properties, rights, assets, obligations and liabilities relating to Federally Administered Tribal Areas (FATA), now Newly Merged Tribal Districts (NMDs) of Khyber Pakhtunkhwa (KP) from Water and Power Development Authority (WAPDA). All such assets and liabilities have been transferred to the Company under the terms and conditions of Business Transfer Agreement dated July 31, 2004 which is effective from July 01, 2003. The Company was awarded a distribution license by National Electric Power Regulatory Authority (NEPRA) on August 12th, 2013. The principal activity of business is the provision of electricity services to domestic and commercial consumers.

The company has several accounting units with the following addresses:

Business Units	Addresses
TESCO HQ Peshawar	Shami Road WAPDA House, Peshawar
XEN TESCO Peshawar	Industrial Estate Hayatabad, Peshawar
RO TESCO Peshawar	Industrial Estate Hayatabad, Peshawar
XEN TESCO Hangu	KDA, Kohat
RO TESCO Hangu	KDA, Kohat
XEN TESCO Bannu	Miran Shah, North Waziristan
RO TESCO Bannu	Miran Shah, North Waziristan
XEN/RO TESCO Tank	Wana, South Waziristan
XEN TESCO Northern	Ghallani, District Muhmand
RO TESCO Northern	Ghallani, District Muhmand
XEN TESCO SSTL Peshawar	Industrial Estate, Peshawar
XEN TESCO GSC Peshawar	Industrial Estate, Peshawar
XEN TESCO Construction Peshawar	University Town, Peshawar

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under State-Owned Enterprises (Governance and Operations) Act, 2023;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the SOE Act, 2023 & Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the SOE Act, 2023 & Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

2.3 Functional and presentation currency

These Financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management judgements and estimates in these financial statements are as follow:

- Useful live, residual value and depreciation method used for property, plant and equipment - Note 3.2
- Provision for stores and spares - Note 3.3
- Expected credit losses - Note 3.4
- Staff retirement benefits - Note 3.8
- Deferred credits - Note 3.9
- Revenue recognition - Note 3.11
- Provision - Note 3.13
- Taxation - Note 3.15
- Impairment of financial assets - Note 3.16
- Impairment of non-financial assets - Note 3.17

2.5 New and amended standards and interpretations

Standards, amendments to published accounting and reporting standards effective in current year.

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2024:

a) IAS-1 Classification of liabilities as current or non current (effective from Jan 01, 2024)

Under the existing IAS-1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of these amendments, the requirement for the right to be unconditional has been removed. Instead, the amendments require that the right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

On October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants that must be complied with after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now be required to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

b) IFRS-16 sale and leaseback transaction (effective from Jan 01, 2024)

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right-of-use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

The other new standards, amendments to approved accounting standards, and interpretations that are mandatory for the financial year beginning on April 1, 2024, are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2024 and have not been early adopted by the Company:

IAS-21 Lack of exchangeability (effective from Jan 01, 2025)

Amendments to IAS-21 'The effects of Changes in Foreign Exchange Rates' address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date. The amendments provide flexibility, allowing the use of observable rates without adjustment or other estimation techniques, provided they meet the estimation objective. The assessment considers factors like the availability of multiple rates, purpose, nature, and update frequency. The amendments requires new disclosures, including the nature and financial impact of non-exchangeability, the spot exchange rate used, the estimation process, and associated risks.

IFRS-7 Classification and measurement of financial instruments disclosure (effective from Jan 01, 2026)

IFRS-9 Financial instruments
Amendment to IFRS-7 'Financial Instruments: Disclosures' and IFRS-9 'Financial Instruments' -Classification and Measurement of Financial Instruments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion and add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG targets) and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FOCI).

IFRS-18 Presentation and disclosure in financial statements (effective from Jan 01, 2027)

The new standard on presentation and disclosure in financial statements, IFRS-18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

IFRS-S1 General requirements for disclosure of: (effective from Jan 01, 2025)
Sustainability-related financial information

IFRS-S2 Climate related disclosures

These standards include the core framework for the disclosure of material information about sustainability-related risks, opportunities across an entity's value chain and set out the requirements for entities to disclose information about climate-related risks and opportunities.

IFRS-S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity. The standards provide guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

IFRS-S2 is a thematic standard that builds on the requirements of IFRS-S1 and is focused on climate-related disclosures. IFRS-S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long-term. In addition, IFRS-S2 requires entities to consider other industry based metrics and seven cross industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate related risks and opportunities. The cross-industry metrics include disclosures on greenhouse gas (GHG) emissions, transition risks, physical risks, climate related opportunities, capital deployment, internal carbon prices and remuneration.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss whenever incurred.

3.2 Property, plant and equipment

Operating property, plant and equipment, except freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Freehold land and capital work-in-progress are stated at cost less accumulated impairment losses, if any. Capital work-in-progress is transferred to property, plant and equipment as and when assets are available for use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is provided on straight line method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 5.1. The Company charges the depreciation on additions when the asset is available for use and on deletions when the asset is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Minor repair and maintenance are charged to statement of profit or loss as and when incurred.

Gains and losses on disposal of an item of operating property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in statement of profit or loss.

3.3 Stores and spares

Stores and spares are valued at cost, Calculated using the weighted average method less allowance for obsolete and slow moving items. Subsequently, they are measured at the lower of cost and net realizable value. Items in transit are valued at invoice value plus other charges incurred thereon.

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

3.5 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.

3.6 Loans and other receivables

These are initially recognized at the fair value of consideration given. Subsequent to initial recognition these are recorded at their amortized cost less accumulated impairment, if any.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short-term highly liquid investments that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

3.8 Staff retirement benefits

Defined benefit plans

Company operates funded pension scheme, unfunded free electricity scheme and unfunded free medical facility scheme for all its employees along with entitlement for accumulated compensated absences which are encashed 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 the Projected Unit Credit Method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit 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 comprise 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 benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

General / Employees' provident fund

For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deductions 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 figures related to the Company cannot be segregated from the whole General / Employees' Provident Fund.

3.9 Deferred grants

3.9.1 Consumer contributions

The Company accounts for capital contributions received from consumers towards the cost of construction of new grid stations, new electrification works and provision of new service connections in accordance with IFRIC-18 – Transfers of Assets from Customers, read together with the provisions of IAS-20 – Accounting for Government Grants and Disclosure of Government Assistance.

Amounts received from consumers that result in the transfer of assets to the Company, or the construction of assets controlled by the Company, are recognized as deferred grants (a liability) at the time the related assets are capitalized. Such deferred grants represent consideration received for the transfer of assets and/or access to the distribution network.

The deferred grants are systematically recognized in statement of profit or loss on a straight-line basis over the estimated useful lives of the related assets, at an amortization rate of 3.5% per annum, so as to match the recognition of grant income with the depreciation charge of the related assets.

3.9.2 Government grants

Government grants related to the acquisition or construction of property, plant and equipment are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received. Such grants are presented in the statement of financial position as deferred grants. The deferred grants are systematically recognized in statement of profit or loss on a straight-line basis over the useful life of the related assets, thereby matching the grant income with the depreciation expense of the related assets.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

Remeasurements of the net defined benefit liability (except for compensated absences), which comprise 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 benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

General / Employees' provident fund

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Government grants related to the acquisition or construction of property, plant and equipment are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received. Such grants are presented in the statement of financial position as deferred grants. The deferred grants are systematically recognized in statement of profit or loss on a straight-line basis over the useful life of the related assets, thereby matching the grant income with the depreciation expense of the related assets.

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Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

- **Tariff differential subsidy**

Tariff differential subsidy (TDS) arises as a result of variance between notified tariff (Uniform tariff) by Government of Pakistan and Company specific determined tariff by NEPRA. The differential claim is submitted to GoP in the form of TDS. Tariff differential subsidy on electricity announced by the Government of Pakistan for consumers is recognized under revenue on an accrual basis. These subsidies from GoP include Tariff differential subsidy (TDS) and Annual Quarterly tariff Adjustment (ATQA).

- **Meter rental and service income**

Meter rentals and service income are recognized as other income on a time proportionate basis.

- **Interest / mark-up**

Interest / mark-up on bank deposits is recognized as other income on accrual basis using the effective interest rate method.

- **Other revenue**

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

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

3.12 Borrowings

Borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and the redemption value is recognized in the statement of profit or loss over the period of borrowing on an effective rate basis.

3.13 Provisions

A provision is recognized in the statement of financial position 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 are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.14 Contingencies

A contingent liability is disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the company.

A contingent liability is also disclosed when there is a present obligation arising from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.15 Taxation

Minimum tax levies

The company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS-12 'Income Taxes' and recognized it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC-21 / IAS-37.

Current tax

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 tax

Deferred tax is provided using the balance sheet method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

3.16 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

3.16.1 Classification

3.16.1.1 Financial assets

The Company classifies its financial assets in the following categories:

- at amortized cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

The Company determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured 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 specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured at FVTPL.

3.16.1.2 Financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

3.16.2 Measurement

3.16.2.1 Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

3.16.2.2 Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

3.16.2.3 Financial assets and liabilities at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in statement of comprehensive income.

3.16.3 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. 25(I) / 2026, dated January 06, 2026, further extended this exemption to December 31, 2026.

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.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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.

3.16.4 Derecognition

3.16.4.1 Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all associated risks and rewards of ownership to another entity. Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of profit or loss. Additionally, upon derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of profit or loss. In contrast, upon derecognition of an investment in an equity instrument for which the Company has elected, at initial recognition, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to the statement of changes in equity.

3.16.4.2 Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

3.16.5 Off-setting of financial assets and financial liabilities

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

3.17 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.

3.18 Related party transactions

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method. The power is sold to related parties at the rates determined by National Electric Power Regulatory Authority.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the year, the following errors have been identified in prior year financial statements:

- (i) During the year, the Company reviewed its Property, Plant and Equipment (PPE) records and identified certain errors in the balances previously reported. These errors were mainly due to the absence of a proper Fixed Asset Register in earlier years. The main issues identified were as follows:
 - Overstatement of assets: Certain costs had been incorrectly capitalized as operating property, Plant and Equipment in prior periods, including instances where expenditure was capitalized more than once. The gross cost of such assets amounted to Rs. 475.245 million, with accumulated depreciation of Rs. 183.141 million, resulting in a net book value of Rs. 292.103 million. As these assets were constructed through consumer contributions, an equivalent amount had also been recognized under deferred grants.
 - Understatement of assets: Depreciation had been charged on certain assets that were already fully depreciated, which reduced the carrying amount of PPE by Rs. 93.905 million.
- The Company has now corrected these errors in accordance with IAS-8 – Accounting Policies, Changes in Accounting Estimates and Errors. The comparative figures have been restated, and the opening balances of PPE, deferred grants, and retained earnings have been adjusted accordingly to reflect the corrected amounts.
- (ii) During the year, the Company carried out a comprehensive reconciliation of release data with CPPA-G relating to the Receivable from Government balance. Historically, this balance represented the difference between the Company's verified claims submitted to the Ministry of Energy and the corresponding receipts from CPPA-G. The reconciliation exercise identified that an amount of PKR 177.96 million pertaining to releases from CPPA-G had not been recorded by TESCO in previous periods. Consequently, the previously reported receivable balance was overstated by this amount.
- Accordingly, an adjustment has been recorded to reflect the unbooked releases, resulting in a reduction of PKR 177.96 million in the Receivable from Government balance. This correction has been accounted for in accordance with the requirements of IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors.
- (iii) During the year, the Company conducted a comprehensive actuarial valuation to assess its obligations in respect of various post-retirement benefits. The actuarial studies covered pension, compensated absences, free electricity, and free medical facilities provided to eligible employees and retirees. The valuation identified a post-retirement liability amounting to PKR 17,862 million, which had not been previously recognized in the Company's financial statements.
- In accordance with the requirements of IAS-19 Employee Benefits and IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company has incorporated these liabilities retrospectively.
- (iv) During the year, the Company identified a prior period error relating to the accounting treatment of interest on borrowings. Upon review, it was noted that interest expense amounting to Rs. 8.73 millions had been incorrectly recorded by debiting the loan liability and crediting interest cost, instead of recognizing the interest as a charge to profit or loss with a corresponding increase in the loan balance (or accrued interest payable). In accordance with the applicable accounting requirements, this error resulted in an understatement of loan liabilities.
- (v) Under the provisions of The Companies Profits (Workers' Participation) Act, 1968 of Pakistan, a company is required to recognize a liability for Workers' Profit Participation Fund (WPPF) where profits are earned. In circumstances where a separate WPPF trust or fund has not been established, the Company is required to recognize a provision in its financial statements for the relevant period. The Company had not established a WPPF and, despite earning profits in prior years, no provision was recognized in the financial statements of those periods. This resulted in an omission of a statutory liability and therefore constituted a prior-period error.
- Accordingly, in compliance with IAS-8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company has corrected this error retrospectively. As a result, an accumulated provision for WPPF amounting to Rs. 1,700.52 millions was recognized as at June 30, 2023. The accumulated provision increased to Rs. 2,121.48 millions as at June 30, 2024, primarily due to markup accrued on the outstanding WPPF provision during the year.
- The comparative figures have been restated, and the opening balance of accumulated surplus has been adjusted to reflect the cumulative effect of recognizing the WPPF provision for prior periods, in accordance with IAS-8.

	2024		2023	
	As previously reported	Adjustments	As previously reported	Restated

Effect on statement of financial position:

Assets

Property, plant and equipment	23,042,933,996	(104,247,552)	21,080,277,731	(198,197,813)	20,882,079,917
Receivable from Government	63,057,628,244	(177,964,386)	63,057,628,244	(177,964,387)	62,879,663,858
	86,100,562,240	(282,211,938)	84,137,905,975	(376,162,200)	83,761,743,775

Equity and liabilities

Staff retirement benefits	-	20,600,986,330	-	17,862,721,056	17,862,721,056
Deferred credits	11,185,458,163	(281,879,788)	8,485,084,566	(292,103,408)	8,192,981,158
Un-appropriated profits / (accumulated losses)	18,721,629,137	(22,731,541,153)	28,748,687,203	(19,655,140,873)	9,092,526,330
Long-term loans	158,087,240	8,738,144	158,087,240	8,738,144	166,825,384
Trade and other payables	146,135,129,516	2,121,484,528	139,627,232,781	1,700,622,881	141,327,855,662
	176,200,304,056	(282,211,939)	177,019,051,790	(376,162,200)	176,642,889,590

Effect on statement of profit or loss:

Operating cost	3,812,731,984	2,560,002,013	-	-	-
Other income	916,163,382	10,223,620	-	-	-
Finance cost and other charges	8,388,013	420,861,647	-	-	-
	(2,904,956,615)	(2,970,640,040)	-	-	-

Effect on statement of comprehensive income:

Remeasurement gain / (loss) of post retirement benefits	-	84,313,001	-	-	-
	-	84,313,001	-	-	-

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

5 PROPERTY, PLANT AND EQUIPMENT
Operating property, plant and equipment
Capital work-in-progress

5.1 Operating property, plant and equipment

	Freehold land	Building on freehold land	Distribution equipment	Other plant and equipment	Vehicles	Total
As at July 1, 2023						
Cost	35,186,946	397,317,305	13,750,172,032	84,686,514	346,552,164	14,813,915,041
Accumulated depreciation		(86,302,358)	(4,777,276,976)	(51,617,710)	(181,966,457)	(5,087,183,501)
Net book value		311,015,027	8,972,895,056	33,068,804	194,585,707	9,546,751,540
Effect of Restatement						
As at July 1, 2023 - Restated						
Cost	35,186,946	311,015,027	(203,269,700)	3,648,858	1,443,029	(198,197,814)
Accumulated depreciation						
As at July 1, 2024 - Restated						
Cost	35,186,946	397,317,305	13,363,740,449	84,686,514	346,552,164	14,227,483,458
Accumulated depreciation		(86,302,358)	(4,594,135,092)	(47,958,852)	(150,523,429)	(4,878,929,731)
Net book value		311,015,027	8,769,605,357	36,727,662	196,028,735	9,348,553,727
Year ended June 30, 2024 - Restated						
Opening net book value	35,186,946	311,015,027	8,769,605,357	36,727,662	196,028,735	9,348,553,727
Transfers from CWIP		333,503,768	2,964,167,400			3,297,671,168
Additions during the year						
Depreciation charge	152,087,000	(14,596,423)	(499,296,651)	(7,646,819)	(27,232,017)	(545,771,910)
Closing net book value	187,273,946	629,922,392	11,234,476,106	29,070,843	168,796,718	12,248,540,005
As at June 30, 2024 - Restated						
Cost	187,273,946	729,821,173	16,327,907,849	84,686,514	346,552,164	17,676,241,646
Accumulated depreciation		(100,898,781)	(5,093,431,743)	(55,615,671)	(177,755,445)	(5,432,701,641)
Net book value		628,922,392	11,234,476,106	29,070,843	168,796,718	12,248,540,005
Year ended June 30, 2025						
Opening net book value	187,273,946	628,922,392	11,234,476,106	29,070,843	168,796,718	12,248,540,005
Transfers from CWIP			2,119,540,465	1,901,120	20,756,470	22,859,590
Additions during the year						
Depreciation charge		(14,596,423)	(973,480,968)	(7,836,832)	(29,307,864)	(825,221,787)
Closing net book value	187,273,946	614,325,969	12,780,536,003	23,135,031	160,247,324	13,765,518,273
As at June 30, 2025						
Cost	187,273,946	729,821,173	16,447,448,314	86,587,634	367,310,834	19,818,441,701
Accumulated depreciation		(115,495,204)	(5,666,912,311)	(63,452,603)	(207,063,510)	(6,052,523,428)
Net book value		614,325,969	12,780,536,003	23,135,031	160,247,324	13,765,518,273
Depreciation Rate		2%	3.5%	10%	10%	

5.1.1 Operating property, plant and equipment includes following assets which were transferred from WAPDA and are held in the name of WAPDA.

Cost	Accumulated depreciation	Net book value
10,242,946		10,242,946
80,525,715	40,143,312	40,382,403
11,379,122	11,379,122	
103,147,783	51,522,434	50,625,349

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
5.2 Capital work-in-progress			
Distribution equipment and civil works	5.2.1	10,881,275,495	10,690,146,439
		<u>10,881,275,495</u>	<u>10,690,146,439</u>

5.2.1 The movement during the year is as follows:			
Opening balance		10,690,146,439	11,533,526,190
Add: Additions during the year		2,310,669,521	2,453,291,437
Less: Transfer to operating property, plant and equipment		(2,119,540,465)	(3,296,671,188)
Closing balance		<u>10,881,275,495</u>	<u>10,690,146,439</u>

6 LONG-TERM ADVANCES

Secured - Considered good		20,907,381	27,035,991
Advances to employees	9	(6,752,386)	(6,530,173)
Less: current portion		<u>14,154,995</u>	<u>20,505,818</u>

6.1 These are the interest free advances given to employees of the Company for house building, purchase of plot / vehicles and are repayable in five to ten years. These are secured against the mortgage of immovable property and hypothecation of vehicles. These advances have been carried at cost and settled from monthly salaries of the employees.

	Note	2025 Rupees	2024 Rupees
7 STORES AND SPARES			
Opening balance		4,896,785,495	5,187,733,121
Add: Inventory receipts		1,792,732,899	1,303,239,981
Less: Inventory issued		(1,624,640,824)	(1,594,187,607)
Closing balance		<u>5,064,877,570</u>	<u>4,896,785,495</u>

7.1 Stores and spares consist of items primarily used for the construction, maintenance, and operation of grid stations and related infrastructure. These include essential electrical components such as transformers, circuit breakers, cables, insulators, and other critical spare parts necessary to ensure the reliability and efficiency of the power distribution network.

	Note	2025 Rupees	2024 Rupees
8 TRADE DEBTS			
Secured - Considered good			
From consumers:			
- Against electricity cost	8.1	44,640,421,758	43,270,638,082
- Against Government levies and other charges	8.2	34,769,636,169	32,297,519,755
		<u>79,410,057,927</u>	<u>75,568,157,837</u>
Considered doubtful	8.3	16,077,493,882	14,523,487,500
Allowance for expected credit losses		<u>(16,077,493,882)</u>	<u>(14,523,487,500)</u>
		<u>79,410,057,927</u>	<u>75,568,157,837</u>

8.1 Trade debts are partially secured to the extent of the corresponding consumer security deposits. As of the reporting date, trade debts are classified into residential, commercial, industrial, agricultural, public lighting, residential colonies, and other categories.

	Note	2025 Rupees	2024 Rupees
8.2 Component wise break up of trade debts are as follows:			
GST on billing		16,251,918,131	16,464,626,596
F-C-Surcharges		10,141,339,051	7,399,759,503
Extra tax		2,882,806,864	2,855,665,029
Withholding income tax		2,340,994,273	2,359,841,267
Neelum jhelum surcharges		1,224,018,996	1,252,516,284
Further tax		864,124,410	846,722,670
Others	8.2.1	855,026,095	875,208,678
Electricity duty		<u>209,408,349</u>	<u>243,179,728</u>
		<u>34,769,636,169</u>	<u>32,297,519,755</u>

8.2.1 The other taxes includes different taxes receivables on account of at source billing and majority it comprises of Surchage Tax, EQ, 235-A and B, DS Surchage, UD Surchage, ZRIR.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
8.3 Allowance for expected credit losses		14,523,487,500	14,242,753,314
Opening		1,554,006,382	280,734,186
Add: Provision for the year		16,077,493,882	14,523,487,500
Closing			

8.4 Trade debts are partially secured to the extent of corresponding consumers' security deposits. Trade debts as at the reporting date are classified into domestic, commercial, industrial, agriculture, public lights, residential colonies and others.

	Note	2025 Rupees	2024 Rupees
8.5 Aging analysis of these trade debts is as follows:		1,845,071,848	2,440,675,446
Not past due		984,051,250	1,268,584,016
Due up to 1 months		6,879,777	304,090,555
1 to 2 months		128,738,102	153,004,863
2 to 3 months		317,608,104	163,458,111
3 to 6 months		277,972,084	649,344,359
6 months to 1 year	8.5.1	12,796,936,082	11,804,293,445
1 year to 3 years		79,130,294,562	73,308,194,542
3 years and above		95,487,551,809	90,091,645,337
		(16,077,493,882)	(14,523,487,500)
less: Allowance for expected credit losses		79,410,057,927	75,568,157,837

8.5.1 Balance falling within one to three years includes deferred arrears amounting to Rs. 11,102.38 million (2024: Rs. 10,118.45 million). Deferred arrears represent outstanding balances arising from operational and administrative timing differences. These primarily comprise amounts recoverable in installments and adjustments relating to tax exemptions granted to consumers, which are expected to be adjusted through subsequent billing cycles.

	Note	2025 Rupees	2024 Rupees
9 ADVANCES AND OTHER RECEIVABLES			
Due from associated undertakings	9.1	46,875,946	48,809,655
Advance against expenses	9.2	5,645,353	37,543,572
Accrued interest		34,252,162	-
Other advances		-	166,812
Advances against shortage of store		-	284,005
Current portion of long-term advances		6,752,386	6,530,173
General sales tax		41,262,161,566	38,074,048,676
		41,355,687,413	38,167,382,893

9.1 Due from associated undertakings			
WAPDA welfare fund	9.1.1	46,875,946	48,553,938
Other related parties		-	255,717
		46,875,946	48,809,655

9.1.1 As of June 30, 2025, the Company has recorded a receivable balance of Rs 46.875 million from WAPDA, which remains under dispute. The Company has contested this amount, and reconciliation efforts are ongoing to resolve the matter. Given the current uncertainty regarding the timing and outcome of a potential settlement, no adjustments have been made to the recorded balance, as management considers it appropriate based on available information. The Company continues to monitor the situation closely and will make adjustments to the receivable if necessary once the dispute is resolved.

9.2 Advance against expenses			
Advance against expenses		38,014,353	37,543,572
Less: Provision for advance against expenses	25	(32,369,000)	-
		5,645,353	37,543,572

9.2.1 This provision has been recognized against advances extended to an employee which remain unrecovered as at year end.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

10 RECEIVABLE FROM GOVERNMENT

Opening balance
Add: Tariff differential and other subsidies recognized during the year
Less: Subsidy realized during the year
Closing balance

10.1 This balance represents the tariff differential subsidy (TDS) and AQTA subsidy claimed from the Government of Pakistan and the company-specific tariff arising from the variance between the uniform tariff notified by the Government of Pakistan and the company-specific tariff determined by NEPRA. The subsidy is claimed as the difference between these rates.

Note

10.1

2025
Rupees

62,879,663,858
26,206,034,065
(26,206,034,065)
62,879,663,858

2024
Rupees
(Restated)
62,879,663,858
12,527,488,950
(12,527,488,950)
62,879,663,858

2024
Rupees

11 CASH AND BANK BALANCES

Cash in hand

Cash at banks:

- current accounts
- saving accounts

Note

11.1

2025
Rupees

615,153,701
1,294,530,833
1,909,684,534

2024
Rupees

339,267,929

608,892,507

948,160,436

11.1 These include an amount for Customers' Security deposits of Rs. 452 million (2024: Rs. 501 million) and an amount of capital contributions of Rs. 26 million (2024: Rs.41 million) kept in separate bank accounts. Consumers' security deposits accounts and capital contribution accounts carry profit at the rates, ranging from 11.39% to 20.83% per annum (2024: 20.85% to 23.87% per annum). The balances in other saving accounts carry profit rates ranging from 10.89% to 20.37% (2024: 19.00% to 21.50%) per annum. The highest profit rate was observed in July 2024 at 20.37%, while the lowest was in June 2025 at 10.89%.

12 SHARE CAPITAL

12.1 Authorized share capital

2025
Numbers

2024
Numbers

20,000,000 20,000,000

12.2 Issued, subscribed and paid-up share capital

2025
Number

2024
Number

1,000 1,000

Ordinary shares of Rs. 10 each.

Ordinary shares of Rupees 10 each fully paid in cash

2025
Rupees

200,000,000

2024
Rupees

200,000,000

2025
Rupees

10,000

2024
Rupees

10,000

12.3 Out of the total of 1000 ordinary shares, 993 are being held by Pakistan Water and Power Development Authority. The remaining 7 shares were being held by the founding board members at the time of incorporation and consequently these shares are transferred to the new members upon reconstitution of the Board of Directors on timely basis.

12.4 There is no change in the issued, subscribed, and paid-up capital of the Company during the year, therefore, a reconciliation of the number of shares outstanding at the beginning and end of the year is not required.

12.5 There is no shareholder agreement for voting rights, board selection, right of first refusal and block voting.

13.1

2025
Rupees

255,009,865

2024
Rupees

427,164,244

13 SHARE DEPOSIT MONEY

13.1 This balance represents expenses incurred and payments made on behalf of the Company by WAPDA amounting to Rs. 255 million. Shares were to be issued to WAPDA in settlement of these amounts. The Company has executed the agreement for the allotment of shares; however, the agreement has also been countersigned and finalized by WAPDA on October 31, 2025.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
14 LONG-TERM LOAN FROM GOVERNMENT OF PAKISTAN	14.1	19,233,228,900	19,233,228,900
14.1 This represents a portion of loan (total amount of loan was Rs. 203.219 billion, out of which TESCO was allocated a share of 9.464% equivalent to Rs. 19,233 billion) obtained by corporatized entities (DISCO's) to cover up short fall of revenue during the year 2003 to 2007 in the absence of subsidy mechanism in shape of payment to IPP's through Government of Pakistan. Accordingly, a credit memo was issued to TESCO in June, 2013 for the mentioned amount. Repayment terms are not yet agreed. Request for conversion of this loan into subsidy is pending with Government of Pakistan. It is not payable on demand hence classified as non-current liability. This loan is also unsecured and is not subject to markup.			
15 LONG-TERM LOANS			
Unsecured: Under markup arrangement			
Cash development loans	15.1	166,825,384	166,825,384
Less: Current portion:			
Over due		(121,933,895)	(107,177,577)
Payable within one year		(16,447,395)	(14,756,318)
		(138,381,290)	(121,933,895)
		28,444,094	44,891,489
15.1 These loans have been transferred to the Company by WAPDA in the year 2008-09 vide letter no. GMF(P) / LOANS / MISC / CDL / 645 in accordance with the terms of Loan Liabilities Transfer Agreement (LLTA) dated June 30, 2004. The balance amount of loans at the time of transfer to the Company were repayable in 7 to 24 years in un-equal annual instalments commencing from 2005 and ending on 2028. These are subject to markup at the rates ranging from 10.87% to 11.70% per annum (2024: 10.87% to 11.70% per annum). These are payable to the Government of Pakistan (Federal Government). These are subject to markup at the rates ranging from 10.87% to 11.70% per annum (2024: 10.87% to 11.70% per annum). These are payable to the Government of Pakistan (Federal Government). As per clause 6 of the agreement with WAPDA, the Company is liable to incur penalties in the nature of finance costs on delayed payments. Although no such penalty has been intimated to date in respect of TESCO, no provision for potential late payment surcharge has been recognized in the financial statements.			
15.2 The carrying value of loans related to overdue instalments is Rs. 138.38 million (2024: Rs. 114.7122 million).			
16 DEFERRED CREDITS			
Opening balance		14,713,208,607	11,487,629,089
Add: Transferred from:			
Capital contributions awaiting connections	17.1	100,400	-
Receipts against deposit work-in-progress	17.2	1,580,554,014	3,225,579,518
		16,293,863,021	14,713,208,607
Less: Accumulated amortization			
Opening balance		(3,809,630,232)	(3,294,667,931)
Add: Amortization for the year		(570,285,206)	(514,962,301)
		(4,379,915,438)	(3,809,630,232)
		11,913,947,583	10,903,578,375
16.1 This represents the capital contributions received from consumers and grants from Government against which assets are constructed by the Company. These are being amortized over the useful life of the respective assets.			
17 CONTRACT LIABILITIES			
Capital contributions awaiting connections		360,313,482	291,545,364
Receipts against deposit work-in-progress		8,350,416,836	9,198,333,795
		8,710,730,318	9,489,879,159

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
17.1 Capital contributions awaiting connections			
Balance as at beginning of the year		291,545,364	268,032,296
Add: Addition during the year		68,868,518	23,513,068
Less: Transferred to deferred credit against completed jobs		(100,400)	-
Balance as at end of the year		<u>360,313,482</u>	<u>291,545,364</u>
17.1.1 These represent amounts received from consumers against which the related works / jobs have not been completed. These contributions are received in accordance with GoP notified approved rates on every new connection.			
	Note	2025 Rupees	2024 Rupees
17.2 Receipts against deposit work-in-progress			
Balance as at beginning of the year		9,198,333,795	11,707,414,520
Add: Addition during the year		732,637,055	716,498,793
Less: Transferred to deferred credit against completed jobs		(1,580,554,014)	(3,225,579,518)
Balance as at end of the year		<u>8,350,416,836</u>	<u>9,198,333,795</u>
	Note	2025 Rupees	2024 Rupees
18 CONSUMERS' SECURITY DEPOSITS	18.1	<u>427,400,081</u>	<u>350,968,361</u>
18.1 These represents security deposits received from consumers against electricity connections.			
	Note	2025 Rupees	2024 Rupees (Restated)
19 TRADE AND OTHER PAYABLES			
Trade creditors	19.1	106,818,531,987	69,994,929,837
Due to associated undertakings	19.2	4,643,338,213	41,956,994,301
Electricity duty payable		634,883,365	403,855,876
Withholding income tax		2,363,789,422	2,362,649,499
Accrued and other liabilities		369,232,202	250,989,055
Retention money - contractors		194,954,571	205,867,159
General sales tax		16,922,950,467	16,921,192,087
Others taxes payable	19.3	17,870,634,686	14,038,651,702
Workers' profit participation fund	19.4	2,641,019,878	2,121,484,528
		<u>152,459,334,791</u>	<u>148,256,614,044</u>
19.1 This represents payables to central power purchasing agency amounting to Rs. 106.635 billions (2024: 69.99 billions).			
	Note	2025 Rupees	2024 Rupees
19.2 Due to associated undertakings			
Peshawar Electric Supply Company Limited (PESCO)		4,544,544,046	41,841,716,786
WAPDA		93,030,147	93,030,147
Jamshoro Power Company Limited (GENCO-1)		3,000	3,000
Lahore Electric Supply Company Limited (LESCO)		219,293	3,010,131
Faisalabad Electric Supply Company Limited (FESCO)		802,438	2,228,065
Gujranwala Electric Supply Company Limited		236,066	1,038,611
Islamabad Electric Supply Company Limited (IESCO)		4,286,176	14,944,123
Hyderabad Electric Supply Company Limited (HESCO)		91,621	665,877
Quetta Electric Supply Company Limited (QESCO)		-	357,561
Multan Electric Supply Company Limited (MEPCO)		125,426	-
		<u>4,643,338,213</u>	<u>41,956,994,301</u>

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
18.3 Others taxes payable			
NJ Sur		1,271,250,937	1,271,250,937
TAX-235A		144,542,871	144,542,871
F-C-SUR		11,934,192,628	8,103,398,314
ADDL. STAX		10,878,450	10,878,450
EXTRA TAX		2,916,113,374	2,915,208,574
T-R-SUR		486,051,099	486,051,099
FURTHER TAX		864,284,940	864,065,392
EQ		186,945,211	186,945,211
TV FEE		244,952	212,822
TAX-235B		48,676,458	48,676,458
STAX-2014		7,453,766	7,421,574
		<u>17,870,634,686</u>	<u>14,038,651,702</u>

19.4 Workers' profit participation fund

At the beginning of the year
Add: Provision for the year
Add: Mark-up accrued
At the end of the year

	2,121,484,528	1,700,622,881
	145,305,479	-
	374,229,871	420,861,647
	<u>2,641,019,878</u>	<u>2,121,484,528</u>

TRIGAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

20.2 Amounts recognized in the statement of profit or loss against defined benefit schemes are:

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			

Current service cost	88,823,888	295,827,780	16,152,555	190,045
Interest cost	455,231,784	2,137,336,605	77,349,754	102,548,654
Remeasurements of other long-term benefits	-	-	-	60,810,105
Net charge for the year	544,055,672	2,433,164,385	93,502,319	163,554,805
	544,055,672	2,433,164,385	93,502,319	163,554,805

	June 30, 2023			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			

Current service cost	86,391,386	394,242,757	19,035,710	238,920
Interest cost	412,776,616	2,331,655,157	80,981,907	115,373,300
Remeasurements of other long-term benefits	-	-	-	(89,981,920)
Net charge for the year	499,168,002	2,725,907,914	99,991,617	153,631,300
	499,168,002	2,725,907,914	99,991,617	153,631,300

20.3 Remeasurement recognized in other comprehensive income:

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			

Experience adjustments	-	-	-	-
Return on plan assets	(459,131,546)	459,063,065	22,670,477	60,810,105
Total	(459,131,546)	459,063,065	22,670,477	60,810,105

June 30, 2023

	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			

Experience adjustments	(2,892,149,000)	(145,687,835)	121,328,365	(99,981,920)
Return on plan assets	-	-	-	-
Total	(2,892,149,000)	(145,687,835)	121,328,365	(99,981,920)

20.4 All of the investment of plan assets is in deposit account of a commercial bank along with certain term deposit receipts of commercial banks.

20.5 Principal actuarial assumptions:

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			

Discount rate (per annum)	14.00%	14.00%	14.00%	14.00%
Annual medical claim - Rupees	80,200	-	-	-
Salary increase rate used for year end obligation (per year)	-	13.00%	-	13.00%
Medical / pension / electricity indexation rate	14.00%	9.00%	14.00%	-
Medical exposure rate (per annum)	15.75%	-	-	-
Mortality rates	SUC 2001-2005 setback 1 year	SUC 2001-2005 setback 1 year	SUC 2001-2005 setback 1 year	SUC 2001-2005 setback 1 year
Withdrawal rates	Low	Low	Low	Low

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees	Rupees	Rupees	

Discount rate (per annum)
Annual medical claim - Rupees
Salary increase rate used for year end obligation (per year)
Medical / pension / electricity indexation rate
Medical exposure rate (per annum)
Mortality rates
Withdrawal rates

12.50%	12.50%	12.50%	12.50%	12.50%
52,000	11.50%	-	-	11.50%
12.50%	8.00%	-	11.50%	-
14.00%	-	-	-	-
SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005
setback 1 year	setback 1 year	setback 1 year	setback 1 year	setback 1 year
Low	Low	Low	Low	Low

20.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits to changes in the weighted principal assumption is:

	June 30, 2024			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees	Rupees	Rupees	

Discount rate
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Medical exposure rate
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Medical inflation rate
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Withdrawal rates
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Future salary increase
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Indexation rate
Increase in assumption (Rupees)
Decrease in assumption (Rupees)
Mortality setback
1Year mortality Set Forward (Rupees)
1Year mortality Setback (Rupees)

1.00%	1.00%	1.00%	1.00%	1.00%
(2,747,670,555)	(14,272,173,221)	(543,432,253)	(730,130,060)	(730,130,060)
3,203,822,870	19,168,164,637	677,108,695	903,727,205	903,727,205
1.00%	-	-	-	-
3,171,195,721	-	-	-	-
(2,777,570,867)	-	-	-	-
1.00%	-	-	-	-
3,194,260,487	-	-	-	-
(2,752,118,433)	-	-	-	-
10.00%	10.00%	10.00%	10.00%	10.00%
(2,955,737,909)	16,129,930,244	(604,049,919)	(810,538,111)	(810,538,111)
2,994,325,704	19,324,893,844	604,593,782	809,080,455	809,080,455
-	1.00%	-	-	1.00%
-	17,208,692,170	-	904,174,468	904,174,468
-	(15,387,769,316)	-	(728,442,049)	(728,442,049)
-	1.00%	1.00%	-	-
-	18,112,394,156	690,941,081	-	-
-	(15,051,991,445)	(539,275,510)	-	-
1 year	1 year	-	1 year	1 year
3,071,161,735	16,316,550,184	-	810,214,189	810,214,189
2,847,417,582	16,878,014,776	-	809,404,378	809,404,378

Sensitivity analysis for actuarial assumptions:
The sensitivity of the staff retirement benefits to changes in the weighted principal assumption is:

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(753,081,498)	(15,588,262,652)	(694,178,604)	(748,795,487)
Decrease in assumption (Rupees)	925,318,698	21,335,233,718	865,301,927	920,585,166
Medical exposure rate	1.00%	-	-	-
Increase in assumption (Rupees)	915,334,025	-	-	-
Decrease in assumption (Rupees)	(801,709,377)	-	-	-
Medical inflation rate	1.00%	-	-	-
Increase in assumption (Rupees)	921,987,140	-	-	-
Decrease in assumption (Rupees)	(794,362,866)	-	-	-
Withdrawal rates	10.00%	10%	10.00%	10.00%
Increase in assumption (Rupees)	(853,154,555)	(18,024,925,625)	(773,172,766)	824,181,660
Decrease in assumption (Rupees)	855,612,267	18,242,530,361	773,868,900	(822,699,488)
Future salary increase	-	1.00%	-	1.00%
Increase in assumption (Rupees)	-	18,163,428,208	-	921,046,945
Decrease in assumption (Rupees)	-	(17,237,469,301)	-	(739,026,352)
Indexation rate	-	1.00%	1.00%	-
Increase in assumption (Rupees)	-	20,307,001,895	873,145,037	-
Decrease in assumption (Rupees)	-	(18,276,712,463)	(688,891,721)	-
Mortality setback	1 year	1 year	-	1 year
1 Year mortality Set Forward (Rupees)	886,450,638	18,233,483,497	-	823,682,303
1 Year mortality Setback (Rupees)	821,889,371	18,860,890,488	-	823,028,843

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 as when calculating the staff retirement benefits liabilities recognized within the statement of financial position.

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 discount rate structure and decrease in inflationary expectations.

20.7 As at June 30, 2025 the average duration of these benefits was 11.5 years.

20.8 The expected future liability is Rs. 3,051.97 millions.

20.9 Risks associated with staff retirement benefits

Salary increase risk

The increase in salary in the future years being higher than assumed will increase the liability.

Withdrawal risk

Any differences in the assumed withdrawal rates will have a corresponding impact on the liability depending on the benefits payable on withdrawal.

Mortality risk

Actual mortality experience may be different than that assumed in the calculation.

Discount rate risk

The risk of changes in Discount rate will have an impact on the actuarial liability. Any increase in discount rate will reduce the liability and vice versa.

TRIAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

There are no contingencies as at June 30, 2025 and June 30, 2024.

21.2 Commitments

The company has entered into capital expenditure contracts totalling Rupees 1,206.64 million, dedicated to various projects for the construction and development of distribution equipment. Following is the list of projects.

Projects	Contract Amount
132 KV GSS Mariani	157,299,889
Conversion of 06 ISO Bays into Line Bays	109,500,000
Conversion of 06 ISO Bays into Line Bays	88,122,187
Reconductoring / Divurcation of 11 KV Marble Chowk	80,000,000
132 KV GSS Razmak	74,399,229
Providing of 11 KV Independent feeder to Marble Industries at Bajour	72,000,000
Divurcation of 11 KV Mandori	72,000,000
Reconductoring / Divurcation of 11 KV Sher Bridge Feeder	64,000,000
Divurcation of 11 KV Kirman II	64,000,000
ISO Bay into Line Bay Razmak	44,022,000
HT / LT Lines and Transformers Electrification Works in Khyber	43,228,242
Bara to Jambud Transmission Line	36,990,077
Divurcation of 11 KV Machani	35,000,000
132 KV GSS Wana	33,489,000
HT / LT Lines and Transformers Electrification Works in Bajaur	33,050,376
New 11 KV Mordoi	28,000,000
HT / LT Lines and Transformers Electrification Works in Orakzai	26,408,011
New 11 KV Shamsha	25,000,000
132 KV GSS Miransha	22,328,000
132 KV Sadda	22,328,000
132 KV GSS Parachinar	22,328,000
HT / LT Lines and Transformers Electrification Works in North Waziristan	13,981,404
HT / LT Lines and Transformers Electrification Works in Kurram	10,952,499
HT / LT Lines and Transformers Electrification Works in South Waziristan	8,830,958
HT / LT Lines and Transformers Electrification Works in TSD Hassan Khel	6,783,346
HT / LT Lines and Transformers Electrification Works in Mohmand	6,761,033
Shifting of Shini Kalay Hospital at Zarghun Khel Dara Adam Khel	4,490,587
Providing Independent Feeder to Crush Stones Mines at Bagyari Check Post Khyber	1,258,431
	1,206,642,917

	Note	2025 Rupees	2024 Rupees
22 SALE OF ELECTRICITY			
Electricity billing	22.1	39,964,419,800	45,122,162,166
Subsidy from GoP	22.2	26,206,034,065	12,577,488,950
		66,170,453,865	57,699,651,116

22.1 During the year 1,404 million units (2024: 1286.08 million units) of electricity were sold at the average rate of Rs. 28.54 (2024: Rs. 35.25) per unit.

	Note	2025 Rupees	2024 Rupees
22.2 Subsidy from GoP			
Tariff differential subsidy		28,105,477,816	9,446,975,582
Annual quarterly tariff adjustment (AQTA)		(1,899,443,751)	3,090,513,365
		26,206,034,065	12,577,488,950

22.2.1 These represent the tariff differential and applicable quarterly tariff adjustment subsidies claimed from the Government of Pakistan as the difference between rates determined by NEPRA and rates charged to the consumers as notified by the Government of Pakistan from time to time.

	Note	2025 Rupees	2024 Rupees
23 COST OF ELECTRICITY			
Purchases from Central Power Purchase Agency	23.1	81,984,933,172	64,771,732,567

23.1 During the year, the company purchased electricity at the average rate of Rs. 34 per MWh (2024: Rs. 30.76 per MWh) from CPPA.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees (Restated)
24 OPERATING COST			
Wheeling charges to PESCO		4,479,926,816	796,000,000
Service cost of employees		3,238,999,813	3,173,467,066
Bad debts		1,664,006,382	260,734,186
Salaries, wages and other benefits		1,163,758,413	991,182,143
Depreciation		828,221,787	548,771,910
Repair and maintenance		318,175,277	358,649,873
Transport		85,017,290	67,800,079
Management fee		43,393,033	37,081,523
Consultancy		42,314,838	12,818,458
Travelling		40,462,494	46,507,372
Computer services (PITC)		14,553,421	1,300,561
Damages and injuries		12,648,668	8,564,355
Directors fees		10,292,290	10,560,000
Power, light and water		5,522,342	5,187,471
Postage and telephone		5,030,530	4,479,724
Advertising and publicity		3,778,678	3,169,905
Rent, rates and taxes		3,627,120	4,438,935
Legal and professional charges		3,080,500	3,241,250
Office supplies and other expenses		2,777,292	11,086,833
Auditors' remuneration	24.1	534,000	534,000
Subscription and periodicals		262,910	209,272
Miscellaneous expenses		7,469,822	8,691,472
		<u>11,660,586,422</u>	<u>6,372,733,998</u>
24.1 Auditors' remuneration		534,000	534,000
Audit fee		534,000	534,000
Out of pocket expenses		-	-
25 OTHER EXPENSES	25.1	148,305,479	-
Workers' profit participation fund		32,819,817	-
Provision for advances against expenses		<u>178,125,296</u>	<u>-</u>
25.1 Workers' Profit Participation Fund (WPPF) has been computed at 5% of the profit for the year.			
	Note	2025 Rupees	2024 Rupees (Restated)
26 OTHER INCOME	16	570,285,206	514,902,301
Amortization of deferred credit		106,232,458	177,230,281
Profit on saving accounts		-	352,423
Supplier security written back	26.1	119,410,755	213,385,757
Other miscellaneous income		<u>794,928,419</u>	<u>905,930,762</u>
	Note	2025 Rupees	2024 Rupees
26.1 Other miscellaneous income		118,663,633	212,495,727
Late payment surcharge		632,671	58,452
Income from non utility operations		129,141	717,156
Meter rental		85,918	99,242
Service rental		-	15,180
Public lighting		<u>119,410,755</u>	<u>213,385,757</u>
27 FINANCE COST AND OTHER CHARGES		374,229,871	420,861,647
Mark-up on workers' profit participation fund		5,095,985	6,787,063
Interest / mark up on long-term loans		1,607,437	1,800,950
Bank charges		<u>380,933,233</u>	<u>429,249,660</u>
28 LEVIES			
Minimum taxes			
28.1			
This represents minimum tax provision under section 113 of the Income Tax Ordinance, 2001 @ 0.25% of total turnover considering electricity as Fast Moving Consumer Goods (FMCG) representing levy in terms of requirements of ITRIC-21 / IAS-37. However income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for minimum and final tax levies has been made.			
29 PROVISION FOR TAXATION			
Income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for current and deferred taxation has been made.			
	Note	2025 Rupees	2024 Rupees
		2,760,804,181	(13,018,125,345)
		1,000	1,000
		<u>2,760,804</u>	<u>(13,018,125)</u>
30 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit / (Loss) for the year - Rupees			
Number of ordinary shares			
Earning / (Loss) per share - Basic and diluted - Rupees			
30.1			
There is no dilutive effect on basic earning per share of the Company.			

TRIAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

31 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to the directors, chief executive officer and executives of the company is as follows.

	Directors		Chief Executive Officer		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees		Rupees		Rupees	
Basic pay	-	-	2,353,560	6,769,630	48,182,825	45,605,892
Allowances	-	-	4,821,840	4,727,888	66,381,378	53,366,188
Meeting fee	10,292,200	10,860,000	-	-	-	-
	10,292,200	10,860,000	7,175,400	11,497,518	104,564,003	98,972,080
Number of persons	5	4	1	1	27	31

31.1 The Chief Executive Officer is provided with the Company's maintained vehicle, free electricity, and other utilities. Further, most of the executives of the Company have been provided with the Company's maintained vehicles having fair market value of Rs. 126.16 millions and unfurnished accommodation according to the Company's policy, while free electricity has been provided to all executives.

Note	2025 Rupees	2024 Rupees
	2,760,804,101	(13,018,125,345)

32 CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation
Adjustments for non cash and other items:

Depreciation
Amortization of deferred credits
Bad debts
Staff retirement benefit charge
Profit on deposits
Finance cost and bank charges

625,221,787	548,771,910
(570,285,206)	(514,962,301)
1,654,006,382	780,734,188
3,238,699,013	3,173,467,055
(105,232,458)	(177,239,281)
380,933,293	429,249,600
5,123,342,811	3,740,021,229
7,884,146,912	(9,278,104,116)

Operating profit / (loss) before working capital changes

Working capital changes:
(Increase) / decrease in current assets:
Stores and spares
Trade debts
Advances, loan and other receivables

(168,892,076)	290,947,626
(5,395,906,471)	7,275,701,022
(3,189,304,820)	(2,882,165,957)
(8,762,303,067)	4,684,482,095

Increase / (decrease) in current liabilities:
Accrued and other liabilities

3,823,394,891	8,501,109,672
(4,828,908,176)	11,185,582,308
2,855,236,736	1,907,488,752

Cash generated from / (used in) operations

33 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note present information about the company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring risk and management of capital. Further quantitative disclosures are included throughout these financial statements.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Risk management framework

The Board of director has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the company's activities. The company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Board oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the company. The Board is assisted in oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

33.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without considering the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

33.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Credit risk of the company arises principally from trade debts, other receivables and bank balances.

The company's credit risk exposures are categorized under the following headings:

	Note	2025 Rupees	2024 Rupees
Trade debts	8	79,410,057,927	75,568,157,837
Receivable from government	10	62,879,863,888	62,879,863,858
Bank balances	11	1,909,684,534	948,160,436
Other receivables		41,343,289,674	38,122,858,331
		<u>185,542,895,993</u>	<u>177,518,840,462</u>

Geographically there is no concentration of credit risk as the company operates in the same geographical area.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings.

	Rating			2025	2024
	Short-Term	Long-Term	Agency	(Rupees)	(Rupees)
National Bank of Pakistan	A-1+	AAA	PACRA	685,156,274	609,366,542
Habib Bank Limited	A-1+	AAA	JCR-VIS	105,231	27,935,610
United Bank Limited	A-1+	AAA	JCR-VIS	42,457,378	21,904,999
MCB Bank Limited	A-1+	AAA	PACRA	3,412,514	2,684,573
Allied Bank Limited	A-1+	AAA	PACRA	554,735,867	25,428,539
Bank of Khyber	A-1	A+/AA-	PACRA/JCR-VIS	634,451,131	257,188,297
The Bank of Punjab	A1+	AA+	PACRA	4,023,788	3,851,880
				<u>1,924,340,961</u>	<u>948,160,436</u>

33.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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 unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding from the government. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	0-1 year	1-2 years	More than 2 years
			Rupees		
June 30, 2025	427,400,081	(427,400,081)	-	-	(427,400,081)
Consumers' security deposits	152,459,334,791	(152,459,334,791)	(152,459,334,791)	-	(427,400,081)
Trade and other payables	152,886,734,872	(152,886,734,872)	(152,459,334,791)	-	-
					(350,968,361)
June 30, 2024	350,968,361	(350,968,361)	-	-	(350,968,361)
Consumers' security deposits	148,756,614,044	(148,756,614,044)	(148,756,614,044)	-	-
Trade and other payables	148,607,587,405	(148,607,587,405)	(148,756,614,044)	-	-

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

33.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the carrying amount or the value of its holdings of financial instruments. The objective of market risk management is to manage and control financial risk exposures within acceptable parameters, while optimizing the return.

33.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at year end, the company is not exposed to any currency risk as there are no transactions in foreign currency.

33.3 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company mitigates its risk against the exposure by maintaining adequate bank balances. At the reporting date the Company's financial instruments were:

	Note	2025 Rupees	2024 Rupees
Fixed rate instruments			
Financial liabilities			
Long-term loans	15	6,468,376,824	6,468,376,824
Variable rate instruments			
Financial assets			
Bank balances	11	1,284,630,833	1,284,630,833

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Fair value sensitivity analysis for variable rate instruments

The company holds bank balances in savings accounts, which typically earn interest at a variable rate. Those balances are exposed to market risk, primarily due to fluctuations in interest rates. However, given the nature of those balances and the generally low volatility in interest rate changes, the company does not consider a detailed sensitivity analysis necessary. The impact of such fluctuations on the company's financial position is minimal.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at statement of financial position dates were outstanding for the whole year.

Bank balance - deposit / saving account

Changes in interest rate	Effect on profit before tax
+1%	12,846,308
-1%	(12,846,308)

33.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as it does not have any investments in equity securities.

33.4 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares.

33.5 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities approximates their carrying amounts.

33.6 Financial instruments by categories

At amortized cost

Financial assets

Trade debts

Receivable from government

Bank balances

Note	2025 Rupees	2024 Rupees
8	78,410,057,927	78,410,057,927
10	62,878,663,868	62,878,663,868
11	1,908,884,834	1,908,884,834
	<u>144,198,006,629</u>	<u>144,198,006,629</u>

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Financial liabilities	14	19,233,228,900	19,233,228,900
Long term loan from Government of Pakistan	16	166,825,384	166,825,384
Long term loans	18	427,400,081	350,968,361
Consumers' security deposits	19	143,646,230,328	138,766,734,865
Trade and other payables		<u>163,473,654,693</u>	<u>158,517,757,530</u>

34 TRANSACTIONS WITH RELATED PARTIES

WAPDA holds 99.3% shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA are related parties of the company. Further, WAPDA is owned by the government of Pakistan and thus, the government ultimately owns the company. Other related parties comprise of associated companies, directors, key management personnel, Government of Pakistan and Government owned entities. The following are the transactions / account balances entered into with related parties during the year.

Name of related party	Nature of transaction	Note
Government of Pakistan	Subsidy received during the year	22
Ministry of Finance	Subsidy claimed during the year	24
National Electric Power Regulatory Authority	Management fee	23
Associated companies / undertakings	Electricity purchased by the Company	24
Central Power Purchasing Agency (Guarantee) Limited	Wheeling charges recognized as expense	
Peshawar Electric Supply Company Limited		

Name of related party	Nature of transaction	2025 Rupees	2024 Rupees
Peshawar Electric Supply Company Limited	Free electricity supplied by the Company	64,617,230	5,981,423
Islamabad Electric Power Company Limited	Free electricity supplied by the Company	10,657,947	4,106,803
Power Information Technology Company Limited	PITC charges	2,777,292	11,086,633
Faisalabad Electric Supply Company Limited	Free electricity supplied by the Company	1,425,627	523,266
Gujranwala Electric Power Company Limited	Free electricity supplied by the Company	802,545	459,057
Hyderabad Electric Supply Company Limited	Free electricity supplied by the Company	574,256	286,604
Quetta Electric Supply Company Limited	Free electricity supplied by the Company	-	357,561
Lahore Electric Supply Company Limited	Free electricity supplied by the Company	2,790,838	263,744
Multan Electric Supply Company Limited	Free electricity supplied by the Company	129,426	

Name of related party	% of shareholding	Closing Balance Note
Ministry of Finance	Not Applicable	10
Central Power Purchasing Agency (Guarantee) Limited	Not Applicable	19.1
Peshawar Electric Supply Company Limited (PESCO)	Not Applicable	19.2
Water and Power Development Authority (WAPDA)	Not Applicable	19.2
Jamshoro Power Company Limited (GENCO-1)	Not Applicable	19.2
Faisalabad Electric Supply Company Limited (FESCO)	99.30%	19.2
Gujranwala Electric Supply Company Limited	Not Applicable	19.2
Islamabad Electric Supply Company Limited (IESCO)	Not Applicable	19.2
Hyderabad Electric Supply Company Limited (HESCO)	Not Applicable	19.2
Quetta Electric Supply Company Limited (QESCO)	Not Applicable	19.2
Multan Electric Supply Company Limited (MEPCO)	Not Applicable	19.2

35 CLIMATE RELATED DISCLOSURES

35.1 Governance
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which includes climate-related risks and opportunities. Oversight of environmental and social compliance is embedded within the Company's governance structure. Management is responsible for identifying, assessing and monitoring climate-related risks and opportunities arising from the Company's operations and development activities, and for reporting relevant matters to the Board and senior leadership as appropriate.

35.2 Strategy
The Company complies with applicable national regulatory requirements and, where relevant, the environmental and social safeguard requirements associated with projects financed by international lenders and development partners. To operationalize this commitment, the Company has established internal processes and responsibilities for environmental and social risk management within its project planning and implementation functions. These processes are designed to support compliance with applicable environmental and social requirements and to address climate-related considerations in project design and execution. Where projects are financed by international lending institutions, the Company also seeks to comply with the relevant environmental and social safeguard frameworks of such institutions. These requirements are integrated into project design and implementation, thereby supporting the Company's resilience to climate-related risks.

35.3 Risk management

The Company recognizes that climate change poses both risks and opportunities to its long-term sustainability and accordingly identifies, assesses and manages climate-related risks in relation to its distribution network and development projects. These assessments may include assessments and management of Environmental and Social Impact Assessments (ESIA), Environmental Impact Assessments (EIA), Water Environmental Assessments (WEA), Remediation Action Plans (RAP), and Environmental Management Plans (EMP), depending on the nature and scale of the relevant project. These environmental and social assessments are carried out to: Evaluate physical risks such as extreme weather events, including heat waves, floods and storms, that may affect infrastructure and workforce; incorporate risk mitigation measures into project design, procurement and construction phases; and monitor compliance and prepare periodic safeguard and compliance reports for submission to relevant stakeholders, including regulatory and financing institutions where applicable. Climate-related risks are considered as part of the Company's broader risk management processes, including operational, infrastructure and project-related risk assessments.

35.4 Metrics and targets

35.4.1 Greenhouse gas emissions
 As an electricity distribution company, the Company does not operate power generation facilities and therefore does not produce material greenhouse gas emissions from electricity generation.

Scope 1: emissions are limited to relatively minor direct emissions from auxiliary activities, such as fuel consumption in vehicles and backup generators, and are not considered material to the Company's overall operations.

Scope 2: emissions mainly relate to electricity consumed in offices and operational facilities.

Scope 3: emissions have not been identified as material in light of the nature of the Company's business model and current assessment of its value chain emissions.

35.4.2 Climate-related transition risks

The Company is asset intensive, with substantial investment in distribution infrastructure. While climate-related transition risks could affect the carrying value, useful lives, or future economic benefits of such assets, management believes that the existing accounting policies, including depreciation and impairment assessments, appropriately reflect the expected pattern of economic benefits deriving from these assets. Accordingly, no additional disclosure is considered necessary beyond the information already provided in the relevant notes relating to property, plant and equipment and impairment assessment, where applicable.

36.3 Targets

The Company has not established quantitative climate-related targets at this stage. Its current approach is based on compliance with applicable regulatory requirements and, where relevant, the environmental and social safeguards requirements of international lenders and development partners. These requirements form the basis of the Company's environmental performance monitoring and reporting.

Transition relief under IFRS-S1

The Company has adopted the IFRS Sustainability Disclosure Standards for the first time in the current reporting period. In accordance with the transition relief provided in IFRS-S1, the Company has disclosed information only in relation to climate-related risks and opportunities as required by IFRS-S2.

36 SUMMARY OF SIGNIFICANT EVENTS

- 36.1 The company has hired an independent audit firm for conducting physical verification of fixed assets. Tagging of fixed assets and maintenance of fixed asset register. The fixed asset register has been completed while the tagging of assets and physical verification is under progress and will be completed with the next 6 months.
- 36.2 The company has hired an independent firm for conducting actuarial valuation to determine the present value of the employee benefit liabilities for its employees. The liabilities for the current year, including the service cost and closing post retirement liabilities have been incorporated in the financial statements.

37 CORRESPONDING FIGURES

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 Palestine. Following reclassification has been made:

Particulars	Reclassification		2025 Rupees
	From	To	
Other miscellaneous income	Sale of Electricity	Other income	717,198
Public lighting	Sale of Electricity	Other income	15,198
Service rental	Sale of Electricity	Other income	35,842
Late payment surcharge	Sale of Electricity	Other income	212,687,727
Income from non utility operations	Income from non utility operations	Other income	35,452
Trade and other payables	Trade and other payables	Other miscellaneous income	152,961,361
Trade and other payables	Trade and other payables	Consumer security deposits	3,458,751,189
Salaries, wages and other benefits	Salaries, wages and other benefits	Contract liabilities	74,488,626
Pension expenses	Pension expenses	Service cost of employees	871,812,028
		Service cost of employees	
		2025	2024
		Number	Number
		598	528

38 NUMBER OF EMPLOYEES

Total number of employees as at June 30, 2025

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Company's board of directors and authorized for issue on June 09, 2026.

40 GENERAL

Figures in the accounts are rounded off to the nearest rupee.


 Chief Executive Officer


 Auditor

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	24,510,804,127	24,646,793,768
Long-term advances	5	10,836,287	14,154,995
		24,521,640,414	24,660,948,763
Current Assets			
Stores and spares	6	4,716,657,483	5,064,877,570
Trade debts	7	72,718,769,239	79,410,057,927
Advances and other receivables	8	44,224,462,733	41,355,687,413
Receivable from government	9	62,580,510,661	62,879,663,858
Cash and bank balances	10	1,693,217,934	1,909,684,534
		185,933,618,050	190,619,971,302
Total Assets		210,455,258,464	215,280,920,065
EQUITY AND LIABILITIES			
Share Capital And Reserves			
Issued, subscribed and paid-up share capital	11	10,000	10,000
Share deposit money	12	7,551,647,372	255,009,865
Un-appropriated profits / (accumulated losses)		(3,756,375,645)	1,529,536,933
		3,795,281,727	1,784,556,798
Non-Current Liabilities			
Long-term loan from Government of Pakistan	13	19,233,228,900	19,233,228,900
Long-term loans	14	3,006,669	28,444,094
Deferred credits	15	12,374,635,191	11,913,947,584
Contract liabilities	16	8,882,583,193	8,710,730,318
Consumers' security deposits	17	444,073,229	427,400,081
Staff retirement benefits	19	20,583,141,778	20,584,896,209
		61,520,668,960	60,898,647,186
Current Liabilities			
Current portion of long-term loans	14	163,818,715	138,381,290
Trade and other payables	18	144,975,489,062	152,459,334,791
		145,139,307,777	152,597,716,081
		210,455,258,464	215,280,920,065
Contingencies and Commitments	20	-	-

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

Chief Executive Officer

Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Sale of electricity	21	52,389,454,377	66,170,453,865
Cost of electricity	22	(53,329,538,213)	(51,984,933,172)
Gross profit / (loss)		(940,083,836)	14,185,520,693
Operating cost	23	(3,342,085,594)	(11,660,586,422)
Other expenses	24	-	(178,125,296)
Other income	25	842,172,203	794,928,418
Finance cost and other charges	26	(1,845,915,351)	(380,933,293)
		(4,345,828,742)	(11,424,716,593)
Profit / (loss) before taxation and levies		(5,285,912,578)	2,760,804,100
Levies	27	-	-
Profit / (loss) before taxation		(5,285,912,578)	2,760,804,100
Provision for taxation	28	-	-
Profit / (loss) for the year		(5,285,912,578)	2,760,804,100
Earnings per share - basic and diluted	29	(5,285,913)	2,760,804

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

Chief Executive Officer

Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
Profit / (Loss) for the year		(5,285,912,578)	2,760,804,100
Other comprehensive income / (loss):			
- Items that will not be subsequently reclassified to profit or loss		-	-
Remeasurement gain / (loss) of post retirement benefits	19	-	2,606,490,470
- Items that may be subsequently reclassified to profit or loss		-	-
Total comprehensive income / (loss) for the year		<u>(5,285,912,578)</u>	<u>5,367,294,570</u>

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

Chief Executive Officer

Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Share Capital		Revenue Reserves	
	Issued, subscribed and paid-up share capital	Share deposit money	Un-appropriated profits / (accumulated losses)	Total
	-----Rupees-----			
Balance as at July 01, 2024 - Restated	10,000	427,164,244	(4,009,912,016)	(3,582,737,772)
Profit / (loss) for the year	-	-	2,760,804,100	2,760,804,100
Other comprehensive income / (loss)	-	-	2,606,490,470	2,606,490,470
Accumulated losses adjusted against share deposit money	-	(172,154,379)	172,154,379	-
Total comprehensive income / (loss) for the year	-	(172,154,379)	5,539,448,949	5,367,294,570
Balance as at June 30, 2025	10,000	255,009,865	1,529,536,933	1,784,556,798
Balance as at July 01, 2025	10,000	255,009,865	1,529,536,933	1,784,556,798
Profit / (loss) for the year	-	-	(5,285,912,578)	(5,285,912,578)
Other comprehensive income / (loss)	-	-	-	-
Payment of CD Financing	-	7,296,637,507	-	7,296,637,507
Accumulated losses adjusted against share deposit money	-	-	-	-
Total comprehensive income / (loss) for the year	-	7,296,637,507	(5,285,912,578)	2,010,724,929
Balance as at June 30, 2026	10,000	7,551,647,372	(3,756,375,645)	3,795,281,727

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

Chief Executive Officer

Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	31	(6,396,118,027)	2,955,238,736
Staff retirement benefit paid		(1,754,431)	(648,298,664)
Interest paid on Payable to financial institutions through CPPA-G under CD financin		(1,842,400,187)	-
Bank charges paid		(304,222)	(1,607,437)
Net cash generated from operating activities		(8,240,576,867)	2,305,332,635
CASH FLOW FROM INVESTING ACTIVITIES			
Payment for acquisition of operating property, plant and equipment		(1,226,801)	(22,659,590)
Payments made for capital work-in-progress		(568,480,966)	(2,310,669,521)
Long-term advances recovered		3,318,708	6,350,823
Profit on bank deposits		40,181,129	105,232,458
Net cash used in investing activities		(526,207,930)	(2,221,745,830)
CASH FLOW FROM FINANCING ACTIVITIES			
Consumer security deposit received / (paid)		16,673,148	76,431,720
Loans obtained/(Paid)		(3,210,942)	-
Additions in share deposit money		7,296,637,507	
Receipt against deposit works and connections		1,240,218,484	801,505,573
Net cash generated from financing activities		8,550,318,197	877,937,293
Net increase / (decrease) in cash and cash equivalents		(216,466,600)	961,524,098
Cash and cash equivalents at the beginning of the year		1,909,684,534	948,160,436
Cash and cash equivalents at the end of the year		1,693,217,934	1,909,684,534

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

Chief Executive Officer

Director

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 STATUS AND ACTIVITIES

1.1

Tribal Areas Electric Supply Company Limited (the Company) was detached from Peshawar Electric Supply Company (PESCO) on July 03, 2002 and incorporated as a public limited company under the Repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at WAPDA House, Lahore. The Company was formed after acquiring / taking over all the properties, rights, assets, obligations and liabilities relating to Federally Administered Tribal Areas (FATA), now Newly Merged Tribal Districts (NMDs) of Khyber Pakhtunkhwa (KP) from Water and Power Development Authority (WAPDA). All such assets and liabilities have been transferred to the Company under the terms and conditions of Business Transfer Agreement dated July 31, 2004 which is effective from July 01, 2003. The Company was awarded a distribution license by National Electric Power Regulatory Authority (NEPRA) on August 12th, 2013. The principal activity of business is the provision of electricity services to domestic and commercial consumers.

The company has several accounting units with the following addresses:

Business Units

Addresses

TESCO HQ Peshawar	Shami Road WAPDA House, Peshawar
XEN TESCO Peshawar	Industrial Estate Hayatabad, Peshawar
RO TESCO Peshawar	Industrial Estate Hayatabad, Peshawar
XEN TESCO Hangu	KDA, Kohat
RO TESCO Hangu	KDA, Kohat
XEN TESCO Bannu	Miran Shah, North Waziristan
RO TESCO Bannu	Miran Shah, North Waziristan
XEN/RO TESCO Tank	Wana, South Waziristan
XEN TESCO Northern	Ghallani, District Muhmand
RO TESCO Northern	Ghallani, District Muhmand
XEN TESCO SSTL Peshawar	Industrial Estate, Peshawar
XEN TESCO GSC Peshawar	Industrial Estate, Peshawar
XEN TESCO Construction Peshawar	University Town, Peshawar

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under State-Owned Enterprises (Governance and Operations) Act, 2023;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the SOE Act, 2023 & Companies Act,

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

2017 differ from the IFRS, the provisions of and directives issued under the SOE Act, 2023 & Companies Act, 2017 have been followed.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

2.3 Functional and presentation currency

These Financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Significant areas requiring the use of management judgements and estimates in these financial statements are as follow:

- Useful live, residual value and depreciation method used for property, plant and equipment - Note 3.2
- Provision for stores and spares - Note 3.3
- Expected credit losses - Note 3.4
- Staff retirement benefits - Note 3.8
- Deferred credits - Note 3.9
- Revenue recognition - Note 3.11
- Provision - Note 3.13
- Taxation - Note 3.15
- Impairment of financial assets - Note 3.16
- Impairment of non-financial assets - Note 3.17

2.5 New and amended standards and interpretations

Standards, amendments to published accounting and reporting standards effective in current year.

2.5.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2024:

a) IAS-1 Classification of liabilities as current or non current (effective from Jan 01, 2024)

Under the existing IAS-1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of these amendments, the

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

requirement for the right to be unconditional has been removed. Instead, the amendments require that the right to defer settlement must have substance and exist at the end of the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

On October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants that must be complied with after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now be required to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

b) IFRS-16 sale and leaseback transaction (effective from Jan 01, 2024)

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right-of-use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into.

The other new standards, amendments to approved accounting standards, and interpretations that are mandatory for the financial year beginning on April 1, 2024, are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.5.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2024 and have not been early adopted by the Company:

IAS-21 Lack of exchangeability (effective from Jan 01, 2025)

Amendments to IAS-21 'The effects of Changes in Foreign Exchange Rates' address situations where a currency may lack exchangeability, often due to government-imposed controls. In such cases, companies must estimate a spot exchange rate reflecting orderly transactions at the measurement date. The amendments provide flexibility, allowing the use of observable rates without adjustment or other estimation techniques, provided they meet the estimation objective. The assessment considers factors like the availability of multiple rates, purpose, nature, and update frequency. The amendments requires new disclosures, including the nature and financial impact of non-exchangeability, the spot exchange rate used, the estimation process, and associated risks.

IFRS-7 Classification and measurement of financial instruments disclosure (effective from Jan 01, 2026)

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

IFRS-9 Financial instruments

Amendment to IFRS-7 'Financial Instruments: Disclosures' and IFRS-9 'Financial Instruments' –Classification and Measurement of Financial Instruments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion and add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG targets) and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FOCI).

IFRS-18 Presentation and disclosure in financial statements (effective from Jan 01, 2027)

The new standard on presentation and disclosure in financial statements, IFRS-18, focuses on updates to the statement of profit or loss. It introduces key concepts such as the structure of the statement of profit or loss, required disclosures for certain profit or loss performance measures reported outside the financial statements (management-defined performance measures), and enhanced principles on aggregation and disaggregation applicable to the primary financial statements and notes.

IFRS-S1 General requirements for disclosure of: (effective from Jan 01, 2025)

Sustainability-related financial information

IFRS-S2 Climate related disclosures

These standards include the core framework for the disclosure of material information about sustainability-related risks, opportunities across an entity's value chain and set out the requirements for entities to disclose information about climate-related risks and opportunities.

IFRS-S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity. The standards provide guidance on identifying sustainability-related risks and opportunities, and the relevant disclosures to be made in respect of those sustainability-related risks and opportunities.

IFRS-S2 is a thematic standard that builds on the requirements of IFRS-S1 and is focused on climate-related disclosures. IFRS-S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long-term. In addition, IFRS-S2 requires entities to consider other industry based metrics and seven cross industry metrics when disclosing qualitative and quantitative components on how the entity uses metrics and targets to measure, monitor and manage the identified material climate related risks and opportunities. The cross-industry metrics include disclosures on greenhouse gas (GHG') emissions, transition risks, physical risks, climate related opportunities, capital deployment, internal carbon prices and remuneration.

The management anticipates that the adoption of the above standards, amendments and

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss whenever incurred.

3.2 Property, plant and equipment

Operating property, plant and equipment, except freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Freehold land and capital work-in-progress are stated at cost less accumulated impairment losses, if any. Capital work-in-progress is transferred to property, plant and equipment as and when assets are available for use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is provided on straight line method and charged to statement of profit or loss to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 4.1. The Company charges the depreciation on additions when the asset is available for use and on deletions when the asset is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Minor repair and maintenance are charged to statement of profit or loss as and when incurred.

Gains and losses on disposal of an item of operating property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in statement of profit or loss.

3.3 Stores and spares

Stores and spares are valued at cost, Calculated using the weighted average method less allowance for obsolete and slow moving items. Subsequently, they are measured at the lower of cost and net realizable value. Items in transit are valued at invoice value plus

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

other charges incurred thereon.

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

3.5 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.

3.6 Loans and other receivables

These are initially recognized at the fair value of consideration given. Subsequent to initial recognition these are recorded at their amortized cost less accumulated impairment, if any.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose statement of cash flows, cash and cash equivalents comprise cash in hand, balances with banks in current and savings accounts, and short-term highly liquid investments that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

3.8 Staff retirement benefits

Defined benefit plans

Company operates funded pension scheme, unfunded free electricity scheme and unfunded free medical facility scheme for all its employees along with entitlement for accumulated compensated absences which are encashed 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 the Projected Unit Credit Method. The Company's net obligation in respect of defined benefit plans is calculated by estimating the

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

Company's net long-term liability for defined benefit plans is calculated by estimating the amount of future benefit 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 comprise 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 benefits payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss. Remeasurement related to the compensated absences is recognized in the year of occurrence in the statement of profit or loss.

General / Employees' provident fund

For General / Employees' Provident Fund and WAPDA Welfare Fund, the Company makes deductions 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 figures related to the Company cannot be segregated from the whole General / Employees' Provident Fund.

3.9 Deferred grants

3.9.1 Consumer contributions

The Company accounts for capital contributions received from consumers towards the cost of construction of new grid stations, new electrification works and provision of new service connections in accordance with IFRIC-18 – Transfers of Assets from Customers, read together with the provisions of IAS-20 – Accounting for Government Grants and Disclosure of Government Assistance.

Amounts received from consumers that result in the transfer of assets to the Company, or the construction of assets controlled by the Company, are recognized as deferred grants (a liability) at the time the related assets are capitalized. Such deferred grants represent consideration received for the transfer of assets and/or access to the distribution network.

The deferred grants are systematically recognized in statement of profit or loss on a straight-line basis over the estimated useful lives of the related assets, at an amortization rate of 3.5% per annum, so as to match the recognition of grant income with the depreciation charge of the related assets.

3.9.2 Government grants

Government grants related to the acquisition or construction of property, plant and equipment are recognized when there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Such grants are presented in the statement of financial position as deferred grants. The deferred grants are systematically recognized in statement of profit or loss on a straight-line basis over the useful life of the related assets, thereby matching the grant income with the depreciation expense of the related assets.

3.10 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently carried at amortized cost, which approximates the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.11 Revenue recognition

Revenue is recognized in accordance with IFRS-15 (Revenue from Contracts with Customers). The company, as a distributor and supplier of power, is deemed to provide electricity (Performance Obligation) to its consumers within the jurisdiction of seven NMDs and six Frontier Regions (FRs) at the Transaction price determined by NEPRA and notified by the Government of Pakistan. The services are simultaneously received by the consumers as rendered by the Company. The Company generates revenue from:

- **Electricity sale**

Revenue related to sale of electricity is recognized on supply of electricity to consumers at the rates determined by NEPRA and notified by the Government of Pakistan, from time to time. Late payment surcharges are recognized on an accrual basis and as and when the conditions of late payments are met.

- **Tariff differential subsidy**

Tariff differential subsidy (TDS) arises as a result of variance between notified tariff (Uniform tariff) by Government of Pakistan and Company specific determined tariff by NEPRA. The differential claim is submitted to GoP in the form of TDS. Tariff differential subsidy on electricity announced by the Government of Pakistan for consumers is recognized under revenue on an accrual basis. These subsidies from GoP include Tariff differential subsidy (TDS) and Annual Quarterly tariff Adjustment (ATQA).

- **Meter rental and service income**

Meter rentals and service income are recognized as other income on a time proportionate basis.

- **Interest / mark-up**

Interest / mark-up on bank deposits is recognized as other income on accrual basis using the effective interest rate method.

- **Other revenue**

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

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

3.12 Borrowings

Borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and the redemption value is recognized in the statement of profit or loss over the period of borrowing on an effective rate basis.

3.13 Provisions

A provision is recognized in the statement of financial position 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 are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.14 Contingencies

A contingent liability is disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the company.

A contingent liability is also disclosed when there is a present obligation arising from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.15 Taxation

Minimum tax levies

The company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS-12 'Income Taxes' and recognized it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC-21 / IAS-37.

Current tax

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 tax

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Deferred tax is provided using the balance sheet method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.16 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

3.16.1 Classification

3.16.1.1 Financial assets

The Company classifies its financial assets in the following categories:

- at amortized cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

The Company determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured 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 specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at 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 financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured at FVTPL.

3.16.1.2 Financial liabilities

The Company classifies its financial liabilities in the following categories:

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.16.2 Measurement

3.16.2.1 Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

3.16.2.2 Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

3.16.2.3 Financial assets and liabilities at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in statement of comprehensive income.

3.16.3 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

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

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. 25(I) / 2026, dated January 06, 2026, further extended this exemption to December 31, 2026.

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.

3.16.4 Derecognition

3.16.4.1 Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all associated risks and rewards of ownership to another entity. Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of profit or loss. Additionally, upon derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the statement of profit or loss. In contrast, upon derecognition of an investment in an equity instrument for which the Company has elected, at initial recognition, to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to the statement of changes in equity.

3.16.4.2 Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

3.16.5 Off-setting of financial assets and financial liabilities

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

3.17 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.

3.18 Related party transactions

Transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable uncontrolled price method. The power is sold to related parties at the rates determined by National Electric Power Regulatory Authority.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

			Note	2026 Rupees	2025 Rupees		
4	PROPERTY, PLANT AND EQUIPMENT						
	Operating property, plant and equipment		4.1	14,228,957,400	13,765,518,273		
	Capital work-in-progress		4.2	10,281,846,727	10,881,275,495		
				24,510,804,127	24,646,793,768		
4.1	Operating property, plant and equipment						
		Freehold land	Building on freehold land	Distribution equipment	Other plant and equipment	Vehicles	Total
		-----Rupees-----					
	As at July 01, 2024 - Restated						
	Cost	187,273,946	729,821,173	16,327,907,849	84,686,514	346,552,164	17,676,241,646
	Accumulated depreciation	-	(100,898,781)	(5,093,431,743)	(55,615,671)	(177,755,446)	(5,427,701,641)
	Net book value	187,273,946	628,922,392	11,234,476,106	29,070,843	168,796,718	12,248,540,005
	Year ended June 30, 2025						
	Opening net book value	187,273,946	628,922,392	11,234,476,106	29,070,843	168,796,718	12,248,540,005
	Adjustment during the year	-	-	-	-	-	-
	Transfers from CWIP	-	-	2,119,540,465	-	-	2,119,540,465
	Additions during the year	-	-	-	1,901,120	20,758,470	22,659,590
	Depreciation charge	-	(14,596,423)	(573,480,568)	(7,836,932)	(29,307,864)	(625,221,787)
	Closing net book value	187,273,946	614,325,969	12,780,536,003	23,135,031	160,247,324	13,765,518,273
	As at June 30, 2025						
	Cost	187,273,946	729,821,173	18,447,448,314	86,587,634	367,310,634	19,818,441,701
	Accumulated depreciation	-	(115,495,204)	(5,666,912,311)	(63,452,603)	(207,063,310)	(6,052,923,428)
	Net book value	187,273,946	614,325,969	12,780,536,003	23,135,031	160,247,324	13,765,518,273
	Year ended June 30, 2026						
	Opening net book value	187,273,946	614,325,969	12,780,536,003	23,135,031	160,247,324	13,765,518,273
	Adjustment during the year	-	-	-	-	-	-
	Transfers from CWIP	-	60,292,741	-	1,107,616,993	-	1,167,909,734
	Additions during the year	-	-	-	800,401	426,400	1,226,801
	Depreciation charge	-	(14,596,423)	(645,660,691)	(8,696,589)	(36,743,705)	(705,697,408)
	Closing net book value	187,273,946	660,022,287	12,134,875,312	1,122,855,836	123,930,019	14,228,957,400
	As at June 30, 2026						
	Cost	187,273,946	790,113,914	18,447,448,314	1,195,005,028	367,737,034	20,987,578,236
	Accumulated depreciation	-	(130,091,627)	(6,312,573,002)	(72,149,192)	(243,807,015)	(6,758,620,836)
	Net book value	187,273,946	660,022,287	12,134,875,312	1,122,855,836	123,930,019	14,228,957,400
	Depreciation Rate		2%	3.5%	10%	10%	

4.1.1 Operating property, plant and equipment includes following assets which were transferred from WAPDA and are held in the name of WAPDA.

Cost	Accumulated depreciation	Net book value
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TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Freehold land
Building
Motor vehicles

-----Rupees-----		
10,242,946	-	10,242,946
80,525,715	41,753,826	38,771,889
11,379,122	11,379,122	-
102,147,783	53,132,948	49,014,835

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

		2026 Rupees	2025 Rupees
4.2 Capital work-in-progress	Note		
Distribution equipment and civil works	4.2.1	10,281,846,727	10,881,275,495
		10,281,846,727	10,881,275,495
4.2.1 The movement during the year is as follows:			
Opening balance		10,881,275,495	10,690,146,439
Add: Additions during the year		568,480,966	2,310,669,521
Less: Transfer to operating property, plant and equipment		(1,167,909,734)	(2,119,540,465)
Closing balance		10,281,846,727	10,881,275,495
5 LONG-TERM ADVANCES			
Secured - Considered good			
Advances to employees		16,005,543	20,907,381
Less: current portion	8	(5,169,256)	(6,752,386)
		10,836,287	14,154,995
5.1 These are the interest free advances given to employees of the Company for house building, purchase of plot / vehicles and are repayable in five to ten years. These are secured against the mortgage of immovable property and hypothecation of vehicles. These advances have been carried at cost and settled from monthly salaries of the employees.			
6 STORES AND SPARES	Note	2026 Rupees	2025 Rupees
Opening balance		5,064,877,570	4,896,785,495
Add: Inventory receipts		254,518,457	1,792,732,899
Less: Inventory issued		(602,738,544)	(1,624,640,824)
Closing balance		4,716,657,483	5,064,877,570
6.1 Stores and spares consist of items primarily used for the construction, maintenance, and operation of grid stations and related infrastructure. These include essential electrical components such as transformers, circuit breakers, cables, insulators, and other critical spare parts necessary to ensure the reliability and efficiency of the power distribution network.			
7 TRADE DEBTS	Note	2026 Rupees	2025 Rupees
Secured - Considered good			
From consumers:			
- Against electricity cost	7.1	37,266,741,837	44,640,421,758
- Against Government levies and other charges	7.2	35,452,027,402	34,769,636,169
		72,718,769,239	79,410,057,927
Considered doubtful		16,501,452,930	16,077,493,882
Allowance for expected credit losses	7.3	(16,501,452,930)	(16,077,493,882)
		-	-
		72,718,769,239	79,410,057,927
7.1 Trade debts are partially secured to the extent of the corresponding consumer security deposits. As of the reporting date, trade debts are classified into residential, commercial, industrial, agricultural, public lighting, residential colonies, and other categories.			
7.2 Component wise break up of trade debts are as follows:	Note	2026 Rupees	2025 Rupees
GST on billing		16,251,918,131	16,251,918,131
F-C-Surcharges		10,471,399,170	10,141,339,051
Extra tax		2,882,806,864	2,882,806,864
Withholding income tax		2,340,994,273	2,340,994,273
Neelum jhelum surcharges		1,224,018,996	1,224,018,996
Further tax		864,124,410	864,124,410
Others	7.2.1	1,207,357,209	855,026,095
Electricity duty		209,408,349	209,408,349
		35,452,027,402	34,769,636,169
7.2.1 The other taxes includes different taxes receivables on account of at source billing and majorly it comprises of Surcharge Tax, EQ, 235-A and B, DS Surcharge, UD Surcharge, ZRIR.			

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

		2026 Rupees	2025 Rupees
7.3 Allowance for expected credit losses	Note		
Opening		16,077,493,882	14,523,487,500
Add: Provision for the year		423,959,048	1,554,006,382
Closing balance		16,501,452,930	16,077,493,882
7.4	Trade debts are partially secured to the extent of corresponding consumers' security deposits. Trade debts as at the reporting date are classified into domestic, commercial, industrial, agriculture, public lights, residential colonies and others.		
7.5	Aging analysis of these trade debts is as	2026 Rupees	2025 Rupees
Not past due		1,845,071,848	1,845,071,848
Due up to 1 months		984,051,250	984,051,250
1 to 2 months		6,879,777	6,879,777
2 to 3 months		128,738,102	128,738,102
3 to 6 months		317,608,104	317,608,104
6 months to 1 year		277,972,084	277,972,084
1 year to 3 years	7.5.1	12,796,936,082	12,796,936,082
3 years and above		79,554,253,610	79,130,294,562
		95,911,510,857	95,487,551,809
less: Allowance for expected credit losses		(16,501,452,930)	(16,077,493,882)
		79,410,057,927	79,410,057,927
7.5.1	Balance falling within one to three years includes deferred arrears amounting to Rs. 11,102.38 million (2024: Rs. 10,118.45 million). Deferred arrears represent outstanding balances arising from operational and administrative timing differences. These primarily comprise amounts recoverable in installments and adjustments relating to tax exemptions granted to consumers, which are expected to be adjusted through subsequent billing cycles.		
8 ADVANCES AND OTHER RECEIVABLES	Note	2026 Rupees	2025 Rupees
Due from associated undertakings	8.1	46,875,946	46,875,946
Advance against expenses	8.2	7,373,365	5,645,353
Accrued interest		34,252,162	34,252,162
Other advances		16,116,460	-
Advances against shortage of store		-	-
Current portion of long-term advances		5,169,256	6,752,386
General sales tax		44,114,675,544	41,262,161,566
		44,224,462,733	41,355,687,413
8.1 Due from associated undertakings			
WAPDA welfare fund	8.1.1	46,875,946	46,875,946
Other related parties		-	-
		46,875,946	46,875,946
8.1.1	As of June 30, 2025, the Company has recorded a receivable balance of Rs 46.875 million from WAPDA, which remains under dispute. The Company has contested this amount, and reconciliation efforts are ongoing to resolve the matter. Given the current uncertainty regarding the timing and outcome of a potential settlement, no adjustments have been made to the recorded balance, as management considers it appropriate based on available information. The Company continues to monitor the situation closely and will make adjustments to the receivable if necessary once the dispute is resolved.		
8.2 Advance against expenses			
Advance against expenses		7,373,365	38,014,353
Less: Provision for advance against expenses	24	-	(32,369,000)
		7,373,365	5,645,353
8.2.1	This provision has been recognized against advances extended to an employee which remain unrecovered as at year end.		

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

			2026 Rupees	2025 Rupees
9 RECEIVABLE FROM GOVERNMENT	Note			
Opening balance			62,879,663,858	62,879,663,858
Add: Tariff differential and other subsidies recognized during the year	9.1		15,990,269,807	26,206,034,065
Less: Subsidy realized during the year			(16,289,423,004)	(26,206,034,065)
Closing balance			62,580,510,661	62,879,663,858
9.1 This balance represents the tariff differential subsidy (TDS) and AQTA subsidy claimed from the Government of Pakistan, arising from the variance between the uniform tariff notified by the Government of Pakistan and the company-specific tariff determined by NEPRA. The subsidy is claimed as the difference between these rates.				
10 CASH AND BANK BALANCES	Note		2026 Rupees	2025 Rupees
Cash in hand			-	-
Cash at banks:				
- current accounts			344,908,205	1,294,530,833
- saving accounts	10.1		1,348,309,729	615,153,701
			1,693,217,934	1,909,684,534
10.1 These include an amount for Customers' Security deposits of Rs. 452 million (2024: Rs. 501 million) and an amount of capital contributions of Rs. 26 million (2024: Rs.41 million) kept in separate bank accounts. Consumers' security deposits accounts and capital contribution accounts carry profit at the rates, ranging from 11.39% to 20.83% per annum (2024: 20.85% to 23.87% per annum). The balances in other saving accounts carry profit rates ranging from 10.89% to 20.37% (2024: 19.00% to 21.50%) per annum. The highest profit rate was observed in July 2024 at 20.37%, while the lowest was in June 2025 at 10.89%.				
11 SHARE CAPITAL				
11.1 Authorized share capital				
			2026 Numbers	2025 Numbers
			20,000,000	20,000,000
		Ordinary shares of Rs. 10 each.	200,000,000	200,000,000
11.2 Issued, subscribed and paid-up share capital				
			2026 Number	2025 Number
			1,000	1,000
		Ordinary shares of Rupees 10 each fully paid in cash	10,000	10,000
11.3 Out of the total of 1000 ordinary shares, 993 are being held by Pakistan Water and Power Development Authority. The remaining 7 shares were being held by the founding board members at the time of incorporation and consequently these shares are transferred to the new members upon reconstitution of the Board of Directors on timely basis.				
11.4 There is no change in the issued, subscribed, and paid-up capital of the Company during the year; therefore, a reconciliation of the number of shares outstanding at the beginning and end of the year is not required.				
11.5 There is no shareholder agreement for voting rights, board selection, right of first refusal and block voting.				
12 SHARE DEPOSIT MONEY	12.1		2026 Rupees	2025 Rupees
			7,551,647,372	255,009,865
12.1 This balance represents expenses incurred and payments made on behalf of the Company by WAPDA amounting to Rs. 255 million and the remaining balance of 7,296.64 million represents the payments made against CD financing by the government of Pakistan on behalf of the company. Shares were to be issued to WAPDA in settlement of these amounts. The Company has executed the agreement for the allotment of shares; however, the agreement has also been countersigned and finalized by WAPDA on October 31, 2025.				

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
13 LONG-TERM LOAN FROM GOVERNMENT OF PAKISTAN	13.1	19,233,228,900	19,233,228,900
13.1 This represents a portion of loan (total amount of loan was Rs. 203.219 billion, out of which TESCO was allocated a share of 9.464% equivalent to Rs. 19.233 billion) obtained by corporatized entities (DISCO's) to cover up short fall of revenue during the year 2003 to 2007 in the absence of subsidy mechanism in shape of payment to IPP's through Government of Pakistan. Accordingly, a credit memo was issued to TESCO in June, 2013 for the mentioned amount. Repayment terms are not yet agreed. Request for conversion of this loan into subsidy is pending with Government of Pakistan. It is not payable on demand hence classified as non-current liability. This loan is also unsecured and is not subject to markup.			
	Note	2026 Rupees	2025 Rupees
14 LONG-TERM LOANS			
Unsecured: Under markup arrangement			
Cash development loans	14.1	166,825,384	166,825,384
Less: Current portion:			
Over due		(156,713,725)	(121,933,895)
Payable within one year		(7,104,990)	(16,447,395)
		(163,818,715)	(138,381,290)
		3,006,669	28,444,094
14.1 These loans have been transferred to the Company by WAPDA in the year 2008-09 vide letter no. GMF(P) / LOANS / MISC / CDL / 645 in accordance with the terms of Loan Liabilities Transfer Agreement (LLTA) dated June 30, 2004. The balance amount of loans at the time of transfer to the Company were repayable in 7 to 24 years in un-equal annual instalments commencing from 2005 and ending on 2028. These are subject to markup at the rates ranging from 10.87% to 11.70% per annum (2024: 10.87% to 11.70% per annum). These are payable to the Government of Pakistan (Federal Government). These are subject to markup at the rates ranging from 10.87% to 11.70% per annum (2024: 10.87% to 11.70% per annum). These are payable to the Government of Pakistan (Federal Government). As per clause 6 of the agreement with WAPDA, the Company is liable to incur penalties in the nature of finance costs on delayed payments. Although no such penalty has been intimated to date in respect of TESCO, no provision for potential late payment surcharge has been recognized in the financial statements.			
14.2 The carrying value of loans related to overdue instalments is Rs. 138.38 million (2024: Rs. 114.7122 million).			
	Note	2026 Rupees	2025 Rupees
15 DEFERRED CREDITS			
Opening balance		16,293,863,021	14,713,208,607
Add: Transferred from:			
Capital contributions awaiting connections	16.1	-	100,400
Receipts against deposit work-in-progress	16.2	1,068,365,609	1,580,554,014
		1,068,365,609	1,580,654,414
		17,362,228,630	16,293,863,021
Less: Accumulated amortization			
Opening balance		(4,379,915,437)	(3,809,630,232)
Add: Amortization for the year		(607,678,002)	(570,285,206)
		(4,987,593,439)	(4,379,915,437)
		12,374,635,191	11,913,947,584
15.1 This represents the capital contributions received from consumers and grants from Government against which assets are constructed by the Company. These are being amortized over the useful life of the respective assets.			
	Note	2026 Rupees	2025 Rupees
16 CONTRACT LIABILITIES			
Capital contributions awaiting connections		360,313,482	360,313,482
Receipts against deposit work-in-progress		8,522,269,711	8,350,416,836
		8,882,583,193	8,710,730,318

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
16.1 Capital contributions awaiting connections			
Balance as at beginning of the year		360,313,482	291,545,364
Add: Addition during the year		-	68,868,518
Less: Transferred to deferred credit against completed jobs		-	(100,400)
Balance as at end of the year		<u>360,313,482</u>	<u>360,313,482</u>
16.1.1 These represent amounts received from consumers against which the related works / jobs have not been completed. These contributions are received in accordance with GoP notified approved rates on every new connection.			
	Note	2026 Rupees	2025 Rupees
16.2 Receipts against deposit work-in-progress			
Balance as at beginning of the year		8,350,416,836	9,198,333,795
Add: Addition during the year		1,240,218,484	732,637,055
Less: Transferred to deferred credit against completed jobs		(1,068,365,609)	(1,580,554,014)
Balance as at end of the year		<u>8,522,269,711</u>	<u>8,350,416,836</u>
	Note	2026 Rupees	2025 Rupees
17 CONSUMERS' SECURITY DEPOSITS	17.1	<u>444,073,229</u>	<u>427,400,081</u>
17.1 These represents security deposits received from consumers against electricity connections.			
	Note	2026 Rupees	2025 Rupees
18 TRADE AND OTHER PAYABLES			
Trade creditors	18.1	57,915,078,609	106,818,531,987
Payable to financial institutions through CPPA-G under CD financing		39,707,122,377	-
Due to associated undertakings	18.2	4,686,058,704	4,643,338,213
Electricity duty payable		860,527,024	634,883,365
Withholding income tax		2,367,287,637	2,363,789,422
Accrued and other liabilities		350,916,131	369,232,202
Retention money - contractors		135,980,537	194,954,571
Withholding taxes payable		-	-
General sales tax		16,981,154,335	16,922,950,467
Others taxes payable	18.3	19,330,343,830	17,870,634,686
Workers' profit participation fund	18.4	2,641,019,878	2,641,019,878
		<u>144,975,489,062</u>	<u>152,459,334,791</u>
18.1 This represents payables to central power purchasing agency amounting to Rs. 57.915 billions (2025: 106.635 billions).			
	Note	2026 Rupees	2025 Rupees
18.2 Due to associated undertakings			
Peshawar Electric Supply Company Limited (PESCO)		4,582,490,432	4,544,544,047
WAPDA		93,030,147	93,030,147
Jamshoro Power Company Limited (GENCO-1)		3,000	3,000
Lahore Electric Supply Company Limited (LESCO)		657,565	219,292
Faisalabad Electric Supply Company Limited (FESCO)		1,161,939	802,438
Gujranwala Electric Supply Company Limited		236,066	236,065
Islamabad Electric Supply Company Limited (IESCO)		7,688,969	4,286,175
Hyderabad Electric Supply Company Limited (HESCO)		277,038	91,620
Quetta Electric Supply Company Limited (QESCO)		-	-
Multan Electric Supply Company Limited (MEPCO)		267,251	125,426
Hazara Electric Supply Company Limited (HAZECO)		246,297	-
		<u>4,686,058,704</u>	<u>4,643,338,211</u>

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
18.3 Others taxes payable			
NJ Sur		1,273,081,397	1,271,250,937
TAX-235A		144,542,871	144,542,871
F-C-SUR		13,400,605,245	11,934,192,628
ADDL. STAX		12,110,137	10,878,450
EXTRA TAX		2,914,003,897	2,916,113,374
T-R-SUR		487,198,615	486,051,099
FURTHER TAX		863,467,074	864,284,940
EQ		178,884,839	186,945,211
TV FEE		246,877	244,952
TAX-235B		48,689,834	48,676,458
STAX Payable		-	-
STAX-2014		7,513,044	7,453,766
		<u>19,330,343,830</u>	<u>17,870,634,686</u>
18.4 Workers' profit participation fund			
At the beginning of the year		2,641,019,878	2,121,484,528
Add: Provision for the year		-	145,305,479
Add: Mark-up accrued			374,229,871
At the end of the year		<u>2,641,019,878</u>	<u>2,641,019,878</u>

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
19 STAFF RETIREMENT BENEFITS			
Free medical benefits		852,491,043	854,245,474
Pension		18,133,727,993	18,133,727,993
Free electricity benefits		773,482,159	773,482,159
Compensated absences		823,440,583	823,440,583
	19.1	20,583,141,778	20,584,896,209

19.1 Movement in the net liabilities recognized in the statement of financial position is as follows:

	Note	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
		Rupees				
Balance as at July 01, 2024		2,959,585,367	16,227,300,044	604,291,636	809,809,283	20,600,986,329
Charge for the year	19.2	499,168,182	2,625,907,914	99,991,617	13,631,300	3,238,699,013
Remeasurement recognized in OCI	19.3	(2,582,149,000)	(145,667,835)	121,326,365	-	(2,606,490,470)
Benefits paid		(22,359,075)	(573,812,130)	(52,127,459)	-	(648,298,664)
Contribution made		-	-	-	-	-
Balance as at June 30, 2025		854,245,474	18,133,727,993	773,482,159	823,440,583	20,584,896,208
Balance as at July 01, 2025		854,245,474	18,133,727,993	773,482,159	823,440,583	20,584,896,209
Charge for the year	19.2	-	-	-	-	-
Remeasurement recognized in OCI	19.3	-	-	-	-	-
Benefits paid		(1,754,431)	-	-	-	(1,754,431)
Contribution made		-	-	-	-	-
Balance as at June 30, 2026		852,491,043	18,133,727,993	773,482,159	823,440,583	20,583,141,778

19.1.1 The amount of pension obligation recognized in the statement of financial position is as follows:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Present value of defined benefit obligations	854,245,474	18,133,727,993	773,482,159	823,440,583	20,584,896,209
	854,245,474	18,133,727,993	773,482,159	823,440,583	20,584,896,209

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	June 30, 2026				
		Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
		Rupees				
Present value of defined benefit obligations	19.4	852,491,043	18,133,727,993	773,482,159	823,440,583	20,583,141,778
		852,491,043	18,133,727,993	773,482,159	823,440,583	20,583,141,778

19.2 Amounts recognized in the statement of profit or loss against defined benefit schemes are:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	86,391,366	394,252,757	19,039,710	239,920	499,923,753
Interest cost	412,776,816	2,231,655,157	80,951,907	113,373,300	2,838,757,180
Remeasurements of other long-term benefits	-	-	-	(99,981,920)	(99,981,920)
Net charge for the year	499,168,182	2,625,907,914	99,991,617	13,631,300	3,238,699,013

	June 30, 2026				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Current service cost	-	-	-	-	-
Interest cost	-	-	-	-	-
Remeasurements of other long-term benefits	-	-	-	-	-
Net charge for the year	-	-	-	-	-

19.3 Remeasurement recognized in other comprehensive income:

	June 30, 2025				
	Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
	Rupees				
Experience adjustments	(2,582,149,000)	(145,667,835)	121,326,365	-	(2,606,490,470)
Return on plan assets	-	-	-	-	-

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Total

(2,582,149,000)	(145,667,835)	121,326,365	-	(2,606,490,470)
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Experience adjustments
Return on plan assets
Total

June 30, 2026				
Free medical benefits	Pension	Free electricity benefits	Compensated absences	Total
Rupees				
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

19.4 All of the investment of plan assets is in deposit account of a commercial bank along with certain term deposit receipts of commercial banks.

19.5 Principal actuarial assumptions:

Discount rate (per annum)
Annual medical claim - Rupees
Salary increase rate used for year end obligation (per year)
Medical / pension / electricity indexation rate
Medical exposure rate (per annum)
Mortality rates
Withdrawal rates

June 30, 2025				
Free medical benefits	Pension	Free electricity benefits	Compensated absences	
Rupees				
12.50%	12.50%	12.50%	12.50%	
52,000	-	-	-	
-	11.50%	-	11.50%	
12.50%	8.00%	11.50%	-	
14.00%	-	-	-	
SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	SLIC 2001-2005 setback 1 year	
Low	Low	Low	Low	

June 30, 2026			
Free medical benefits	Pension	Free electricity benefits	Compensated absences
Rupees			

Discount rate (per annum)
Annual medical claim - Rupees
Salary increase rate used for year end obligation (per year)
Medical / pension / electricity indexation rate
Medical exposure rate (per annum)

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Mortality rates

Withdrawal rates

19.6 Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits to changes in the weighted principal assumption is:

	June 30, 2025			
	Free medical benefits	Pension	Free electricity benefits	Compensated absences
	Rupees			
Discount rate	1.00%	1.00%	1.00%	1.00%
Increase in assumption (Rupees)	(793,081,498)	(15,588,262,662)	(694,176,604)	(740,796,467)
Decrease in assumption (Rupees)	925,318,698	21,335,233,718	868,301,927	920,585,166
Medical exposure rate	1.00%	-	-	-
Increase in assumption (Rupees)	915,324,025	-	-	-
Decrease in assumption (Rupees)	(801,709,377)	-	-	-
Medical inflation rate	1.00%	-	-	-
Increase in assumption (Rupees)	921,987,140	-	-	-
Decrease in assumption (Rupees)	(794,362,866)	-	-	-
Withdrawal rates	10.00%	10.00%	10.00%	10.00%
Increase in assumption (Rupees)	(853,134,955)	(18,024,925,625)	(773,172,766)	824,181,680
Decrease in assumption (Rupees)	855,612,267	18,242,530,361	773,868,900	(822,699,486)
Future salary increase	-	1.00%	-	1.00%
Increase in assumption (Rupees)	-	19,163,428,208	-	921,046,945
Decrease in assumption (Rupees)	-	(17,227,469,301)	-	(739,026,352)
Indexation rate	-	1.00%	1.00%	-
Increase in assumption (Rupees)	-	20,307,001,895	873,145,057	-
Decrease in assumption (Rupees)	-	(16,276,712,469)	(688,891,721)	-
Mortality setback	1 year	1 year	-	1 year
1Year mortality Set Forward (Rupees)	886,450,528	18,233,463,497	-	823,852,303
1Year mortality Setback (Rupees)	821,869,571	18,860,890,486	-	823,028,863

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Sensitivity analysis for actuarial assumptions:

The sensitivity of the staff retirement benefits to changes in the weighted principal assumption is:

June 30, 2026			
Free medical benefits	Pension	Free electricity benefits	Compensated absences
Rupees			

Discount rate

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Medical exposure rate

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Medical inflation rate

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Withdrawal rates

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Future salary increase

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Indexation rate

Increase in assumption (Rupees)
Decrease in assumption (Rupees)

Mortality setback

1Year mortality Set Forward (Rupees)
1Year mortality Setback (Rupees)

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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 as when calculating the staff retirement benefits liabilities recognized within the statement of financial position.

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 discount rate structure and decrease in inflationary expectations.

19.7 As at June 30, 2025 the average duration of these benefits was 11.5 years.

19.8 The expected future liability is Rs. 3,051.97 millions.

19.9 Risks associated with staff retirement benefits

Salary increase risk

The increase in salary in the future years being higher than assumed will increase the liability.

Withdrawal risk

Any differences in the assumed withdrawal rates will have a corresponding impact on the liability depending on the benefits payable on withdrawal.

Mortality risk

Actual mortality experience maybe different than that assumed in the calculation.

Discount rate risk

The risk of changes in Discount rate will have an impact on the cctuarial liability. Any increase in discount rate will reduce the liability and vice versa.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There are no contingencies as at June 30, 2026 and June 30, 2025.

20.2 Commitments

The company has entered into capital expenditure contracts totalling Rupees 1,206.64 million, dedicated to various projects for the construction and development of distribution equipment. Following is the list of projects.

Projects	Contract Amount
132 KV GSS Mattani	157,399,589
Conversion of 06 ISO Bays into Line Bays	109,500,000
Conversion of 06 ISO Bays into Line Bays	88,122,157
Reconductoring / Bifurcation of 11 KV Marble Chowk	80,000,000
132 KV GSS Razmak	74,399,229
Providing of 11 KV Independent feeder to Marble Industries at Bajour	72,000,000
Bifurcation of 11 KV Mandori	72,000,000
Reconductoring / Bifurcation of 11 KV Sher Bridge Feeder	64,000,000
Bifurcation of 11 KV Kirman II	64,000,000
ISO Bay into Line Bay Razmak	44,022,000
HT / LT Lines and Transformers Electrification Works in Khyber	43,226,242
Bara to Jamrud Transmission Line	36,990,077
Bifurcation of 11 KV Machani	35,000,000
132 KV GSS Wana	33,489,000
HT / LT Lines and Transformers Electrification Works in Bajaur	33,050,376
New 11 KV Montoi	28,000,000
HT / LT Lines and Transformers Electrification Works in Orakzai	26,408,011
New 11 KV Shamsha	25,000,000
132 KV GSS Miransha	22,326,000
132 KV Sadda	22,326,000
132 KV GSS Parachinar	22,326,000
HT / LT Lines and Transformers Electrification Works in North Waziristan	13,981,404
HT / LT Lines and Transformers Electrification Works in Kurram	10,952,499
HT / LT Lines and Transformers Electrification Works in South Waziristan	8,830,956
HT / LT Lines and Transformers Electrification Works in TSD Hassan Khel	6,783,346
HT / LT Lines and Transformers Electrification Works in Mohmand	6,761,033
Shifting of Shini Kalay Hospital at Zarghun Khel Dara Adam Khel	4,490,567
Providing Independent Feeder to Crush Stones Mines at Bagyari Check Post Khyber	1,258,431
	1,206,642,917

	Note	2026 Rupees	2025 Rupees
21 SALE OF ELECTRICITY			
Electricity billing	21.1	36,399,184,570	39,964,419,800
Subsidy from GoP	21.2	15,990,269,807	26,206,034,065
		52,389,454,377	66,170,453,865

21.1 During the year 1,425 million units (2025: 1,404 million units) of electricity were sold at the average rate of Rs. 25.55 (2025: Rs. 28.54) per unit.

	Note	2026 Rupees	2025 Rupees
21.2 Subsidy from GoP			
Tariff differential subsidy		21,091,964,090	28,105,477,816
Annual quarterly tariff adjustment (AQTA)		(5,101,694,283)	(1,899,443,751)
		15,990,269,807	26,206,034,065

21.2.1 These represent the tariff differential and applicable quarterly tariff adjustment subsidies claimed from the Government of Pakistan as the difference between rates determined by NEPRA and rates charged to the consumers as notified by the Government of Pakistan from time to time.

	Note	2026 Rupees	2025 Rupees
22 COST OF ELECTRICITY			
Purchases from Central Power Purchase Agency	22.1	53,329,538,213	51,984,933,172

22.1 During the year, the company purchased electricity at the average rate of Rs. 33.37 per MWh (2025: Rs. 34 per MWh) from CPPA.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 Rupees	2025 Rupees
23 OPERATING COST			
Wheeling charges to PESCO		-	4,479,926,816
Service cost of employees		2,173,319	3,238,699,013
Bad debts		423,959,048	1,554,006,382
Salaries, wages and other benefits		2,010,896,933	1,183,758,413
Depreciation		705,697,408	625,221,787
Repair and maintenance		40,490,678	318,175,277
Transport		55,974,785	65,017,290
Management fee		31,721,691	43,393,033
Consultancy		7,836,810	42,314,536
Travelling		25,106,270	40,462,494
Computer services (PITC)		-	14,553,421
Damages and injuries		-	12,685,569
Directors fees		3,948,000	10,292,200
Power, light and water		4,333,249	5,522,342
Postage and telephone		4,728,826	5,030,530
Advertising and publicity		6,549,663	3,775,675
Rent, rates and taxes		1,540,000	3,627,120
Legal and professional charges		9,161,000	3,080,500
Office supplies and other expenses		2,999,269	2,777,292
Auditors' remuneration	23.1	640,800	534,000
Subscription and periodicals		224,345	262,910
Miscellaneous expenses		4,103,500	7,469,822
		<u>3,342,085,594</u>	<u>11,660,586,422</u>
23.1 Auditors' remuneration			
Audit fee		640,800	534,000
Out of pocket expenses		-	-
		<u>640,800</u>	<u>534,000</u>
24 OTHER EXPENSES			
Workers' profit participation fund	24.1	-	145,305,479
Provision for advances against expenses		-	32,819,817
		<u>-</u>	<u>178,125,296</u>
24.1 Workers' Profit Participation Fund (WPPF) has been computed at 5% of the profit for the year.			
	Note	2026 Rupees	2025 Rupees
25 OTHER INCOME			
Amortization of deferred credit	15	607,678,002	570,285,206
Profit on saving accounts		40,181,129	105,232,458
Supplier security written back		-	-
Other miscellaneous income	25.1	194,313,072	119,410,755
		<u>842,172,203</u>	<u>794,928,418</u>
	Note	2026 Rupees	2025 Rupees
25.1 Other miscellaneous income			
Late payment surcharge		193,847,846	118,563,033
Income from non utility operations		260,652	632,671
Meter rental		122,623	129,141
Service rental		81,951	85,910
Public lighting		-	-
		<u>194,313,072</u>	<u>119,410,755</u>
26 FINANCE COST AND OTHER CHARGES			
Mark-up on workers' profit participation fund		-	374,229,871
Interest / mark up on loans		1,845,611,129	5,095,985
Bank charges		304,222	1,607,437
		<u>1,845,915,351</u>	<u>380,933,293</u>
27 LEVIES			
Minimum taxes	27.1	-	-

27.1 This represents minimum tax provision under section 113 of the Income Tax Ordinance, 2001 @ 0.25% of total turnover considering electricity as Fast Moving Consumer Goods (FMCG) representing levy in terms of requirements of IFRIC-21 / IAS-37. However Income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for minimum and final tax levies has been made.

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

minimum and final tax levies has been made.

28 PROVISION FOR TAXATION

Income from sale of electricity in Federally Administered Tribal Areas (FATA) is not chargeable to tax as taxation laws are not applicable in FATA region. Therefore, no provision for current and deferred taxation has been made.

	Note	2026 Rupees	2025 Rupees
29 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit / (Loss) for the year - Rupees		(5,285,912,578)	2,760,804,100
Number of ordinary shares		1,000	1,000
Earning / (Loss) per share- Basic and diluted - Rupees		(5,285,913)	2,760,804

29.1 There is no dilutive effect on basic earning per share of the Company.

30 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to the directors, chief executive officer and executives of the company is as follows.

	Directors		Chief Executive Officer		Executives	
	2025	2024	2025	2024	2025	2024
	Rupees		Rupees		Rupees	
Basic pay	-	-	2,353,560	6,769,630	48,182,625	45,605,892
Allowances	-	-	4,821,840	4,727,688	56,381,378	53,366,188
Meeting fee	3,948,000	10,292,200	-	-	-	-
	3,948,000	10,292,200	7,175,400	11,497,318	104,564,003	98,972,080
Number of persons	5	4	1	1	27	31

30.1 The Chief Executive Officer is provided with the Company's maintained vehicle, free electricity, and other utilities. Further, most of the executives of the Company have been provided with the Company's maintained vehicles having fair market value of Rs. 126.16 millions and unfurnished accommodation according to the Company's policy, while free electricity has been provided to all executives.

	Note	2026 Rupees	2025 Rupees
31 CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		(5,285,912,578)	2,760,804,100
Adjustments for non cash and other items:			
Depreciation		705,697,408	625,221,787
Amortization of deferred credits		(607,678,002)	(570,285,206)
Bad debts		423,959,048	1,554,006,382
Staff retirement benefit charge		-	3,238,699,013
Profit on deposits		(40,181,129)	(105,232,458)
Finance cost and bank charges		1,845,915,351	380,933,293
		2,327,712,676	5,123,342,811
Operating profit / (loss) before working capital changes		(2,958,199,902)	7,884,146,911
Working capital changes:			
(Increase) / decrease in current assets:			
Stores and spares		348,220,087	(168,092,075)
Trade debts		6,267,329,640	(5,395,906,471)
Advances, loan and other receivables		(2,569,622,123)	(3,188,304,520)
		4,045,927,604	(8,752,303,066)
Increase / (decrease) in current liabilities:			
Accrued and other liabilities		(7,483,845,729)	3,823,394,891
		(7,483,845,729)	(4,928,908,175)
Cash generated from / (used in) operations		(6,396,118,027)	2,955,238,736

32 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note present information about the company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring risk and management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

The Board of director has overall responsibility for the establishment and oversight of the Company's risk management framework. The above are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market condition and the company's activities. The company, through its training and management standard and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The company's Board oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the company. The Board is assisted in oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

32.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without considering the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry.

32.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Credit risk of the company arises principally from trade debts, other receivables and bank balances.

The company's credit risk exposures are categorized under the following headings:

	Note	2025 Rupees	2024 Rupees
Trade debts	7	79,410,057,927	75,568,157,837
Receivable from government	9	62,879,663,858	62,879,663,858
Bank balances	10	1,909,684,534	948,160,436
Other receivables		44,195,803,652	41,343,289,674
		<u>188,395,209,971</u>	<u>180,739,271,805</u>

Geographically there is no concentration of credit risk as the company operates in the same geographical area.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings.

	Rating			2025	2024
	Short-Term	Long-Term	Agency	(Rupees)	(Rupees)
National Bank of Pakistan	A-1+	AAA	PACRA	685,155,274	609,366,542
Habib Bank Limited	A-1+	AAA	JCR-VIS	105,231	27,935,610
United Bank Limited	A-1+	AAA	JCR-VIS	42,457,376	21,904,995
MCB Bank Limited	A-1+	AAA	PACRA	3,412,514	2,684,573
Allied Bank Limited	A-1+	AAA	PACRA	554,735,667	25,428,539
Bank of Khyber	A-1	A+/AA-	PACRA/JCR-VIS	634,451,131	257,188,297
The Bank of Punjab	A1+	AA+	PACRA	4,023,768	3,651,880
				<u>1,924,340,961</u>	<u>948,160,436</u>

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations 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 unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding from the government. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	0-1 year	1-2 years	More than 2 years
June 30, 2025					
Long term loans	158,087,240	(158,087,240)	107,177,577	-	-
Consumers' security deposits	427,400,081	(427,400,081)	-	-	(427,400,081)
Trade and other payables	152,459,334,791	(152,459,334,791)	(152,459,334,791)	-	-
	<u>152,886,734,872</u>	<u>(152,886,734,872)</u>	<u>(152,459,334,791)</u>	<u>-</u>	<u>(427,400,081)</u>
June 30, 2024					
Consumers' security deposits	350,968,361	(350,968,361)	-	-	(350,968,361)
Trade and other payables	148,256,614,044	(148,256,614,044)	(148,256,614,044)	-	-
	<u>148,607,582,405</u>	<u>(148,607,582,405)</u>	<u>(148,256,614,044)</u>	<u>-</u>	<u>(350,968,361)</u>

32.3 Market risk

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

32.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at year end, the company is not exposed to any currency risk as there are no transactions in foreign currency.

32.3.2 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by maintaining adequate bank balances. At the reporting date the Company's interest-bearing financial instruments were:

	Note	2026 Rupees	2025 Rupees
Fixed rate instruments			
Financial liabilities			
Long-term loans	14	6,455,376,824	6,455,376,824
Variable rate instruments			
Financial assets			
Bank balances	10	1,348,309,729	615,153,701

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Fair value sensitivity analysis for variable rate instruments

The company holds bank balances in savings accounts, which typically earn interest at a variable rate. These balances are exposed to market risk, primarily due to fluctuations in interest rates. However, given the nature of these balances and the generally low volatility in interest rate changes, the company does not consider a detailed sensitivity analysis necessary. The impact of such fluctuations on the company's financial position is minimal.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at statement of financial position dates were outstanding for the whole year.

	Changes in interest rate	Effects on profit before tax
Bank balance - deposit / saving account	+1%	13,483,097
	-1%	(13,483,097)

32.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk as it does not have any investments in equity securities.

32.4 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves or / and issue new shares.

32.5 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities approximates their carrying amounts.

32.6 Financial instruments by categories	Note	2026 Rupees	2025 Rupees
At amortized cost			
Financial assets			
Trade debts	7	79,410,057,927	75,568,157,837
Receivable from government	9	62,879,663,858	62,879,663,858
Bank balances	10	1,909,684,534	948,160,436
		<u>144,199,406,319</u>	<u>139,395,982,131</u>

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

Financial liabilities

Long-term loan from Government of Pakistan	13	19,233,228,900	19,233,228,900
Long-term loans	14	166,825,384	166,825,384
Consumers' security deposits	17	427,400,081	350,968,361
Trade and other payables	18	143,646,230,328	138,766,734,885
		163,473,684,693	158,517,757,530

33 TRANSACTIONS WITH RELATED PARTIES

WAPDA holds 99.3% shares of the Company, therefore all electricity generation and distribution undertakings of WAPDA are related parties of the company. Further, WAPDA is owned by the government of Pakistan and thus, the government ultimately owns the company. Other related parties comprise of associated companies, directors, key management personnel, Government of Pakistan and Government owned entities. The following are the transactions / account balances entered into with related parties during the year:

Name of related party	Nature of transaction	Note
-----------------------	-----------------------	------

Government of Pakistan

Ministry of Finance	Subsidy received during the year	21
	Subsidy claimed during the year	21
National Electric Power Regulatory Authority	Management fee	23

Associated companies / undertakings

Central Power Purchasing Agency (Guarantee) Limited	Electricity purchased by the Company	22
Peshawar Electric Supply Company Limited	Wheeling charges recognized as expense	23

Name of related party	Nature of transaction	2026 Rupees	2025 Rupees
Peshawar Electric Supply Company Limited	Free electricity supplied by the Company	64,617,230	5,981,423
Islamabad Electric Power Company Limited	Free electricity supplied by the Company	(3,402,794)	(6,551,144)
Power Information Technology Company Limited	PITC charges	2,999,269	2,777,292
Faisalabad Electric Supply Company Limited	Free electricity supplied by the Company	(359,501)	(902,361)
Gujranwala Electric Power Company Limited	Free electricity supplied by the Company	(1)	(343,489)
Hyderabad Electric Supply Company Limited	Free electricity supplied by the Company	(185,418)	(287,654)
Quetta Electric Supply Company Limited	Free electricity supplied by the Company	-	-
Lahore Electric Supply Company Limited	Free electricity supplied by the Company	(438,273)	(2,527,095)
Multan Electric Supply Company Limited	Free electricity supplied by the Company	267,251	-

Name of related party	% of shareholding	Closing Balance Note
-----------------------	-------------------	-------------------------

Ministry of Finance	Not Applicable	9
Central Power Purchasing Agency (Guarantee) Limited	Not Applicable	18.1
Peshawar Electric Supply Company Limited (PESCO)	Not Applicable	18.2
Water and Power Development Authority (WAPDA)	99.30%	18.2
Jamshoro Power Company Limited (GENCO-1)	Not Applicable	18.2
Faisalabad Electric Supply Company Limited (FESCO)	Not Applicable	18.2
Gujranwala Electric Supply Company Limited	Not Applicable	18.2
Islamabad Electric Supply Company Limited (IESCO)	Not Applicable	18.2
Hyderabad Electric Supply Company Limited (HESCO)	Not Applicable	18.2
Quetta Electric Supply Company Limited (QESCO)	Not Applicable	18.2
Multan Electric Supply Company Limited (MEPCO)	Not Applicable	18.2

34 CLIMATE RELATED DISCLOSURES

34.1 Governance

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, which includes climate-related risks and opportunities. Oversight of environmental and social compliance is embedded within the Company's governance structure. Management is responsible for identifying, assessing and monitoring climate-related risks and opportunities arising from the Company's operations and development activities, and for reporting relevant matters to the Board and senior leadership as appropriate.

34.2 Strategy

The Company complies with applicable national regulatory requirements and, where relevant, the environmental and social safeguard requirements associated with projects financed by international lenders and development partners. To operationalize this commitment, the Company has established internal processes and responsibilities for environmental and social risk management within its project planning and implementation functions. These processes are designed to support compliance with applicable environmental and social requirements and to address climate-related considerations in project design and execution. Where projects are financed by international lending institutions, the Company also seeks to comply with the relevant environmental and social safeguard frameworks of such institutions. These requirements are integrated into project design

TRIBAL AREAS ELECTRIC SUPPLY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

and implementation, thereby supporting the Company's resilience to climate-related risks.

34.3 Risk management

The Company recognizes that climate change poses both risks and opportunities to its long-term sustainability and accordingly identifies, assesses and manages climate-related risks in relation to its distribution network and development projects. These assessments may include, where applicable, Environmental and Social Impact Assessments (ESIA), Environmental Impact Assessments (EIA), Initial Environmental Examinations (IEE), Resettlement Action Plans (RAP), and Environmental Management Plans (EMP), depending on the nature and scale of the relevant project. These environmental and social assessments are carried out to: Evaluate physical risks such as extreme weather events, including heat waves, floods and storms, that may affect infrastructure and workforce; incorporate risk mitigation measures into project design, procurement and construction phases; and monitor compliance and prepare periodic safeguard and compliance reports for submission to relevant stakeholders, including regulators and financing institutions where applicable. Climate-related risks are considered as part of the Company's broader risk management processes, including operational, infrastructure and project-related risk assessments.

34.4 Metrics and targets

34.4.1 Greenhouse gas emissions

As an electricity distribution company, the Company does not operate power generation facilities and therefore does not produce material greenhouse gas emissions from electricity generation.

Scope 1: emissions are limited to relatively minor direct emissions from auxiliary activities, such as fuel consumption in vehicles and backup generators, and are not considered material to the Company's overall operations.

Scope 2: emissions mainly relate to electricity consumed in offices and operational facilities.

Scope 3: emissions have not been identified as material in light of the nature of the Company's business model and current assessment of its value chain emissions.

34.4.2 Climate-related transition risks

The Company is asset-intensive, with substantial investment in distribution infrastructure. While climate-related transition risks could affect the carrying value, useful lives, or future economic benefits of such assets, management believes that the existing accounting policies, including depreciation and impairment assessments, appropriately reflect the expected pattern of economic benefits derived from these assets. Accordingly, no additional disclosure is considered necessary beyond the information already provided in the relevant notes relating to property, plant and equipment and impairment assessment, where applicable.

34.4.3 Targets

The Company has not established quantitative climate-related targets at this stage. Its current approach is based on compliance with applicable regulatory requirements and, where relevant, the environmental and social safeguard requirements of international lenders and development partners. These requirements form the basis of the Company's environmental performance monitoring and reporting.

Transition relief under IFRS-S1

The Company has adopted the IFRS Sustainability Disclosure Standards for the first time in the current reporting period. In accordance with the transition relief provided in IFRS-S1, the Company has disclosed information only in relation to climate-related risks and opportunities as required by IFRS-S2.

35 SUMMARY OF SIGNIFICANT EVENTS

- 35.1** The company has hired an independent audit firm for conducting physical verification of fixed assets, Tagging of fixed assets and maintenance of fixed asset register. The fixed asset register has been completed while the tagging of assets and physical verification is under progress and will be completed with the next 6 months.
- 35.2** The company has hired an independent firm for conducting actuarial valuation to determine the present values of the employee benefit obligations for its employees. The liabilities for the current year, including the service cost and closing post retirement liabilities have been incorporated in the financial statements.

36 CORRESPONDING FIGURES

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. Following reclassification has been made.

Particulars	Reclassification		2024 Rupees
	From	To	
Other miscellaneous income	Sale of Electricity	Other Income	129,141
Public lighting	Sale of Electricity	Other Income	-
Service rental	Sale of Electricity	Other Income	85,910
Late payment surcharge	Sale of Electricity	Other Income	118,563,033
Income from non utility operations	Income from non utility operations	Other miscellaneous income	632,671
Consumers' security deposits	Trade and other payables	Consumers' security deposits	350,968,361
Contract liabilities	Trade and other payables	Contract liabilities	9,489,879,159
Other retirement benefits	Salaries, wages and other benefits	Service cost of employees	74,486,534
Pensions expense	Pension expenses	Service cost of employees	-

37	NUMBER OF EMPLOYEES	2026	2025
		Number	Number
	Total number of employees as at June 30, 2026.	897	995
38	DATE OF AUTHORIZATION FOR ISSUE		
	These financial statements were approved by the Company's board of directors and authorized for issue on _____.		
39	GENERAL		
	Figures in the accounts are rounded off to the nearest rupee.		

Chief Executive Officer

Director

Annexure-D

Tribal Electric Supply Company (TESCO)

Peshawar

Employees' Defined Benefit Plans

Actuarial Valuation Report as at 30.06.2025

IAS 19 (Rev 2011)

Monday, September 15, 2025

Table of Contents

1	Overview	2
2	Compliance with Professional Guidance	2
3	Scope of Work.....	2
4	Data and Information.....	3
5	Valuation Assumptions	4
6.1	Discount Rate	4
6.2	Expected Salary Increase.....	4
6.3	Pension Indexation Rate	4
6.4	Average Medical Cost	4
6.5	Medical Allowance & Facility Take up Rates.....	4
6.6	Electricity Indexation Rate	5
6.7	Mortality Rates	5
6.8	Withdrawal Rates	5
6	Actuarial Calculation Method.....	5
7	Summary of the Actuarial Results.....	6
	Annexure A (Accounting Disclosures).....	7
	Annexure B (Plan Rules)	16
	Annexure C (Mortality & Withdrawal Rates).....	22
	Annexure D (Risks associated with Benefit Plans)	23

1 Overview

This Actuarial Valuation Report (herein referred to as a 'Report') has been prepared at the request of Tribal Electric Supply Company (TESCO) to present the Actuarial liabilities for TESCO's, Employees Defined Benefit Plans, as at June 30, 2025, to be incorporated in its Financial Statements, as required under International Accounting Standards.

We have conducted Actuarial Valuation of the following Benefit Plans offered by TESCO to its employees:

- 1) Pension**
- 2) Free Electricity**
- 3) Post-Retirement Medical Benefit**
- 4) Leave Encashment**

TESCO provides Benefits to the employees as per the Benefit Rules, shown in Plan Provision Section.

All our Actuarial calculations are based on the data provided by TESCO's Management in the written form and through oral communication.

This Report is solely for the use of the Management and the Auditors of TESCO. It may not be modified, incorporated into or used in other material, sold or otherwise provided, in whole or in part, to any other person or entity, without our permission.

It is requested that TESCO Management may kindly notify us promptly after receipt of this Report, if it is aware of any additional information that may affect the results of this Report.

2 Compliance with Professional Guidance

This Report complies with the applicable Actuarial Standards issued by Pakistan Society of Actuaries (PSoA) as follows:

- PSoA Guidance Note 6 (GN6): General Actuarial Practice
- PSoA Guidance Note 3 (GN3) and Guidance Note 4 (GN4): Assumptions

3 Scope of Work

Brief description of the Scope of Work is as follow:

- Determination of P&L Charge under each Defined Benefit Plan based on future Demographic and Economic assumptions as at 30.06.2025
- Determination of the amounts to be incorporated in the Balance Sheet, Income Statement and Other Comprehensive Income (OCI).
- Determination of actuarial gain/loss during the year in accordance with revised IAS19
- Preparation of Statement showing the Movement in Present Value of Defined Benefit Obligation under each Plan
- Determination of estimated P&L charge under each Plan for FY ending June 30, 2026

4 Data and Information

5.1 Employees/Pensioners Data

The data of current employee received from TESCO contained the following key fields:

- Employee Code
- Employee Name
- Scale
- Designation
- Gender
- Date of Birth
- Date of Joining
- Eligible Salary for Benefit

The data received from TESCO regarding pensioners contained the following key fields:

- Pensioner Name
- Pensioner Type i.e. Self or Family
- Gender
- Scale at Retirement
- Date of birth
- Date of retirement
- Monthly Pension

5.2 Verification of Data

Verification of each aspect of each individual employee's data was not undertaken, however, the total data was reviewed for overall reasonability and consistency. All our queries, in this respect, were clarified by the Management, to our satisfaction.

5.3 Key Statistics

This section provides a summary of the data received for the Actuarial Valuation:

Summary of Data Used as at June 30, 2025		Pension Plan	Post-Retirement Medical Plan	Post-Retirement Free Electricity Plan	Leave Encashment Plan
1	Total Number of Employees	833	833	833	833
2	Total Number of Pensioners/Beneficiaries	738	738	738	-
3	Total Monthly Basic Salary (PKR)	77,816,282	-	-	77,816,282
4	Sum of Monthly Pension Amount (PKR)	32,946,759	-	-	
5	Sum of Monthly Medical Allowance (PKR)	1,303,897	-	-	-
6	Average Age of Employees in Years	45	45	45	45
7	Average Past Service of Employees in Years	20.0	20.0	20.0	20.0
8	Average age of Pensioners/Beneficiaries in Years	66	66	66	-

5 Valuation Assumptions

For the purpose of calculating the Actuarial liabilities, certain financial and demographic assumptions are used, as per the Guidance Notes issued by the Pakistan Society of Actuaries (PSoA), from time to time. The Financial assumptions, relate to the discount rate and the future rate of salary increases, whereas the Demographic assumptions, relate to expected Mortality rates and Employee turnover rates

These assumptions may differ from one Actuarial Valuation to the next because of changes in mandated requirements, economic conditions and Plan experience. However, a change in assumptions is not an indication that prior assumptions, whenever made, were unreasonable.

6.1 Discount Rate

The Discount Rate used to calculate the Actuarial Liability of the Projected Benefits is as recommended in the Circular issued by PSoA Discount Rate Committee on July 08, 2025, which varies according to the weighted average duration of the Plan. Weighted Average Duration of all TESCO Plans turns out to be 15 years and hence, Discount Rate of **12.50%** is used for the Valuations.

6.2 Expected Salary Increase

The experience shows, that usually the future rate of Salary increases and Discount rates are inter-related, since during periods of inflation or otherwise, both tend to rise somewhat in conformity with each other, but generally salaries at a lessor pace.

Thus, taking into consideration the Discount rate being used, it has been assumed that the salaries would increase at an average rate of **11.50%** per annum compound, on long term basis.

For general information, it may be submitted, that as regards the Actuarial liabilities, it is the difference between these two rates that matter, and not their individual values in isolation.

6.3 Pension Indexation Rate

It is assumed monthly pension will increase at a rate of **8.00%** per annum.

6.4 Average Medical Cost

It is assumed that the annual medical cost per retired per family is **Rs. 52,000/-**.

6.5 Electricity Indexation Rate

Electricity indexation rate used in Valuation of Post-Retirement Free Electricity Plan is assumed to be **11.50%**.

6.6 Mortality Rates

The Mortality Table SLIC (2001-05) with 1 year setback, based on the experience of the lives insured with State Life Insurance Corporation of Pakistan, has been used in determining the Liability in respect of the Benefits payable under the Plan.

Specimen Mortality rates are given in Annexure C.

6.7 Withdrawal Rates

Based on our provisional analysis of the experience of different domestic Organizations, in this respect, we have used the Age wise Withdrawal rates as given in Annexure C.

6 Actuarial Calculation Method

Accounting Standard, IAS 19, prescribe the Projected Unit Credit (PUC) method to value such employee benefits, by reference to their projected amount at the date of payment.

This involves projecting each unit of benefit earned over a period plus earlier periods, to leaving service, retirement, death or other future exit states, allowing for probabilities of reaching those states, also allowing for salary escalation over time, and then discounting those benefits to the Valuation date.

The resultant estimated liability amount reflects full expected service to each of leaving service, retirement or death, or other exit states.

The Current Service Cost is determined by dividing, for each employee, their total liability by total expected service and then aggregating the Current Service Cost for all members. The Current Service Cost can be viewed as the cost accruing over the next year, allowing for escalation and discounting to the different possible dates of payment.

To determine the Defined Benefit Obligation ("DBO"), we subtract from the total estimated liability the Current Service Cost multiplied by expected future service. This is, in effect, the liability that should be held at the Date of the Valuation, for service and benefits accrued up to the date of the Valuation.

Differences between expectations and fact emerge as actuarial gains or losses and are amortised immediately the next year.

7 Summary of the Actuarial Results

Given below are highlight of the results in respect of TESCO Employees Pension, Post-Retirement Medical, Free Electricity & Leave Encashment Plans as at June 30, 2025.

Detailed IAS19 Disclosures for Financial Year ending June 30, 2025 are given in the Annexure All amounts are expressed in Pakistani Rupees.

Summary of Results as at 30.06.2025		Pension Plan	Post-Retirement Medical Plan	Post-Retirement Free Electricity Plan	Leave Encashment Plan	Total
1	P&L charge / (credit)	2,625,907,914	499,168,182	99,991,617	13,631,300	3,238,699,013
2	Other Comprehensive (Income) / Loss	(145,667,835)	(2,582,149,000)	121,326,365	-	(2,606,490,470)
3	Total Defined Benefit Cost Recognized in P&L and OCI	2,480,240,079	(2,082,980,818)	221,317,982	13,631,300	632,208,543
4	Defined Benefit Obligation	18,133,727,993	854,245,474	773,482,159	823,440,583	20,584,896,209
5	Fair Value of Plan Assets	-	-	-	-	-
6	Net Liability / (Asset) at the end of the Period	18,133,727,993	854,245,474	773,482,159	823,440,583	20,584,896,209
7	Effective Duration of the Plan	16 Years	8 Years	11 Years	11 Years	-
8	Discount Rate at period-end	12.50%	12.50%	12.50%	12.50%	-

It may please be noted that there are certain risks associated with Actuarial Valuation of Defined Benefit Plans and these are listed in Annexure D.

It will be a pleasure for us to answer any questions on any aspect of this Report, or to provide explanation or further details as may be appropriate.

Thanks for all the cooperation provided in the preparation of this Report.




Chaudhary Mohammad Anwar, FIA, FLMI, FPSOA
Chief Executive Officer and Chief Actuary

IAS19 Disclosures for TESCO Employees' Pension Plan ending June 30, 2025 (PKR)

Amounts Recognized in the Statement of Financial Position		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation	18,133,727,993	16,227,300,044
2	Fair Value of Plan Assets	-	-
3	Net Liability (Asset)	18,133,727,993	16,227,300,044

Change in Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation at End of Prior year	16,227,300,044	13,806,610,598
2	Service Cost		
a	Current Service Cost	394,252,757	295,827,780
b	Past Service Cost	-	-
3	Interest Expense	2,231,655,157	2,137,336,605
4	Cash Flows		
a	Benefit payments from Plan		
b	Benefit payments from Employer	(573,812,130)	(472,438,904)
c	Payables	-	-
5	Re-measurements		
a	Effect of changes in Demographic assumptions	-	-
b	Effect of changes in Financial assumptions	-	-
c	Effect of Experience Adjustments	(145,667,835)	459,963,965
6	Defined Benefit Obligation at End of year	18,133,727,993	16,227,300,044

Components of Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Service Cost		
a	Current Service Cost	394,252,757	295,827,780
b	Reimbursement Service Cost	-	-
c	Past Service Cost	-	-
d	(Gain) / loss on settlements	-	-
2	Net interest cost		
a	Interest Expense on Defined Benefit Obligation	2,231,655,157	2,137,336,605
b	Interest (Income) on Plan Assets	-	-
3	Re-measurements of Other Long Term Benefits	-	-
4	Defined Benefit Cost included in P&L [sum of 1 to 3]	2,625,907,914	2,433,164,385
5	Re-measurements (recognized in other comprehensive income)		
a	Effect of changes in Demographic assumptions	-	-
b	Effect of changes in Financial assumptions	-	-
c	Effect of Experience Adjustments	(145,667,835)	459,963,965
d	(Return) on Plan Assets (excluding interest income)		
6	Total Re-measurements included in OCI [sum of 5]	(145,667,835)	459,963,965
7	Total Defined Benefit Cost recognized in P&L and OCI [4+6]	2,480,240,079	2,893,128,350

Net Defined Benefit Liability (Asset) reconciliation		FY ending June 30, 2025	FY ending June 30, 2024
1	Net Defined Benefit Liability (Asset) at End of Prior year	16,227,300,044	13,806,610,598
2	Defined Benefit Cost included in P&L	2,625,907,914	2,433,164,385
3	Total Re-measurements included in OCI	(145,667,835)	459,963,965
4	Employer Contributions	-	-
5	Benefit payments from Employer	(573,812,130)	(472,438,904)
6	Net Defined Benefit Liability (Asset) as of End of Year	18,133,727,993	16,227,300,044

Significant Actuarial assumptions			
Assumptions used to determine Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	12.50%	14.00%
2	Salary Increase Rate	11.50%	13.00%
3	Pension Indexation Rate	8.00%	9.00%
Assumptions used to determine Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	14.00%	15.75%
2	Salary Increase Rate	13.00%	14.75%
2	Pension Indexation Rate	9.00%	10.75%

Expected Defined Benefit Cost recognized in P&L		FY ending June 30, 2026
1	Service Cost	
a	Current Service Cost	423,152,793
c	Past Service Cost	-
d	(Gain) / loss on settlements	-
2	Net interest cost	
a	Interest Expense on DBO	2,266,715,999
b	Interest (Income) on Plan Assets	-
3	Total Defined Benefit Cost recognized in P&L as at 30.06.2026	2,689,868,793

Sensitivity Analysis		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation (DBO)	18,133,727,993	16,227,300,044
2	1% Increase in Discount rate	15,588,262,662	14,272,173,221
3	1% Decrease in Discount rate	21,335,233,718	19,168,164,637
4	1% Increase in Salary Increase rate	19,163,428,208	17,208,602,170
5	1% Decrease in Salary Increase rate	17,227,469,301	15,367,769,316
6	1% Increase in Pension Increase rate	20,307,001,895	18,112,364,156
7	1% Decrease in Pension Increase rate	16,276,712,469	15,051,961,445
6	1 year Mortality Setback	18,860,890,486	16,878,014,776
7	1 year Mortality SetForward	18,233,463,497	16,316,550,194
6	10% Increase in Withdarwal Rates	18,024,925,625	16,129,936,244
7	10% Decrease in Withdarwal Rates	18,242,530,361	16,324,663,844

IAS19 Disclosures for TESCO Employees Post-Retirement Medical Plan as at June 30, 2025 (PKR)

Amounts Recognized in the Statement of Financial Position		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation	854,245,474	2,959,585,367
2	Fair Value of Plan Assets	-	-
3	Payables	-	-
4	Net Liability (Asset)	854,245,474	2,959,585,367

Change in Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation at End of Prior year	2,959,585,367	2,906,059,546
2	Service Cost		
a	Current Service Cost	86,391,366	88,823,888
b	Past Service Cost	-	-
3	Interest Expense	412,776,816	455,231,764
4	Cash flows		
a	Benefit payments from Plan		
b	Benefit payments from Employer	(22,359,075)	(31,398,285)
c	Payables	-	-
5	Re-measurements		
a	Effect of changes in Demographic assumptions	-	-
b	Effect of changes in Financial assumptions	-	-
c	Effect of Experience Adjustments	(2,582,149,000)	(459,131,546)
6	Defined Benefit Obligation at End of year	854,245,474	2,959,585,367

Components of Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Service Cost		
a	Current Service Cost	86,391,366	88,823,888
b	Reimbursement Service Cost	-	-
c	Past Service Cost	-	-
d	(Gain) / loss on settlements	-	-
2	Net interest cost		
a	Interest Expense on DBO	412,776,816	455,231,764
b	Interest (Income) on Plan Assets	-	-
3	Re-measurements of Other Long Term Benefits	-	-
4	Defined benefit cost included in P&L [sum of 1 to 3]	499,168,182	544,055,652
5	Re-measurements (recognized in other comprehensive income)		
a	Effect of changes in Demographic assumptions	-	-
b	Effect of changes in Financial assumptions	-	-
c	Effect of Experience Adjustments	(2,582,149,000)	(459,131,546)
d	(Return) on Plan Assets (excluding interest income)	-	-
6	Total Re-measurements included in OCI [sum of 5]	(2,582,149,000)	(459,131,546)
7	Total Defined Benefit Cost recognized in P&L and OCI [4+6]	(2,082,980,818)	84,924,106

Net Defined Benefit Liability (Asset) reconciliation		FY ending June 30, 2025	FY ending June 30, 2024
1	Net Defined Benefit Liability (Asset) at End of Prior year	2,959,585,367	2,906,059,546
2	Defined Benefit Cost included in P&L	499,168,182	544,055,652
3	Total Re-measurements included in OCI	(2,582,149,000)	(459,131,546)
4	Benefit payments from Employer	(22,359,075)	(31,398,285)
5	Net Defined Benefit Liability (Asset) as of End of Year	854,245,474	2,959,585,367

Significant actuarial assumptions			
Assumptions used to determine Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	12.50%	14.00%
2	Rate of In-Service/Post Service Medical Cost Increase	12.50%	14.00%
Assumptions used to determine Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	14.00%	15.75%
2	Rate of In-Service/Post Service Medical Cost Increase	14.00%	15.75%

Expected Defined Benefit Cost recognized in P&L		FY ending June 30, 2026
1	Service Cost	
a	Current Service Cost	33,060,995
c	Past Service Cost	-
d	(Gain) / loss on settlements	-
2	Net interest cost	
a	Interest Expense on DBO	106,780,684
b	Interest (Income) on Plan Assets	-
3	Total Defined Benefit Cost recognized in P&L as at 30.06.2026	139,841,680

Sensitivity Analysis		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation (DBO)	854,245,474	2,959,585,367
2	1% Increase in Discount rate	793,081,498	2,747,679,055
3	1% Decrease in Discount rate	925,318,698	3,205,822,870
4	1% Increase in Medical Cost Increase rate	921,987,140	3,194,280,487
5	1% Decrease in Medical Cost Increase rate	794,362,866	2,752,118,433
6	1% Increase in Medical Exposure rate	915,324,025	3,171,195,721
7	1% Decrease in Medical Exposure rate	801,709,377	2,777,570,867
8	10% Increase in Withdrawal Rates	853,134,955	2,955,737,906
9	10% Decrease in Withdrawal Rates	855,612,267	2,964,320,704
10	1 Year Mortality Age Set Back	821,869,571	2,847,417,082
11	1 Year Mortality Age Set Forward	886,450,528	3,071,161,735

IAS19 Disclosures for TESCO Employees Free-Electricity Plan as at June 30, 2025 (PKR)

Amounts Recognized in the Statement of Financial Position		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation	773,482,159	604,291,636
2	Fair Value of Plan Assets		
3	Payables		
4	Net Liability (Asset)	773,482,159	604,291,636

Change in Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation at End of Prior year	604,291,636	494,100,263
2	Service Cost		
a	Current Service Cost	19,039,710	16,152,565
b	Past Service Cost		
3	Interest Expense	80,951,907	77,349,754
4	Cash flows		
a	Benefit payments from Plan		
b	Benefit payments from Employer	(52,127,459)	(5,981,423)
c	Payables		
5	Re-measurements		
a	Effect of changes in Demographic assumptions		
b	Effect of changes in Financial assumptions		
c	Effect of Experience Adjustments	121,326,365	22,670,477
6	Defined Benefit Obligation at End of year	773,482,159	604,291,636

Components of Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Service Cost		
a	Current Service Cost	19,039,710	16,152,565
b	Reimbursement Service Cost	-	-
c	Past Service Cost	-	-
d	(Gain) / loss on settlements	-	-
2	Net interest cost		
a	Interest Expense on Defined Benefit Obligation	80,951,907	77,349,754
b	Interest (Income) on Plan Assetd	-	-
3	Re-measurements of Other Long Term Benefits	-	-
4	Defined benefit cost included in P&L [sum of 1 to 3]	99,991,617	93,502,319
5	Re-measurements (recognized in other comprehensive income)		
a	Effect of changes in Demographic assumptions	-	-
b	Effect of changes in Financial assumptions	-	-
c	Effect of Experience Adjustments	121,326,365	22,670,477
d	(Return) on Plan Assets (excluding interest income)	-	-
6	Total Re-measurements included in OCI [sum of 5]	121,326,365	22,670,477
7	Total Defined Benefit Cost recognized in P&L and OCI [4+6]	221,317,982	116,172,796

Net Defined Benefit Liability (Asset) reconciliation		FY ending June 30, 2025	FY ending June 30, 2024
1	Net Defined Benefit Liability (Asset) at End of Prior year	604,291,636	494,100,263
2	Defined Benefit Cost included in P&L	99,991,617	93,502,319
3	Total Re-measurements included in OCI	121,326,365	22,670,477
4	Benefit payments from Employer	(52,127,459)	(5,981,423)
5	Net Defined Benefit Liability (Asset) as of End of Year	773,482,159	604,291,636

Significant actuarial assumptions			
Assumptions used to determine Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	12.50%	14.00%
2	Electricity Indexation Rate	11.50%	13.00%
Assumptions used to determine Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	14.00%	15.75%
2	Electricity Indexation Rate	13.00%	14.75%

Expected Defined Benefit Cost recognized in P&L		FY ending June 30, 2026
1	Service Cost	
a	Current Service Cost	22,343,763
c	Past Service Cost	-
d	(Gain) / loss on settlements	-
2	Net interest cost	
a	Interest Expense on DBO	96,685,270
b	Interest (Income) on Plan Assets	
3	Total Defined Benefit Cost recognized in P&L as at 30.06.2026	119,029,033

Sensitivity Analysis		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation (DBO)	773,482,159	604,291,636
2	1% Increase in Discount Rate	694,176,604	543,432,253
3	1% Decrease in Discount Rate	868,301,927	677,108,895
4	1% Increase in Electricity Indexation Rate	873,145,057	680,941,081
5	1% Decrease in Electricity Indexation Rate	688,891,721	539,275,510
4	10% Increase in Withdrawl Rates	773,172,766	604,049,919
5	10% Decrease in Withdrawl Rates	773,868,900	604,593,782

IAS19 Disclosures for TESCO Employees Leave Encashment Plan as at June 30, 2025 (PKR)

Amounts recognized in the Statement of Financial Position		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation	823,440,583	809,809,283
2	Fair Value of Plan Assets	-	-
3	Payables	-	-
4	Net Liability (Asset)	823,440,583	809,809,283

Change in Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation at End of Prior year	809,809,283	655,950,649
2	Service Cost		
a	Current Service Cost	239,920	196,045
b	Past Service Cost		
3	Interest Expense	113,373,300	102,548,654
4	Cash Flows		
a	Benefit payments from Plan		
b	Benefit payments from Employer	-	(9,696,170)
c	Payables		
5	Re-measurements		
a	Effect of changes in Demographic assumptions		
b	Effect of changes in Financial assumptions		
c	Effect of Experience Adjustments	(99,981,920)	60,810,105
6	Defined Benefit Obligation at End of year	823,440,583	809,809,283

Components of Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Service Cost		
a	Current Service Cost	239,920	196,045
b	Reimbursement Service Cost		
c	Past Service Cost		
d	(Gain) / loss on settlements		
2	Net interest cost		
a	Interest Expense on Defined Benefit Obligation	113,373,300	102,548,654
b	Interest (Income) on pPlan Assets		
3	Re-measurements of Other Long Term Benefits	(99,981,920)	60,810,105
4	Defined Benefit Cost included in P&L [sum of 1 to 3]	13,631,300	163,554,804
Net Defined Benefit Liability (Asset) Reconciliation		FY ending June 30, 2025	FY ending June 30, 2024
1	Net Defined Benefit Liability (Asset) at end of prior year	809,809,283	655,950,649
2	Defined Benefit Cost included in P&L	13,631,300	163,554,804
3	Employer Contributions	-	-
4	Employer direct Benefit Payments	-	(9,696,170)
5	Net Defined Benefit Liability (Asset) as of end of year	823,440,583	809,809,283

Expected Defined Benefit Cost recognized in P&L		FY ending June 30, 2026
1	Service Cost	
a	Current Service Cost	308,527
c	Past Service Cost	-
2	Remeasurement	XXXXXXXXXX
3	Net interest cost	
a	Interest Expense on DBO	102,930,073
b	Interest (Income) on Plan Assets	
4	Total Defined Benefit Cost recognized in P&L as at 30.06.2026	103,238,600

Significant Actuarial Assumptions			
Assumptions used to determine Defined Benefit Obligation		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	12.50%	14.00%
2	Salary Increase Rate	11.50%	13.00%
Assumptions used to determine Defined Benefit Cost		FY ending June 30, 2025	FY ending June 30, 2024
1	Discount Rate	14.00%	15.75%
2	Rate of Salary Increase	13.00%	14.75%

Sensitivity Analysis		FY ending June 30, 2025	FY ending June 30, 2024
1	Defined Benefit Obligation (DBO)	823,440,583	809,809,283
2	1% Increase in Discount rate	740,796,467	730,130,069
3	1% Decrease in Discount rate	920,585,166	903,727,205
4	1% Increase in Salary Increase rate	921,046,945	904,174,468
5	1% Decrease in Salary Increase rate	739,026,352	728,442,049
6	10% Increase in Withdrawal rates	824,181,680	810,538,111
7	10% Decrease in Withdrawal rates	822,699,486	809,080,455
8	1Year Mortality SetBack	823,028,863	809,404,378
9	1Year Mortality SetForward	823,852,303	810,214,188

Annexure B

Plan Provisions

We have used and relied on the Plan provisions, supplied by TESCO and are summarized below.

TESCO is solely responsible for the validity, accuracy and comprehensiveness of this information. If any plan provisions supplied are not accurate and complete, the Valuation results may differ significantly from the results that would be obtained with accurate and complete information.

Pension Plan:

Following is a summary of the benefits payable from the Pension Fund.

- **Normal Retirement Pension at age 60 years**

If service is less than 5 years:

- Nil Benefit

If service is greater than 5 and less than 10 years:

- A lump sum gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = \text{Last Drawn Pensionable Pay} \times \text{Pensionable Service}$$

If service is 10 years or greater:

According to notification F.No.9 (3) R-6/2024-401 dated January 1, 2025, Pension will be calculated based on the average pensionable pay of the last 24 months instead of the last drawn pensionable Pay.

The new formula:

- The rate of pension at normal retirement age is (7/300) 2.33% of the Average pensionable Pay for last 24 months of service subject to a maximum service period of 30 years. The maximum pension amount is thus limited to 70% of the Average pensionable Pay

The commuted value at age 60 shall be calculated as per the following formula:

$$\text{Commuted Value} = 12.37 \times \text{amount of pension surrendered} \times 12$$

- **Early Retirement Pension after 25 years of service**

According to notification F.No.1 (1) R-6/2018 dated April 16, 2024, early retirement Pension is being paid on retirement after completion of 25 years of service. The rate of pension at early retirement age is 2.33% of the last drawn pensionable Pay for each year of service subject to a

maximum service period of 30 years. The maximum pension amount is thus limited to 70% of the last drawn pensionable Pay.

According to notification F No. 9(3) R-6/2024-264 dated September 10, 2024, an employees may opt for retirement after putting in 25 years of service; however the employee shall be liable to a flat reduction rate of 3% per year in gross pension based on the no. of completed months from date of retirement to the date of superannuation. Such flat reduction in gross pension shall be capped at 20%.

- **Death in Service**

If service is less than 5 years:

- Nil Benefit

If service is greater than 5 and less than 10 years:

- A lump sum gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = 1.5 \times \text{Last Drawn Pensionable Pay} \times \text{Service}$$

If service is greater than 10 years or more-Pension to the Widow/widower/children

- The basic pension shall be 2.33% of the average pensionable Pay for three year of service subject to a maximum service period of 30 years

$$\text{Widow/widower's Pension} = 75\% \times \text{basic pension}$$

Widow/widower's pension is paid to eligible children in case of death of the widow/widower. Eligible children are defined as legal male child under the age of 21 years and legal unmarried daughter

In addition to the above, the Widow/widower is entitled to 35% of the commuted value of gross pension. The age-based commutation factors are set out in the table (later in the section)

According to notification F. No. 9(30) R-6/2024-264 dated September 10, 2024, family pension will be payable to the spouse for life or re-marriage and for dependents, it will be restricted to 10 years. If the spouse is issueless, the pension will continue for life or until remarriage. In the case of multiple widows, the pension will be equally divided.

- **Death after Retirement**

In case of death after retirement, the Widow/widower is entitled to receive 75% of the pension being received by the retiree.

Widow/widower's pension is paid to eligible children in case of death of the widow/widower. Eligible children are defined as legal male child under the age of 21 years and legal unmarried daughter.

- **Ill-health Retirement Pension**

If service is less than 5 years:

- Nil Benefit

If service is greater than 5 and less than 10 years:

- A lump sum gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = 1.5 \times \text{Last Drawn Pensionable Pay} \times \text{Service}$$

If service is 10 years or more:

- The basic pension is 2.33% of the average pensionable Pay for three years of service subject to a maximum service period of 30 years.

The employee can surrender up to a maximum of 35% of the gross pension in lieu of a lumpsum-commuted value.

- **Immediate (Ad hoc) Pension Increase**

According to the notifications issued by the Federal Government, with effect from 1st July 2025, the Net Pension amount payable for new retirees will increase by 192.10% after allowing for the previous increases as follows:

Immediate (Ad hoc) Pension Increase

Year	Effective Date	Rate of Increase
2011	01.07.2011	15.00%
2015	01.07.2015	7.50%
2022	01.07.2022	15.00%
2023	01.07.2023	17.50%
2024	01.07.2024	15.00%

- **Minimum Pension**

As per notification F.15(1)-Reg.6/2203 dated July 5, 2023, minimum pension payable to a retired employee and family pensioner is Rs. 12,000/- and Rs. 9,000/- per month (i.e. 75% of Rs.12,000) respectively.

- **Restoration**

The retirees shall be entitled to pension restoration of their commuted part with indexation after lapse of the whole number of years of the commutation factor.

- **Medical Allowance**

All the retirees retiring in Basic Pay Scales (BPS) 16 to BPS-22 and in BPS 1 to BPS 15 are entitled to Medical Allowance at the rate of 20% and 25% respectively of the net monthly pension at the time of retirement. Medical Allowance amount is increased by 25% immediately for new pensioner.

- **Commutation Table**

Following is the age – based commutation table showing commutation factors at ages 20 – 60.

Age	Commutation Factors	Age	Commutation Factors	Age	Commutation Factors
20	40.5043	36	28.3362	52	17.0050
21	39.7341	37	27.5908	53	16.3710
22	38.9653	38	26.8482	54	15.7517
23	38.1974	39	26.1009	55	15.1478
24	37.4307	40	25.3728	56	14.5602
25	36.6651	41	24.6406	57	13.9888
26	35.9006	42	23.9126	58	13.4340
27	35.1372	43	23.1840	59	12.8953
28	34.3750	44	22.4713	60	12.3719
29	33.6143	45	21.7592		
30	32.8071	46	21.0538		
31	32.0974	47	20.3555		
32	31.3412	48	19.6653		
33	30.5869	49	18.9841		
34	29.8343	50	18.3129		
35	29.0841	51	17.6526		

Following is a summary of the benefits payable from the **Post-Retirement Medical Plan**:

The minimum service requirement for medical benefits is

Compensation retirement	minimum 10 years of service
Pre-mature retirement	minimum 25 years of service
Disability in service	minimum 10 years of service
Death in service	irrespective of length of service but the employee should be regular

The following benefits are provided under the Plan:

Retirement benefit:

Complete coverage of medical expenses for ex-employee and dependents from the date of retirement.

Death benefit:

Complete coverage of medical expenses for deceased Employee's dependents from the date of death. In existing rules family of the deceased employee gets medical coverage in case of chronic disease except reimbursement of any kind subject to the ratification of BOD TESCO.

Following is a summary of the benefits payable from **Post-Retirement Free Electricity Plan**:

An employee is entitled to Post-Retirement Free Electricity Benefit in under the following cases:

- 1) Death in service
- 2) Normal Retirement at age 60
- 3) Disability
- 4) Compulsory Retirement
- 5) Early Retirement after 25 years of service

Benefit will be paid to employees as per scale. Summary of the scale wise Benefit is as follow:

Category of Employees	Monthly Units
Grade 1-4	100
Grade 5-10	150
Grade 11-15	200
Grade 16	300
Grade 17	450
Grade 18	600
Grade 19	880
Grade 20	1,100
Grade 21	1,300

In case of normal retirement, **50%** of free electricity benefit shall be payable in the proportion mentioned above.

In case of Resignation from the service, no benefit shall be payable to an employee.

In case of death in service, **50%** of the benefit shall be payable to the widow of the deceased in the proportion mentioned above subject to a minimum service requirement of 10 years. In case of death or remarriage of a widow who is in receipt of benefit such benefit, shall be continued to be paid to the family members as under:

- a) In case of son(s) upto the age of 21 years.
- b) In case of daughter(s) till death or her/their marriage whichever is earlier.

Those widows who are not eligible for family pension will be allowed **50%** free electricity benefit for a period of 10 years or up to the age of superannuation of the deceased employee whichever is earlier or till remarriage of the widow.

In case of a permanent disability which is certified by a Medical board, electricity benefit shall be payable subject to a minimum service requirement of 10 years. In case of death thereafter, benefit shall be payable as in below.

In case of death of a retired employee, 100% of the benefit, which the deceased employee was in receipt of, shall be admissible to the family of the deceased employee. In case of death or remarriage of a widow who is in receipt of electricity benefit, such benefit shall be continued to be paid to the minor real children of the deceased employees' up to 18 years in case of last minor son and 21 years in case of real daughter or her marriage whichever is earlier.

Following is a summary of the benefits payable from the **Leave Encashment Plan**:

Leave Benefit to an employee shall be allowed in the following events.

- Normal Retirement
- Death during Service
- Pre-mature Retirement

In case of Pre-mature Retirement, the employee should have at least 30 years of service. This condition, however, is not required in normal retirement / death in service case.

Annual Leaves Granted: **48 days**

The benefit of Leave Encashment is admissible as follows:

- 1) Encash Leave balance up to a **maximum of 365 days**
OR
- 2) Avail LPR subject to a **maximum of 365 days**

For the purpose of valuation, it was assumed that 100% of the employees' encashed their outstanding leave balances at the time of retirement and no employee proceeded on Leave Preparatory to Retirement (LPR).

Annexure C

Mortality and Withdrawal Rates

The Mortality and Withdrawal rates used in valuing the liabilities are as follow:

Mortality	SLIC (2001-05) Individual Life Ultimate Mortality Table with one year setback				
Table of Sample Rates (Both Rates are as per Thousand)					
Attained Age	MORTALITY	WITHDRAWAL	Attained Age	MORTALITY	WITHDRAWAL
20	0.96	14	61	17.50	-
21	0.97	13	62	18.88	-
22	0.99	12	63	20.28	-
23	1.01	11	64	21.68	-
24	1.03	10	65	23.05	-
25	1.06	9	66	24.39	-
26	1.08	9	67	25.69	-
27	1.12	8	68	27.51	-
28	1.15	8	69	29.46	-
29	1.19	7	70	32.25	-
30	1.24	7	71	35.33	-
31	1.29	6	72	38.76	-
32	1.35	6	73	42.42	-
33	1.41	5	74	46.38	-
34	1.49	5	75	50.70	-
35	1.58	4	76	55.44	-
36	1.68	4	77	60.65	-
37	1.79	3	78	66.23	-
38	1.92	3	79	72.23	-
39	2.08	3	80	78.71	-
40	2.25	2	81	85.71	-
41	2.45	2	82	93.28	-
42	2.67	2	83	101.39	-
43	2.93	1	84	110.05	-
44	3.22	1	85	119.26	-
45	3.55	1	86	129.04	-
46	3.93	1	87	139.42	-
47	4.36	1	88	150.66	-
48	4.84	1	89	162.61	-
49	5.38	1	90	175.32	-
50	5.99	1	91	188.99	-
51	6.67	1	92	203.97	-
52	7.42	1	93	220.61	-
53	8.24	0	94	239.47	-
54	9.15	0	95	260.84	-
55	9.40	0	96	284.96	-
56	10.13	0	97	312.35	-
57	11.20	0	98	343.66	-
58	12.34	0	99	379.21	-
59	13.54	0	100	419.67	-
60	14.81	1000			

Annexure D

Risks associated with Defined Benefit Plans

The risks associated in determining the Actuarial Liability for this Defined Benefit Plan are as follow:

- **Discount rate risk**

The risk of changes in Discount rate will have an impact on the Actuarial Liability.
Any increase in discount rate will reduce the Liability and vice versa.

- **Salary increase / inflation risk**

The increase in salary in the future years being higher than assumed will increase the Liability.

- **Mortality risk**

Any reduction in the mortality rates being assumed will increase the Liability.

- **Withdrawal risk**

Any differences in the assumed withdrawal rates will have a corresponding impact on the Liability depending on the Benefits payable on withdrawal.

Annexure-E

ESCO

FINANCE DIRECTOR

PESHAWAR ELECTRIC SUPPLY COMPANY LTD

147- WAPDA House,
Shami Road, Peshawar.

Ph: 9212025, 9212041-7

Fax: (92) 91-9212024

CR for the
month of 01/2026,
02/2026 & 03/2026
(03 Months)

DEBIT MEMO

No. PESCO-149/PESCO

Dated 03/2026

To

Finance Director (PESCO)
Wapda House Peshawar.

Dear Sir,

We have debited your Account for Rs. = 684,364,217/-

during the month of 03/2026 on account of Wheeling charges.

Month	Amount.
① Jan-26	= 235,127,876/-
② Feb-26	= 229,044,826/-
③ Mar-26	= 220,191,516/-
	<u>684,364,217</u>

Budget & Account Officer
(IOT) Receivable/Payable
PESCO, WAPDA House, Peshawar

free
WA
33
356
390,00
15,173
1,896
219
829

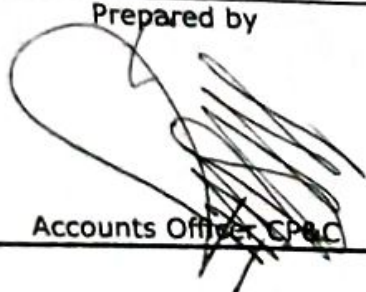
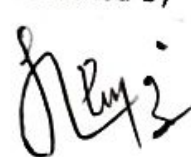
PESHAWAR ELECTRICITY SUPPLY COMPANY LIMITED

CP&C SECTION @/O FINANCE DIRECTOR PESCO

Month: 03, 2026

Particular	Account Head	Debit (Rs)	Credit (Rs)
CO (Receivable from Associated Companies)	150120	684,364,217	-
Wheeling Charges (Other Income)	420703	-	684,364,217
	TOTAL	684,364,217	684,364,217

Being the adjustment of Wheeling charges for the Jan to Mar, 2026 vide GoP (MoE) Notification SRO No.1162(I)/2025 dated: 01/07/2025 (Annex Attached)

Month	Nepa Wheeling Rates for 132 KV & 11 KV	Units Sold	Amount
Jan-26	1.11 & 3.70	145,029,814	235,127,876
Feb-26	1.11 & 3.70	141,841,396	229,044,826
Mar-26	1.11 & 3.70	136,877,408	220,191,516
TOTAL		423,748,618	684,364,217
Prepared by 	Checked by 	Approved by 	
Accounts Officer CP&C	Accounts Officer CP&C	Assistant Manager CP&C	

TESCO Wheeling Charges

Month	Units Import (kWh)	Voltage level (KV)	NEPRA Wheeling Rate (Rs./kWh)	Wheeling Charges (Rs.)
Jan-26	145,029,814	132 KV , 11 KV and 132 & 11 KV	1.11 & 3.70	235,127,876
Feb-26	141,841,396			229,044,826
Mar-26	136,877,408			220,191,516
Total	423,748,618			684,364,217

TESCO ENERGY IMPORT / MDI DATA

S.No.	Voltage Wise Circuits / Feeders	FY 2025-26										NEPRA Wheeling Rate	Voltage level as per recommendation of CE(Tech)/DG(MIRAD)	MDI (kW)	Units as provided by CE(Technical)/DG (MIRAD)/SE(GSO)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units Import (kWh)	MDI (kW)	Units 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PESCO

FINANCE DIRECTOR

PESHAWAR ELECTRIC SUPPLY COMPANY LTD

147- WAPDA House,
Shami Road, Peshawar.

Ph: 9212025, 9212041-7
Fax: (92) 91-9212024

DEBIT MEMO

No. PESCO-84 / TESCO-06

Dated 12/2025

To Finance Director TESCO
Wapda House Peshawar.

Dear Sir,

We have debited your Account for Rs. = 1,236,833,076/-

during the month of 12/2025 on account of Wheeling charges.

Month	Amount
① Jul-25	= 186,448,210
② Aug-25	= 184,736,661
③ Sep-25	= 190,805,602
④ Oct-25	= 207,529,200
⑤ Nov-25	= 229,786,780
⑥ Dec-25	= 237,526,623

Total - = 1,236,833,076/-

Budget & Account Officer
(IOT) Receivable/Payable
PESCO, WAPDA House, Peshawar

PESHAWAR ELECTRICITY SUPPLY COMPANY LIMITED

CP&C SECTION O/O FINANCE DIRECTOR PESCO

Month: 01, 2026

Particular	Account Head	Debit (Rs)	Credit (Rs)
TESCO (Receivable from Associated Companies)	150120	1,236,833,076	-
Wheeling Charges (Other Income)	420703	-	1,236,833,076
	TOTAL	1,236,833,076	1,236,833,076

Being the adjustment of Wheeling charges for the July to Dec, 2025 vide GoP (MoE)
Notification SRO No.1162(I)/2025 dated: 01/07/2025 (Annex Attached)

Month	Nepa Wheeling Rates for 132 KV & 11 KV	Units Sold	Amount
Jul-25	1.11 & 3.70	117,636,248	186,448,210
Aug-25	1.11 & 3.70	118,294,132	184,736,661
Sep-25	1.11 & 3.70	118,472,421	190,805,602
Oct-25	1.11 & 3.70	128,226,437	207,529,200
Nov-25	1.11 & 3.70	142,142,409	229,786,780
Dec-25	1.11 & 3.70	145,959,510	237,526,623
TOTAL		770,731,157	1,236,833,076

Prepared by  Divisional Accounts Officer	Checked by  Accounts Officer CP&C	Approved by  Assistant Manager CP&C
--	--	--

TESCO Wheeling Charges (FY 2025-26)

Month	Units Import (kWh)	Voltage level (KV)	NEPRA Wheeling Rate (Rs./kWh)	Wheeling Charges (Rs.)
Jul-25	117,636,248	132 KV , 11 KV and 132 & 11 KV	1.11 & 3.70 	186,448,210
Aug-25	118,294,132			184,736,661
Sep-25	118,472,421			190,805,602
Oct-25	128,226,437			207,529,200
Nov-25	142,142,409			229,786,780
Dec-25	145,959,510			237,526,623
Total	770,731,157			1,236,833,076

PESCO

FINANCE DIRECTOR

PESHAWAR ELECTRIC SUPPLY COMPANY LTD

147- WAPDA House,
Shaml Road, Peshawar.

Ph: 9212025, 9212041-7

Fax: (92) 91-9212024

DEBIT MEMO

No. PESCO-199/TESCOR

Finance Director (TESCO) Dated 06/26

To

Wapda House Peshawar.

Dear Sir,

We have debited your Account for Rs. 574,322,578/-

during the month of 06/26 on account of Wheeling Charges.

Month Amount

① 04/26 = 192,038,595

② 05/26 = 190,238,595

③ 06/26 = 192,045,388

Total = 574,322,578/-

Budget & Account Officer
(AOT) Receivable/Payable

PESCO, WAPDA House, Peshawar

PESHAWAR ELECTRICITY SUPPLY COMPANY LIMITED

OFFICE NAME: CP&C SECTION O/O FINANCE DIRECTOR PESCO

J V NO.

Month: 06, 2026

Particular	Account Head	Debit (Rs)	Credit (Rs)
TESCO (Receivable from Associated Companies)	150120	574,322,578	
Wheeling Charges (Other income)	420703		574,322,578
	TOTAL	574,322,578	574,322,578

Being the adjustment of Wheeling charges for the April to June, 2026 vide GoP (MoE) Notification SRO No.1162(I)/2025 dated: 01/07/2025 (Annex Attached)

Month	Nepa Wheeling Rates for 132 KV & 11 KV	Units Sold	Amount
Apr-26	1.11 & 3.70	118,312,079	192,038,595
May-26	1.11 & 3.70	115,804,542	190,238,595
Jun-26	1.11 & 3.70	117,002,483	192,045,388
TOTAL		351,119,104	574,322,578
Prepared by	Checked by	Approved by	
Accounts Officer CP&C	Accounts Officer CP&C	Assistant Manager CP&C	

Annexure-F



1731

ISLAMIC BANKING
اسلامی بینکاری

B.C. No.

Stationary No. 30500303

卷之四

Pay to

272 Nov 24 Mar 24

or Order:

DEPUTY COMMODITY CLERK I.R., FARR

Payable at any HBL Branch in Pakistan
Centralised Cheque Payable Account No. 0001500500019991
FIFTY AND SIXTY FOUR CHEQUE AND SEVEN

EN ROUTED AND SEVENTY FIVE AND ZERO PAISA ONLY

Please do not write below this line.

КАВИР / KAVIR
БРАУН ОПС / BROWN OPS
Классификация / Classification: P.A. No. 1

Signatory
PA No

Pro 21-692

U^a 30500303W 054.999 1.000 1.5005000 1.999 1W 0.10.1

8/7/22
EBR
CPA Transfer

50
2024/03/4

Date	Particulars	Instno	Memo	Debit	Credit	Balance
01/04/2026	TRANSFER	FBR	FBR	790,446.00	0.00	0.00
01/04/2026	CASH DEPOSIT			0.00	267,504.00 ✓	267,504.00
02/04/2026	TRANSFER			0.00	15,379,689.00 ✓	15,647,193.00
02/04/2026	TRANSFER			0.00	863,172.00 ✓	16,510,365.00
08/04/2026	TRANSFER	CPD		16,510,365.00	0.00	0.00
08/04/2026	CASH DEPOSIT			0.00	35,257.00 ✓	35,257.00
08/04/2026	DEPOSIT			0.00	12,023.00 ✓	47,280.00
08/04/2026	DEPOSIT			0.00	178,125.00 ✓	225,405.00
08/04/2026	CASH DEPOSIT			0.00	122,581.00 ✓	347,986.00
09/04/2026	DEPOSIT			0.00	484,733.00 ✓	832,719.00
14/04/2026	TRANSFER			0.00	21,000.00 ✓	853,719.00
14/04/2026	TRANSFER			0.00	12,586.00 ✓	866,305.00
14/04/2026	CASH DEPOSIT			0.00	6,645,631.00 ✓	7,511,936.00

2563

To,

DIRECTOR (C/A)
TESCO WAPDA H/Q Peshawar

Dear Concern,

*other
payment*

SUBJECT: PROVISION OF WITH HOLDING TEX DETAIL A/C TESCO DATED 30.04.2026

As per your request regarding the provision of Income tax and withholding tax deduction of the date in above mentioned subject, the detail is provided of the related account as under while TAX paid under the PSID 1102779863 dated 30.04.2026

Period	Account	Amount
30.04.2026	0010025215960074 Revenue Collection TESCO	RS.3,301,241
30.04.2026	0010025215960022 GENERAL BANK A/C TESCO	RS.1,098,988
30.04.2026	0010025215960124 TESCO PENSION FUND	RS.20,076,425
30.04.2026	0010025215960101 TESCO IMPRESS A/C H.Q	RS.12,045,190
TOTAL		RS. 36,521,844

3/26 —

234192262

FBR letter is also attached with the letter for your kind consideration.

270714106

This letter is being issued on your specific request without risk and responsibilities of ABL or any of its Authorized Signatories.

For & on behalf of


BANKING MANAGER
ALLIED BANK LIMITED
Wapda Colony Br. (0701) Peshawar.

 **ALLIED BANK LTD.**
Wapda Colony Br. Peshawar (0701)

137562902

Online Transfer with instrument ****4298
 Online Transfer with instrument ****3681
 Online Transfer with instrument ****1926
 CASH DEPOSIT 880
 CASH DEPOSIT 880
 CASH DEPOSIT 880
 Online Transfer with instrument ****4651
 Online Transfer with instrument ****0912
 Online Transfer with instrument ****0912
 CASH DEPOSIT 880
 CASH DEPOSIT 880
 CASH DEPOSIT 880
 CASH DEPOSIT 880
 Online Transfer with instrument ****3819
 Online Transfer with instrument ****3772
 Online Transfer with instrument ****3748
 Online Transfer with instrument ****3772
 Online Transfer with instrument ****4662
 Online Transfer with instrument ****4287
 Online Transfer with instrument ****4651
 Online Transfer with instrument ****4651
 Online Transfer with instrument ****4491
 Online Transfer with instrument ****1777
 Online Transfer with instrument ****2656
 Online Transfer with instrument ****4516
 Online Transfer with instrument ****2033

00007572 28-APR-26 1,000,000.
 00012577 28-APR-26 1,431,444.
 00011424 28-APR-26 455,503.
 00010632 28-APR-26 690,507.
 28-APR-26 -380,708.
 28-APR-26 295,563.
 28-APR-26 380,708.
 28-APR-26 -780,908.
 28-APR-26 763,689.
 28-APR-26 1,493,102.
 28-APR-26 400,073.
 28-APR-26 377,983.
 28-APR-26 371,132.
 28-APR-26 64,856.
 28-APR-26 1,275,816.
 28-APR-26 244,670.
 28-APR-26 431,265.
 28-APR-26 794,161.
 28-APR-26 727,194.
 28-APR-26 1,681,597.
 28-APR-26 780,908.
 28-APR-26 915,908.
 28-APR-26 647,797.
 28-APR-26 601,079.
 28-APR-26 382,506.
 28-APR-26 630,130.
 28-APR-26 380,708.

Banker's Cheque Issued 88000523-F B R

FBR
With Drawal
 880BCSA261200 30-APR-26 21,834,675.0
 101

Closing Balance **



The Director, A
Tribunal, APMA Head Quarter
Peshawar

SUBJECT: PROVISION OF WITHHOLDING TAX DETAIL COLLECTION ON DATED: 31-03-2026

Dear Sir,

As per your request regarding the provision of income tax and withholding tax deduction of the date mentioned in the subject. The detail is provided of the related account as under while TAX paid by the Tax No. 17-002-7001618 on dated: 31-03-2026

PERIOD	ACCOUNTS	TITLE	BL No	WITH HOLDING TAX DEDUCTION AMOUNT
11-03-2026	0588761291001308	GENERAL BANK ACCOUNT TESCO	7001618	619,320.00 ✓
01-03-2026	0027701010016755	TESCO REVENUE COLL. A/C	7001618	47,367,662.00 ✓

FB letter is also attached with the letter for your kind consideration.

This letter is for the purpose of your specific request within the limit and responsibilities of MCB or any of its authorized branches only.



Branch Manager

Branch Code: 0277

Peshawar C-4618187

Manager (B): 0000
Peshawar Centl Br. 0277

Branch Services Manager

TRIBAL AREAS ELECTRICITY SUPPLY COMPANY
PAYMENT VOUCHER

Payee Ms. Commissioner Inland Revenue

P. V. No.	88
Date	31-07-26
Cheque No.	89116495

S. No.	Description	Code	G. Amount	I/Tax	KPRA	Net Amount
1	PAYMENT TO FBR ON ACCOUNT OF TURNOVER TAX U/S 113.	310500	100,000,000	-	-	100,000,000
2						
Net Payable			100,000,000	-	-	100,000,000

In Words: One Hundred Million only.

Prepared By

Checked By

Approved By

Received By

Signature

Subject: PAYMENT TO FBR ON ACCOUNT OF TURNOVER TAX U/S 113.

PUC vide which turnover tax are payable to FBR an Amounting Rs. 650.00 Million out of which FBR has freeze TESCO Accounts and Snatched Rs. 341.00 Million. In order to avoid for further freezing of TESCO Accounts CEO TESCO is requested to kindly accord approval and release of Rs. 100.00 Million for the month of Jul-2026 in favor of Commissioner Inland Revenue.

AD Finance

Director Finance

CEO TESCO is requested to kindly
accord approval and release of period

CRO

Approved.
31/7/26

5) DIL (16M)

ID # 182

31/7/26.

100,000,000

Ten crore only

PAYMENT VOUCHER

P. V. No.	66
Date	29-06-26
Cheque No.	89116389

In Words: Eighty Million only.

Approved By

Signature

Subject: PAYMENT TO FBR ON ACCOUNT OF TURNOVER TAX U/S 113.

PUC vide which turnover tax are payable to FBR an Amounting Rs. 650.00 Million out of which FBR has freeze TESCO Accounts and Snatched Rs. 341.00 Million. In order to avoid for further freezing of TESCO Accounts CEO TESCO is requested to kindly accord approval and release of Rs. 40.00 Million for the month of May-2026 in favor of Commissioner Inland Revenue.

AD Finance

Director Finance

CEO TESCO is requested to kindly
account approval and release of Rs 40 million
to FBR for the month of 5/2026

CEO

Approved.
25/5/26

DIL(PAN)



Subject: APPROVAL FOR PAYMENT OF RS. 100.000 MILLION TO FBR AGAINST TAX LIABILITY

1 It is submitted that an amount of Rs. 100.000 million is payable to the Federal Board of Revenue (FBR) on account of TESCO's outstanding tax liability.

2 The payment must be deposited within the prescribed timeline to comply with applicable tax laws and avoid penalties, default surcharges, or other legal consequences.

3 The liability has been reviewed by the concerned section and is payable to FBR under the relevant tax head.

4 In view of the above, approval of the Chief Executive Officer, TESCO is solicited for payment of Rs. 100.000 million (Rupees One Hundred Million Only) to FBR against the outstanding tax liability.

Submitted for kind approval, please.


Ali
Director Finance
TESCO

CEO TESCO is requested to kindly
accept approval and release of Rs. 100.000 million

CEO

PAYMENT VOUCHER

P. V. No.	72
Date	30-06-26
Cheque No.	89116395

S. No.	Description	Code	G. Amount	I/Tax	KPRA	Net Amount
1	Payment to FBR on account of Turnover Tax U/S 113 for 06 - 2026	310500	20,000,000	-	-	20,000,000
Net Payable			20,000,000	-	-	20,000,000

Prepared By

Checked By

Approved By

Signature



Federal Board of Revenue
Government of Pakistan

INCOME TAX PAYMENT CHALLAN

For 1-Bill Payment through member
bank please add prefix 999999 with PSID

PSID # : 1104877179

RTO PESHAWAR

6 3

2020

Name of LTU/MTU/RTO

LTU/MTU/RTO Code

Tax Year

Nature of Tax
Payment

☐ Admitted Income Tax

☐ Misc.

☐ CVT

Month/Year

☒ Demanded Income Tax

☐ Advance Income Tax

☐ Withheld Income Tax (Final)

(only for payment u/s 149)

☐ Withheld Income Tax (Adjustable)

☐ WPPF/WWF

Payment Section

137

Demanded Income Tax

Payment Section Code

9204

(Section)

(Description of Payment Section)

Account Head (NAM)

B01131

Taxpayer's Particulars (To be filled for payments other than Withholding Taxes)

(To be filled in by the bank)

CNIC/Reg./Inc. No. L 12028/2002-2003

Taxpayer's Name

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY
LIMITED

Status

Business Name

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY LIMITED

Address

210,212, wapda house, Shami road, Peshawar Peshawar

FOR WITHHOLDING TAXES ONLY

CNIC/Reg./Inc. No.

Name of withholding agent

Total no. of Taxpayers

Total Tax Deducted

Amount of tax in words: Twenty Million Rupees And No Paisas Only

Rs.

20,000,000

Modes & particulars of payment

Sr.	Type	No.	Amount	Date	Bank	City	Branch Name & Address
1	ADC (e-payment)		20,000,000				No Branch

DECLARATION

I hereby declare that the particulars mentioned in this challan are correct.

CNIC of Depositor

Name of Depositor

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY LIMITED

Date



PSID-IT-000204137355-002020

Stamp & Signature

Prepared By : guest_user - Guest_User Date: 30-Jun-2026 10:15 AM

Note: This is an input form and should not be signed/stamped by the Bank. However, a CPR should be issued after receipt of payment by the Bank.

PAYMENT VOUCHER

P. V. No.	51
Date	25-05-26
Cheque No.	89116307

In Words: Forty Million only.

~~Approved By~~

Signature



Federal Board of Revenue
Government of Pakistan

INCOME TAX PAYMENT CHALLAN

For 1-Bill Payment through member
bank please add prefix 999999 with PSID

PSID #: 1103597814

RTO PESHAWAR

6 3

2026

Name of LTU/MTU/RTO

LTU/MTU/RTO Code

Tax Year

Nature of Tax
Payment

☐ Admitted Income Tax

☐ Misc.

☐ CVT

Month/Year

☐ Demanded Income Tax

☒ Advance Income Tax

☐ Withheld Income Tax (Final)

(only for payment u/s 149)

☐ Withheld Income Tax (Adjustable)

☐ WPPF/MWF

Payment Section

147

Advance Income Tax

Payment Section Code

9202

(Section)

(Description of Payment Section)

Account Head (NAM)

B01131

Taxpayer's Particulars (To be filled for payments other than Withholding Taxes)

(To be filled in by the bank)

CNIC/Reg./Inc. No. L 12028/2002-2003

Taxpayer's Name

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY
LIMITED

Status

Business Name

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY LIMITED

Address

210,212, wapda house, Shami road, Peshawar Peshawar

FOR WITHHOLDING TAXES ONLY

CNIC/Reg./Inc. No.

Name of withholding agent

Total no. of Taxpayers

Total Tax Deducted

Amount of tax in words: Forty Million Rupees And No Paisas Only

Rs.

40,000,000

Modes & particulars of payment

Sr.	Type	No.	Amount	Date	Bank	City	Branch Name & Address
1	ADC (e-payment)		40,000,000				No Branch

DECLARATION

I hereby declare that the particulars mentioned in this challan are correct.

CNIC of Depositor

Name of Depositor

TRIBAL AREAS ELECTRCITY SUPPLY COMPANY LIMITED

Date



PSID-IT-000201227647-002026

Stamp & Signature

Prepared By : guest_user - Guest_User Date: 25-May-2026 01:59 PM

Note: This is an input form and should not be signed/stamped by the Bank. However, a CPR should be issued after receipt of payment by the Bank.



Subject: PAYMENT TO FBR ON ACCOUNT OF TURNOVER TAX U/S 113.

PUC vide which turnover tax are payable to FBR an Amounting Rs. 650.00 Million out of which FBR has freeze TESCO Accounts and Snatched Rs. 341.00 Million. In order to avoid for further freezing of TESCO Accounts CEO TESCO is requested to kindly accord approval and release of Rs. 40.00 Million for the month of May-2026 in favor of Commissioner Inland Revenue.

AD Finance

Director Finance

CEO TESCO is requested to kindly
accord approval and release of Rs 40 million
to FBR for the month of 5/2026

28/5/26

CBSO

Approved.
25/5/26

DIL(PN)

TRIBAL ELECTRIC SUPPLY COMPANY PESHAWAR

091-9212006

091-9212950



OFFICE OF THE
Chief Executive Officer

TESCO H/Q WAPDA House

No. 6659-63/CEO/TESCO/

Dated: 25/9/2026

The Registrar,
National Electric Power Regulatory Authority,
NEPRA Tower, Ataturk Avenue (East), G-5/1,
Islamabad.

Subject: PPMC MANAGEMENT FEE – DETAILS FOR PRIOR YEAR ADJUSTMENT AND INCORPORATION IN O&M EXPENSES

Reference: i. NEPRA Tariff Determination No. NEPRA/TRF-632/TESCO-Distribution/2025/318-25 dated 07.01.2026.
ii. TESCO Adjustment and Indexation Petition for CY 2027 vide letter No. 604-607/CEO/TESCO dated 11.09.2026.

It is submitted that the Authority, in its determination of TESCO's Distribution Tariff under the MYT regime for FY 2025-26 to FY 2029-30, took cognizance of the request of DISCOs to allow the Management Fee of Power Planning and Monitoring Company (PPMC) and decided to pend its upfront allowance, while considering the same as part of the Prior Year Adjustment (PYA), subject to furnishing of the actual cost incurred, the functions/services performed, supporting documentary evidence and fulfilment of the process prescribed in SRO No. 1358(I)/2025. The Authority has also sought details of the PPMC fee claimed through PYA for processing of TESCO's CY 2027 adjustment/indexation request, and TESCO, vide reference (ii), undertook to furnish the same. In this regard, the following submissions are made for the kind consideration of the Authority:

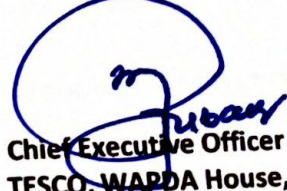
- a. After approval of the National Electricity Policy, 2021 ('NE Policy') by the Council of Common Interests (CCI) and the National Electricity Plan (2023–2027) ('NE Plan'), PPMC was entrusted the role of Designated Entity by the Ministry of Energy (Power Division) under Sections 5.3.5 and 6.2 of the NE Policy and Clause 3.1(c)(iii) of the NE Plan, made pursuant to Section 14A of the NEPRA Act (Power Division letters dated 20.09.2021 and 30.10.2023 at **Annex-A** and **Annex-B** respectively).
- b. The Federal Cabinet, vide its decision dated 27.10.2021, also directed that PPMC may continue to charge a fee from DISCOs for the services rendered, as approved by the Board of Directors of the company. In accordance with Clause 3.1(c)(iii) of Part B of the NE Plan, the Designated Entity is entitled to charge a regulatory fee for the performance of its functions, which shall be allowed by the Authority.
- c. Accordingly, the Ministry of Energy (Power Division) issued SRO No. 1358(I)/2025 dated 29.07.2025 (**Annex-C**), under which the Board of Directors of PPMC approves the annual budget

and allocation of fee to DISCOs, the allocated amount is distributed on the basis of the Distribution Margin of the respective DISCO, and the invoices are raised quarterly in advance through CPPA-G, which makes payment on behalf of the DISCO by adjustment in its account, subject to quarterly reconciliation.

- d. Historically, this fee was allowed as part of O&M expenses; however, in the absence of an appropriate structure, the Authority had not included the same in the O&M expenses of DISCOs. Clause 3.1(c)(iii) of the NE Plan, read with Section 14A(5) of the NEPRA Act, now provides the appropriate framework for the Authority to include the said fee as part of O&M expenditure.
- e. In pursuance of the above SRO, PPMC has raised invoices through CPPA-G for TESCO's share of the Management Fee for the 1st Quarter of FY 2025-26 (Invoice No. PPMC/2025/CF&RA/11 dated 09.03.2026) and the 2nd Quarter of FY 2025-26 (invoice dated 14.05.2026), at Rs. 1.24 million per quarter exclusive of sales tax (**Annex-D**). Accordingly, TESCO's PPMC Management Fee for FY 2025-26 amounts to Rs. 2.48 million (Rs. 2,480,000/-), which has been incurred and accounted for by TESCO during FY 2025-26. The same may kindly be allowed as part of the PYA.
- f. To assist the Authority on the subject matter, the functions of PPMC as received from MD, PPMC, Islamabad are attached at **Annex-E**.

Keeping the foregoing in view, the Authority is requested to allow the PPMC Management Fee as part of O&M expenses in the Revenue Requirement of TESCO for CY 2027 and the remaining MYT control period, and to allow the previous period adjustment of Rs. 2.48 million for FY 2025-26 as PYA, please.

D/A: As above.


Chief Executive Officer
TESCO, WARDHA House,
Peshawar

Copy to:

1. Managing Director, PPMC, Islamabad for information.
2. Director General MIRAD, TESCO for information.
3. Chief Financial Officer, TESCO for information.
4. Director Finance, TESCO for information.