

Statement of Corporate Intent (SCI)

FY 2025-27

ISLAMABD ELECTRIC SUPPLY COMPANY LTD

SCHEDULE III

**STATEMENT OF CORPORATE INTENT (SCI) AS PER SECTION 8 (4) OF THE STATE OWNED
ENTERPRISES (GOVERNANCE AND OPERATIONS) ACT 2023**

1. NAME OF STATE OWNED ENTERPRISE

Islamabad Electric Supply Company Limited

2. INCORPORATED/ESTABLISHED

April 25, 1998

3. SUBSIDIARIES INCLUDED IN THIS STATEMENT OF CORPORATE INTENT

Nil

4. DESCRIPTION OF THE MAIN BUSINESS OF THE STATE-OWNED ENTERPRISE

(i) Electricity Distribution and Supply within Its Service Area

Islamabad Electric Supply Company Limited (IESCO) is engaged in the business of a public electric supplier with the objective of undertaking all activities necessary or incidental to the distribution and supply of electricity within its designated service area. IESCO is responsible for purchasing, importing, transforming, converting, distributing, supplying, exporting, and dealing in electricity and all other forms of energy, and in any products or services associated therewith.

(ii) Promotion of Conservation and Efficient Use of Energy

IESCO is dedicated to promoting the conservation and efficient use of electricity and other forms of energy. This objective includes supporting initiatives and practices that encourage responsible energy consumption and optimize usage across its operational area.

(iii) Electrification of Cities, Towns, and Other Areas

IESCO undertakes planning, surveying, designing, and supplying the necessary equipment for the electrification of cities, towns, villages, gas and oil refineries, workshops, highways, bridges, ports, airports, and other premises within its area of supply. These activities are conducted as required by law and under the license or other authorization granted to IESCO, encompassing all activities empowered or required of a public electric supplier.

(iv) Facilities and Installations

IESCO is responsible for establishing, constructing, equipping, operating, using, managing, and

maintaining a range of facilities essential to its service delivery. These include power grid stations, transformers, switching stations, substations, and telecommunications infrastructure. IESCO also operates and maintains additional support facilities, including offices, computer centers, workshops, and warehouses, to ensure effective and efficient operations.

(v) Compliance and Consumer Service

IESCO is committed to ensuring compliance with all applicable regulations and standards, thereby maintaining transparency in transactions and reliability in the quality and continuity of electricity supply. Through its operations, IESCO fulfills its mandate as a state-owned enterprise, meeting the electricity needs of its consumers in an efficient, sustainable, and legally compliant manner. In doing so, IESCO contributes to the social and economic development of the areas within its service region.

5. SUMMARY OF THE BUSINESS GOAL OF THE STATE-OWNED ENTERPRISE (as per the approved business plan).

- i) **Infrastructure Improvement-** Expansion and rehabilitation of T&D infrastructure, including new grid stations and advanced metering infrastructure (AMIs).
- ii) **Operational Efficiency-** Upgrading financial, commercial, human resource, and IT systems to support and integrate with core T&D operations.
- iii) **Strategic allocation of CAPEX and OPEX-** To support infrastructure development, maintenance, and operational needs.
- iv) **Service Reliability and Excellence:** Ensuring reliable and uninterrupted power supply, enhancing customer satisfaction, and addressing issues like line losses and revenue generation.

6. SUMMARY OF THE PERFORMANCE MEASURES AND BENCHMARKS AGAINST STATE-OWNED ENTERPRISES BUSINESS GOAL AND ITS PRIMARY OBJECTIVE

- i) **Transmission and Distribution (T&D) Losses;**
 - Replacement of old / sluggish meters / non digital meters
 - Installation of scanning meters on transformers
 - Anti-theft campaign
 - Prompt billing of new connections
 - Improving Voltage drop
 - Reducing Power Loss (where power loss is more than 3.5%)
 - Reducing Annual Energy Loss (where annual energy loss is more than 3%)

- Decreasing Percentage Loading (where loading is above or equal to 80%)
 - Improving Power Factor;
 - Improving HT/LT Ratio.
 - Improving the reliability, quality and continuity of the supply in IESCO
- ii) **Mobile Meter Reading (MMR)**- Achieve 100% image accuracy for meter readings
- iii) **Recovery**- 100% recovery from computed assessments and 25% from disconnected defaulters each year.
- iv) **Consumer Complaints/ Customer Service**- Increase the number of centers.
- v) **Procurement Efficiency**: Develop and implement a robust procurement mechanism to streamline processes and reduce lead times. Adhere to the Annual Procurement Plan based on accurate demand forecasting and inventory management. Ensure all procured materials meet prescribed standards through stringent quality control measures.
- vi) **Inventory Management**: Optimize inventory levels to minimize stockouts and excess inventory using the MM Module ERP. Maintain appropriate stock levels and ensure timely procurement to avoid shortages. Achieve cost reduction through bulk purchasing, engaging diverse suppliers, and automating procurement processes. Develop strategic partnerships with reliable vendors and suppliers for long-term relationships and effective supply chain management.
- vii) **Human Resource Development**: Enhance staff capabilities through recruitment and ongoing training programs.
- viii) **Compliance and Ethics**: Ensure compliance with regulatory requirements and ethical standards in procurement and disposal practices

7. SUMMARY OF THE STRATEGIES OF THE STATE-OWNED ENTERPRISE FOR ACHIEVING ITS BUSINESS GOALS AND PRIMARY OBJECTIVE

- i. **Meter Replacement**: Phased replacement of old meters, prioritizing high consumption areas to minimize losses.
- ii. **Anti-Theft Campaign**: Collaborate with government agencies to detect and prosecute theft, and recover losses through detection bills.

- iii. **New Connections and Billing:** Ensure prompt processing and billing of new connections, with a focus on timely and accurate billing to reduce losses.
- iv. **Mobile Meter Reading:** Implement accurate mobile meter reading to avoid billing errors and customer complaints.
- v. **Recovery Initiatives:** Ensure rigorous recovery processes and timely bill delivery to meet recovery targets.
- vi. **Expansion of Customer Service Centers:** Increase the number of service centers to enhance customer support and address service-related issues efficiently
- vii. **Project Lifecycle Management:** Implement a robust framework to guide projects from initiation through planning, execution, monitoring, and closure, ensuring alignment with organizational goals and stakeholder expectations.
- viii. **Stakeholder Engagement:** Focus on strengthening the level of engagement between the project team and stakeholders by aligning interests and ensuring high quality relationships. Regularly track and monitor key indicator such as stakeholder satisfaction , frequency of communication, responsiveness and participation in project activates. Proactively manage stakeholder expectations by addressing concern swiftly and effectively, reducing the potential for conflicts and fostering trust. Prioritize quick resolution of stakeholder issues or concern to maintain positive relationships and ensure project continuity.
- ix. **Integrated Systems and Supplier Optimization:** Implement a system to oversee supplier selection, performance, risk assessment, and relationship management. Integrate E-Procurement with SAP MM Module to enhance procurement efficiency and transparency. Use real-time monitoring through MM Module ERP for demand forecasting, inventory management, and timely procurement. Address obsolete and excess inventory through disposal or auction. Ensure timely preparation and approval of the Annual Procurement Plan to initiate procurement processes. Engage in bulk buying, automate processes, and leverage diverse suppliers to achieve economies of scale and lower costs.
- x. **Risk Management:** Mitigate risks associated with price changes through long-term contracts, hedging, and supplier diversification. Monitor regulatory updates and ensure proactive compliance. Develop contingency plans and alternate sourcing strategies to manage disruptions effectively.
- xi. **Human Resource Plan:** Hire staff according to sanctioned strength to improve

workflow and reduce employee overload. Implement training programs to enhance skills and adapt to new material management practices.

- xii. **Monitoring & Evaluation:** Regularly monitor financial, operational, innovation, and human capital KPIs to ensure alignment with strategic objectives.
- xiii. **Investments in New Transformers and Grid Stations**
- xiv. **Infrastructure Improvements:**
 - **Installation of Shunt Capacitors:** To improve power factor and voltage regulation.
 - **Construction and Rehabilitation:** (i) building new feeders, shifting loads, and replacing deteriorated infrastructure.(ii) Rehabilitation of feeder by replacement of conductor, pole, structure or the introduction of new ones by mid spanning ; (iii) Bifurcation of 11 kV Feeders; iv) addition of new feeders and reconductoring of HT/LT lines.(v)Replacement of deteriorated conductor (with broken strands) or a conductor with more / unacceptable numberof joints
 - **Distribution Transformers:** Relocation and Addition of distribution transformers as well as augmentation of distribution transformer (with higher capacity) due to the addition of newgeneral connections / increase of load by individual customers.

Key Risks Identified:

- i. **Financial Constraints:** Risk of delays or limitations in meter replacement and other investments due to financial limitations.
- ii. **Operational Challenges:** Potential difficulties in accurately installing and managing new scanning meters, especially in scattered rural areas.
- iii. **Project Execution Risk;** Risks associated with meeting project timelines and budgets, including delays in the clearance of right-of-way issues, unforeseen obstacles during construction, and the ability to manage and supervise day-to-day activities effectively.
- iv. **Market Price Fluctuations**
- v. **Regulatory Compliance:** Risk of non-compliance with changing government policies and regulations affecting procurement practices.
- vi. **Supply Chain Disruptions:** Risk of material shortages or delays due to supply chain interruptions.

- vii. **Technology Integration:** Risk of challenges in implementing and integrating new technology solutions.
- viii. **Human Resource Constraints:** Risk of insufficient staffing and inadequate training impacting operational efficiency.

8. THE CURRENT OR ANTICIPATED BORROWING OF THE STATE-OWNED ENTERPRISE, INCLUDING BORROWING BY A SUBSIDIARY

IESCO's all borrowings currently are under the arrangement of Economic Affairs Division (EAD) and relent loans are appearing in IESCO Balances obtained for 6th STG and now AMI. Similarly the future borrowing has been shown to be on the same parameters for mega project reflecting in business plan.

Particulars	Amount (Rs.M)
New Loan : (2024-25 to 2026-27)	18,064
CAPEX including Deposit:- (2024-25 to 2026-27)	90,590

9. THE ACCOUNTING POLICIES THAT STATE-OWNED ENTERPRISE WILL APPLY FOR FINANCIAL RECORDS AND REPORTING

Being a public sector company, it complies with all related accounting as well as the reporting requirements given in Company's Act, International Accounting and Financial Reporting Standards.

10. SUMMARY OF INDICATIVE BALANCE SHEET AND PROFIT OR LOSS STATEMENT FOR THE STATE-OWNED ENTERPRISE

Attached as Annexure-G

11. CONSOLIDATED SUMMARY OF INDICATIVE BALANCE SHEET AND PROFIT AND LOSS STATEMENT FOR THE STATE-OWNED ENTERPRISE AND ITS SUBSIDIARIES AS A GROUP

IESCO does not have any subsidiaries.

12. THE PROPOSED DIVIDEND DECLARATION AND DISTRIBUTION POLICY OF THE STATE-OWNED ENTERPRISE

The company has not declared any Dividend for FY 2023-24 due to net loss incurred. Efforts are underway to improve profitability and consider dividend payouts in the future.

13. DESCRIPTION OF ANY PUBLIC SERVICE OBLIGATION AND THEIR IMPACT ON THE FORECASTED FINANCIAL OUTCOMES OF THE STATE-OWNED ENTERPRISE

As per NEPRA SOLR Licence IESCO has the following public service obligations

- a) quality of electric power supply service
- b) transparency of transactions
- c) collection and deposit of the charges

14. ANY OTHER MATTER DIRECTED TO BE INCLUDED IN THIS STATEMENT BY THE FEDERAL GOVERNMENT

Nil

Annex - 6

PROFIT/LOSS STATEMENT				
Description	FY 2023-24	FY 2025	FY 2026	FY 2027
Sale Income	325,758	355,900	391,905	435,218
Cost of Sales	302,698	301,949	329,638	363,699
Gross Profit	23,060	53,952	62,267	71,518
Administrative expenses	14,216	16,213	17,835	19,618
Distribution costs	15,959	22,699	24,968	27,465
Customer services costs	941	1,621	1,783	1,962
Depreciation	6,182	6,460	7,471	8,258
Operating Profit/(Loss)	(14,239)	6,959	10,210	14,216
Other income	12,348	12,471	12,596	12,722
Finance costs	1,478	2,182	3,098	2,957
Profit/(Loss) before taxation	(3,369)	17,248	19,708	23,980

ISLAMABAD ELECTRIC SUPPLY COMPANY LIMITED							
PROJECTED BALANCE SHEET							
	Actual Audited	Actual Audited	Actual Audited	Actual Un-Audited Provisional	Projected	Projected	Projected
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Rs. Million						
ASSETS:							
Total Non-Current Assets	154,533	161,871	178,109	210,208	243,236	261,141	273,713
Total Current Assets	112,419	184,269	160,042	185,985	197,307	218,786	212,503
Non-Current Assets held for Sale	66	66	66	66	66	66	66
Total Assets	267,019	346,205	338,216	396,258	440,609	479,993	486,282
EQUITY AND LIABILITIES:							
Equity	27,174	29,041	29,182	30,599	42,673	56,469	73,255
Total Non-Current Liabilities	88,169	91,587	114,998	131,922	147,883	167,883	175,869
Total Current Liabilities	151,675	225,577	194,036	233,738	250,054	255,641	237,159
Total Equity and Liabilities	267,019	346,205	338,216	396,258	440,609	479,993	486,282