



Registrar

National Electric Power Regulatory Authority Islamic Republic of Pakistan

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No. NEPRA/SA(M&E)/LAD-08/ 15945

September 25, 2025

Chief Executive Officer,
Hyderabad Electric Supply Company Limited (HESCO),
WAPDA House, Hussainabad,
Hyderabad

Subject: ORDER OF THE AUTHORITY IN THE MATTER OF SHOW CAUSE NOTICE
ISSUED TO CEO-HESCO DATED 13.02.2025 ON ACCOUNT OF
NON-COMPLIANCE WITH THE DIRECTIONS OF THE AUTHORITY-HEARING
REGARDING QUARTERLY ADJUSTMENT OF XW-DISCOS FOR THE 3RD
QUARTER OF FY 2023-24 OF SAFETY DIRECTORATE/DEPARTMENT UNDER
REGULATION 4(8) & 4(9) OF NEPRA (FINE) REGULATIONS, 2021

Please find enclosed herewith, the Order of the Authority (total 05 pages) in the subject matter for
information and compliance.

Enclosure: As above

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)



National Electric Power Regulatory Authority

ORDER

IN THE MATTER OF SHOW CAUSE NOTICE ISSUED TO CEO-HESCO DATED 13.02.2025 ON ACCOUNT OF NON-COMPLIANCE WITH THE DIRECTIONS OF THE AUTHORITY – HEARING REGARDING QUARTERLY ADJUSTMENT OF XW-DISCOS FOR THE 3RD QUARTER OF FY 2023 – 24T OF SAFETY DIRECTORATE/DEPARTMENT UNDER REGULATION 4(8) & 4 (9) OF NEPRA (FINE) REGULATIONS, 2021.

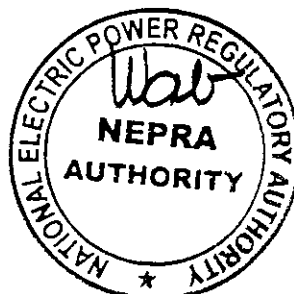
1. Hyderabad Electric Supply Company (HESCO) (the “Licensee”) was granted a distribution license (No. DL/05/2023) by the National Electric Power Regulatory Authority (the “Authority”) on 09.05.2023 pursuant to section 20 read with 21 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (“NEPRA Act”)

Background:

2. With reference to the public hearing on 17.05.2024 regarding Quarterly Adjustments of XW-DISCOs on Account of Capacity Charges, Transmission Charges & MoF, Variable Operation & Maintenance Charges and Impact of T&D Losses on FCA for the 3rd Quarter of FY 2023–24, a notice of hearing was issued to the Licensees on May 07, 2024, wherein, it was categorically directed that Chief Executive Officer (CEO) to attend the subject hearing. However, the CEO of Licensee was not available during the hearing without any prior intimation to NEPRA.
3. The Authority took serious notice of the absence of CEO of the Licensee and showed great displeasure with the lethargic and careless attitude of CEO of the Licensee and ordered to initiate legal action upon him, on account of non-adherence with the directions of the Authority wasting time and resources spared by the Authority, and by the general public.

Explanation:

4. Accordingly, an Explanation was served to the licensee dated 27.06.2024. In response, the Licensee submitted its reply vide its letter dated 05.07.2024. The submitted reply was analyzed and after detailed deliberation, the Authority rejected the response of the Licensee and directed to issue a Show Cause Notice to the Licensee under regulation 4(8) and 4(9) of NEPRA Fine Regulation, 2021.



Show Cause Notice:

5. In compliance to the Authority's decision, a Show Cause Notice along with the Order recording reasons of rejection of Explanation was issued to the Licensee on 13.02.2025. The salient features of Show Cause Notice are narrated as under:

5. *WHEREAS, pursuant to section (48) of the Act, the Authority has the power to issue such directives, codes guidelines, circulars or notifications as are necessary to carry out the purpose of this Act and the rules and regulations made hereunder.*

6. *WHEREAS, the Article-2 of the License provides as under:*

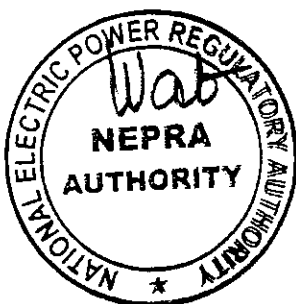
"2.1 The Licensee shall comply with the Applicable Law, as amended or replaced from time to time, while performing its functions as Licensee."

7. *WHEREAS, the term 'Applicable Law' is defined in the License as "the Act and the Applicable Documents" and the term 'Applicable Documents' is defined as "the rules, regulations, terms and conditions of any licence, registration, authorization, determination, any codes, manuals, directions, guidelines, orders, notifications, agreements and documents issued or approved under the Act."*

8. *WHEREAS, the Authority issued an Explanation to the Licensee under Rule 4 (1) and 4 (2) of NEPRA Fine Regulation, 2021 on 27.06.2024. The basis of Explanation to the Licensee included the following;*

3. *WHEREAS, a public hearing regarding the Quarterly Adjustment of XW-DISCOs on Account of Capacity Charges, Transmission Charges & MoF, Variable Operation & Maintenance Charges and Impact of T&D Losses on FCA for the 3rd Quarter of FY 2023-24 was held on May 17, 2024. A notice of the hearing was issued to the Licensee on May 07, 2024, categorically directing that the Chief Executive Officer (CEO) to attend the hearing. However, the CEO of the Licensee was not available during the hearing without any prior intimation to NEPRA. Additionally, a notice of subject hearing was also published on 07.05.2024 in all major daily newspapers for all stakeholders and the general public; and*

4. *WHEREAS, the Authority took serious notice of the absence of the CEO HESCO and expressed great displeasure at the lethargic and careless attitude of the CEO of the Licensee, ordering the initiation of legal action against him for non-adherence to the directions of the Authority, wasting time and resources of the Authority & professionals, and inconveniencing the general public; and"*



9. **WHEREAS**, the Licensee submitted its response vide letter dated 05.07.2024 against the above-mentioned Explanation. The same has been evaluated and found unsatisfactory. The licensee has admitted that Mr. Omar Hayat Gondal, GM (Technical), was assigned the charge of CEO HESCO during the period of subject hearing after retirement of Mr. Bashir Gujar on March 31, 2024. This means that Mr. Omar Hayat Gondal was bound to attend the said hearing on May 17, 2024 which he failed to attend; and

10. **WHEREAS**, the Licensee has failed to comply with the Authority's directives and Mr. Omar Hayat Gondal being the then CEO of the Licensee failed to comply with clear and explicit directions of the Authority by not attending the public hearing. Therefore, the Licensee and it's the then CEO Mr. Omar Hayat Gondal are in violation of section 48 of the Act and Article 2 of the terms and conditions of the License. Therefore, the Authority rejected the response of Explanation submitted by the Licensee through an Order dated February 13, 2025, (Copy attached), recording the reasons of rejection and directed the Registrar to issue Show Cause Notice to the Licensee and it's the then CEO Mr. Omar Hayat Gondal for being party to such contravention; and

Response of Licensee:

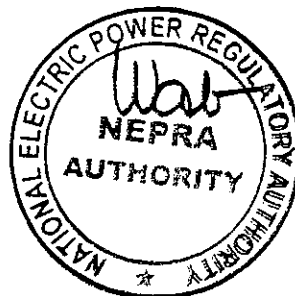
6. In response, the Licensee vide its letter dated 04.03.2024 replied to the Show Cause Notice. A summary of the same is as under;

it is submitted that Mr Bashir Ahmed, the then CEO HESCO retired form service on 31.03.2024 on superannuation. The BoD HESCO through resolution by Circulation No.27 dated 05.04.2024 resolved to jointly authorize (1) General Manager (C&CS) HESCO and (2) Chief Financial Officer HESCO, to formally approve the retention / release of funds for payment of demands/bills for the said purpose, in order to run the affair's of the company smoothly. The said authorization shall be subject to fulfilment of all codal formalities, and adherence to all applicable rules and regulations without any fail. Moreover, all of such approvals shall be ratified by CEO HESCO upon his joining the said post. The BoD HESCO unanimously resolved to assign the charge of the post of CEO HESCO to Mr. Muhammad Roshan Otho, as a stopgap arrangement, conveyed through extract of the draft minutes of 242nd meeting held on 20.05.2024. Hence, it is evident from the record that on 17.05.2024 no incumbent was assigned the charge of Chief Executive Officer, HESCO. Therefore, the said hearing could not be attended"

Hearing:

7. Pursuant to the response submitted by the Licensee, the Authority afforded an opportunity of hearing. During the course of the hearing, the Licensee made the following submissions ;

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- i. The CEO HESCO, Mr. Faizullah Daihri submitted that, at the time of the public hearing, the position of CEO was vacant and no officer was holding the charge. Consequently, the Board of Directors (BoD) of HESCO jointly authorized the General Manager (C&CS) and the Chief Financial Officer (CFO) to formally approve the retention or release of funds for the settlement of demand and bills related to the matter under consideration.
- ii. Additionally, the former CEO Mr. Omer Hyat Gondal, clarified that he was assigned to a special anti-theft initiative within HESCO for the period from September 13, 2023 to June 13, 2024. However, no formal order of deputation was issued, nor was any deputation allowance granted during this period. He further asserted that he was never given charge of CEO, HESCO.

Findings:

8. The Authority while examining the submission of the Licensee disagrees with Licensee's interpretation of the situation. The Authority had categorically directed that the CEO of the Licensee must attend the subject hearing. However, during the course of the hearing, when the Authority inquired about the absence of the CEO, one of the HESCO officers informed that the CEO HESCO was occupied with a call from the ministry. This statement directly contradicts the Licensee claim that no incumbent was assigned the charge of CEO HESCO as of 17.05.2024. Moreover, previous CEO HESCO, Mr. Roshan Otho stated during hearing in the matter of Explanation that the charge was assigned to Mr. Omer Hayat Gondal. Such misleading statements before the Authority is a matter of serious concern and raises questions about the integrity and transparency of the response presented during the hearing.
9. In addition to the above, if statement of current CEO that Board authorize GM(C&CS) HESCO and CFO HESCO to formally approve retention/release of funds for payment of bills, is assumed to be true then these two persons should have attended the hearing and clarified the position before the Authority, which they failed rather one of HESCO officer said that CEO was busy with Ministry.

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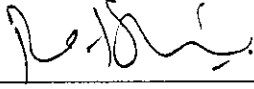


Decision:

10. Keeping in view the submissions of the Licensee, evidence available on record, the Authority observes that the Licensee is in violation of section 48 of the Act read with Article 2 of the terms and conditions of the License and hereby imposes a fine of Rs. 10,000,000/- (Ten Million) on the Licensee.
11. Further, the Licensee is directed to pay the fine amount of Rs. 10,000,000/- (Ten Millions) in designated bank of the Authority within a period of 15 days from the date of issuance of this order and forward a copy of the paid instrument to the Registrar Office for information, failing which the Authority may recover the amount due under section 41 of the NEPRA Act as arrears of the land revenue or through any other appropriate legal means in addition to taking any other appropriate legal action against the Licensee for non-compliance.

AUTHORITY

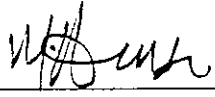
Rafique Ahmed Shaikh
Member (Technical)



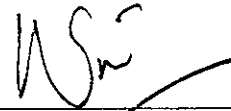
Amina Ahmed
Member (Law)



Engr. Masood Anwar Khan
Member (Development)



Waseem Mukhtar
Chairman



Dated 25th Sept, 2025

