

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY (HYDROELECTRIC - NEPRA REGULATED BUSINESS)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan Water and Power Development Authority (WAPDA) (Hydroelectric -NEPRA Regulated Business)**, hereinafter referred as "WAPDA Hydroelectric", which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of WAPDA Hydroelectric as at June 30, 2024 and of its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards.

Basis for Opinion

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

Other Matter

We draw attention to the fact that these financial statements only represent the financial information of WAPDA Hydroelectric - NEPRA regulated business. These financial statements do not include the complete financial information of entire Water and Power Development Authority.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report of WAPDA Hydroelectric, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Members of the WAPDA Hydroelectric for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Members of the WAPDA Hydroelectric are responsible for overseeing the WAPDA Hydroelectric's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WAPDA Hydroelectric's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WAPDA Hydroelectric's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future

- events or conditions may cause WAPDA Hydroelectric to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Members of the WAPDA Hydroelectric with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Amin Ali.

Lahore
Dated: December 19, 2024
UDIN: AR202410051WJQPlyukb



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

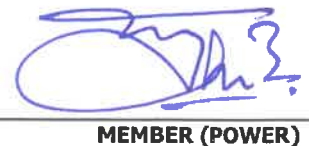
PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
		Rupees in thousands	
Assets			
Non-Current Assets			
Property, plant and equipment	6	1,074,875,805	897,732,685
Long term investments	7	20,906,500	20,906,500
Long term loans and deposits	8	854,949	800,565
		1,096,637,254	919,439,750
Current Assets			
Stores, spares and loose tools	9	2,437,718	2,732,689
Receivable from the customer	10	137,690,419	290,435,130
Short term investments	11	40,000,000	31,744,901
Other receivables	12	4,140,059	4,778,419
Loan and advances	13	6,182,854	5,520,273
Prepayments		5,086	5,101
Bank balances	14	205,597,253	158,726,506
		396,053,389	493,943,019
Total Assets		1,492,690,643	1,413,382,769
Regulatory deferral account debit balances	15	87,019,365	16,344,789
Total Assets and Regulatory Deferral Account Debit Balances		<u>1,579,710,008</u>	<u>1,429,727,558</u>
Equity and Liabilities			
Equity			
Investment of Government of Pakistan	16	63,000,716	63,000,716
Unappropriated profits		232,731,389	186,947,055
		295,732,105	249,947,771
Non- Current Liabilities			
Long term financing	17	229,549,539	225,150,424
Deferred grants	18	253,177,790	210,764,691
Employees post employment and other benefits	19	107,865,555	69,558,024
Retention money payable	20	35,863,673	22,005,403
		626,456,557	527,478,542
Current Liabilities			
Trade and other payables	21	23,004,105	24,423,320
Short term borrowings	22	82,453,637	182,469,842
Payable against hydel levies	23	154,082,844	127,852,637
Current portion of long term financing	17	389,479,008	311,029,838
Current portion of deferred grants	18	244,678	244,678
Current portion of retention money payable	20	980,605	1,829,616
Accrued interest	24	7,276,469	4,451,314
		657,521,346	652,301,245
Total Liabilities		1,283,977,903	1,179,779,787
Total Equity and Liabilities		<u>1,579,710,008</u>	<u>1,429,727,558</u>
Contingencies and Commitments	25	-	-

The annexed notes from 1 to 38 form an integral part of these financial statements.


MEMBER (FINANCE)


MEMBER (POWER)

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		Rupees in thousands	
Revenue from contract with customer - net	26	73,144,577	74,793,564
Cost of revenue	27	<u>(35,133,764)</u>	<u>(28,910,734)</u>
Gross Profit		38,010,813	45,882,830
Operating expenses	28	<u>(3,359,588)</u>	<u>(2,734,081)</u>
Operating Profit		34,651,225	43,148,749
Finance and other costs	29	(66,150,948)	(49,038,697)
Other income	30	<u>38,371,251</u>	<u>12,558,619</u>
Profit for the Year before Net Movement in Regulatory Deferral Account		6,871,528	6,668,671
Net movement in regulatory deferral account	15	70,674,576	848,363
Net Profit for the Year		<u><u>77,546,104</u></u>	<u><u>7,517,034</u></u>

The annexed notes from 1 to 38 form an integral part of these financial statements.


MEMBER (FINANCE)


MEMBER (POWER)-

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
	Rupees in thousands	
Net Profit for the Year	77,546,104	7,517,034
Other comprehensive loss:		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
- Actuarial loss on employees retirement benefits	(31,761,770)	(6,203,301)
<i>Items that will be subsequently reclassified to profit or loss</i>	-	-
	(31,761,770)	(6,203,301)
Total Comprehensive Income for the Year	45,784,334	1,313,733

The annexed notes from 1 to 38 form an integral part of these financial statements.
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MEMBER (FINANCE)


MEMBER (POWER)

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Government of Pakistan's Investment	Unappropriated Profits	Total
	----- Rupees in thousands -----		
Balance as at June 30, 2022	63,000,716	185,633,322	248,634,038
Profit for the year and net movements in regulatory deferral account debit balances	-	7,517,034	7,517,034
Other comprehensive loss	-	(6,203,301)	(6,203,301)
Total comprehensive income for the year	-	1,313,733	1,313,733
Balance as at June 30, 2023	63,000,716	186,947,055	249,947,771
Profit for the year and net movements in regulatory deferral account debit balances	-	77,546,104	77,546,104
Other comprehensive loss	-	(31,761,770)	(31,761,770)
Total comprehensive income for the year	-	45,784,334	45,784,334
Balance as at June 30, 2024	<u>63,000,716</u>	<u>232,731,389</u>	<u>295,732,105</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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MEMBER (FINANCE)


MEMBER (POWER)

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024	2023
		Rupees in thousands	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before net movements in regulatory deferral account debit balances		6,871,528	6,668,671
Adjustments to reconcile profit for the year before net movements in regulatory deferral account debit balances to net cash flows:			
Depreciation of operating fixed assets	6.1.1	7,828,676	7,501,978
Finance and other costs	29	66,150,948	49,038,697
Provision of employees retirement benefits and other benefits	19.3	12,950,286	10,803,980
Income from financial assets	30.1	(37,599,609)	(12,023,967)
Gain on disposal of operating fixed assets	30.2	(5,310)	(5,022)
Amortization of deferred grants	30.2	(244,678)	(244,678)
		49,080,313	55,070,988
Operating profit before working capital changes		55,951,841	61,739,659
(Increase) / decrease in current assets:			
Stores, spare and loose tools		294,971	(1,769,096)
Receivable from the customer against sale of electricity		130,298,308	(8,497,641)
Receivable from the customer against hydel levies		22,446,403	(7,177,058)
Loans and advances		(656,462)	943,921
Prepayments		15	(33)
Other receivables		(67,945)	(2,414,406)
(Decrease) / increase in current liabilities:			
Trade and other payables		(1,419,215)	(4,447,933)
Payable against hydel levies		26,230,207	35,862,483
		177,126,282	12,500,237
Cash Generated from Operations		233,078,123	74,239,896
Long term loans, advances and deposits (given)		(59,843)	(49,892)
Payment of finance and other costs		(34,605,134)	(22,274,348)
Retention money deducted		9,651,920	6,344,120
Payment of employee retirement and other benefits		(6,404,525)	(5,139,889)
		(31,417,582)	(21,120,009)
Net Cash Generated from Operating Activities		201,660,541	53,119,887

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PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		Rupees in thousands	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets and capital stores		(861,232)	(1,247,154)
Capital expenditure incurred on capital work in progress		(187,234,047)	(106,567,888)
Proceeds from sale of operating fixed assets		5,948	13,030
Long term investments made during the year		-	(20,906,500)
Short term investments made during the year		(95,826,901)	(51,744,901)
Short term investments realized during the year		87,617,802	30,000,000
Interest and other income received		38,259,254	12,022,687
Grants received		42,657,777	43,900,949
Net Cash Used in Investing Activities		(115,381,399)	(94,529,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		133,488,588	53,969,019
Repayment of long term financing		(30,978,736)	(5,552,688)
Short term borrowings - net		(141,918,247)	580,744
Net Cash (Used in) / Generated from Financing Activities	32	(39,408,395)	48,997,075
Net Increase in Cash and Cash Equivalents		46,870,747	7,587,185
Cash and cash equivalents at the beginning of the year		158,726,506	151,139,321
Cash and Cash Equivalents at the End of the Year	14	205,597,253	158,726,506


MEMBER (FINANCE)


MEMBER (POWER)

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1

Legal Status and Operations

1.1 Pakistan Water and Power Development Authority (WAPDA) is a body corporate, created under the Pakistan Water and Power Development Authority Act, 1958 (West Pakistan Act No. XXXI of 1958), commonly known as WAPDA Act and is fully owned by the Government of Pakistan (GoP) through Ministry of Water and Power (now Ministry of Water Resources). The registered office of WAPDA is situated at WAPDA House, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan.

The statutory mandate of WAPDA is to develop and utilize the water and power resources of Pakistan on a unified and multipurpose basis. The mandate of WAPDA also included generation, transmission and distribution of power and the construction, maintenance and operation of power houses and grids, till the year 1998. Thereafter, in line with the strategic plan approved by the GoP, WAPDA Power Wing was restructured whereby assets and liabilities relating to power distribution activities were transferred to 8 Distribution Companies (DISCOs) on July 01, 1998, generation activities (other than hydel generation activities) were transferred to 4 Generation Companies (GENCOs) and transmission activities were transferred to National Transmission and Dispatch Company (NTDC) on March 01, 1999.

WAPDA decided to segregate the operation and development of hydel power generation activities (WAPDA Hydroelectric - NEPRA regulated business) from its non core activities (non-regulated business) under NEPRA Rules, 2009. The regulated business comprises activities purely related to the hydel power generation and development.

These financial statements only represent the financial information of WAPDA Hydroelectric - NEPRA regulated business ("WAPDA Hydroelectric", "Hydroelectric" or "the entity") and have been prepared in accordance with the accounting and financial reporting framework described in Note 2.

1.2 Generation license

National Electric Power Regulatory Authority (NEPRA) has issued Generation License no. GL(Hydel)/05/2004 to WAPDA on November 03, 2004 valid for Thirty (30) years up to 2034 under section 30 of NEPRA Act, 1997 for its Hydel power stations. The management expects that the generation license would be renewed upon its expiry.

1.3 Operational hydel power stations

WAPDA Hydroelectric is currently generating electricity from 21 hydropower stations, which have been described below along with their installed capacity as per the generation license:

Power Station	Province	Installed Capacity (MW)	Power Station	Province	Installed Capacity (MW)
- Tarbela	KPK*	3,478	- Jabban	KPK	22
- Ghazi Barotha	Punjab	1,450	- Rasul	Punjab	22
- Tarbela 4th	KPK	1,410	- Dargai	KPK	20
- Mangla	AJK**	1,000	- Gomal Zam	KPK	17
- Warsak	KPK	243	- Nandipur	Punjab	14
- Chashma	Punjab	184	- Shadiwal	Punjab	14
- Duber Khwar	KPK	130	- Chichoki	Punjab	13
- Allai Khwar	KPK	121	- Kurram Garhi	KPK	4
- Golen Gol	KPK	108	- Chitral	KPK	1
- Jinnah Hydel	Punjab	96	- Renala Khurd	Punjab	1
- Khan Khwar	KPK	72			
* Khyber Pakhtunkhwa			** Azad Jammu and Kashmir		

1.4 Projects under development

Following major projects are under development as at the reporting date:

- | | |
|----------------------------|----------------------------------|
| 1. Diamer Bhasha Dam | 6. Tarbela 5th Extension |
| 2. Mohmand Dam | 7. Warsak 2nd Rehabilitation |
| 3. Dasu Hydropower Project | 8. GB Projects (Attabad & Harpo) |
| 4. Mangla Refurbishment | |
| 5. Keyal Khwar | |

Note 2

Basis of Preparation

2.1 Carve-out methodology

WAPDA Hydroelectric is not a separate legal entity but meets the definition of a reporting entity under International Financial Reporting Standards (IFRS) under the Conceptual Framework for IFRS. IFRS defines a reporting entity as an entity that is required, or chooses, to prepare financial statements.

WAPDA Hydroelectric is part of WAPDA Power Wing, which is a segment of WAPDA and is in the business of generation and sale of hydroelectricity, which represents its economic activities. All the operating activities of WAPDA Hydroelectric are clearly defined and separately managed from the other businesses of WAPDA and accounting records are maintained on this basis. The assets of WAPDA Hydroelectric are used solely by WAPDA Hydroelectric and are registered in the name of WAPDA. The liabilities relate to the activities of WAPDA Hydroelectric.

Although the reporting boundary is defined above, the assets and liabilities presented within the reporting boundary remain the assets and liabilities of WAPDA and are not legally separable from WAPDA's other assets and liabilities. As such legally, the assets of WAPDA Hydroelectric may be available to the other claims of WAPDA.

All revenues and costs associated with WAPDA Hydroelectric's business activities are included in these financial statements.

These carve out financial statements do not constitute statutory financial statements within the meaning of Section 223 of the Companies Act, 2017 (the Act). WAPDA Hydroelectric elected to apply those IFRSs, which are applicable to companies registered under the Companies Act, 2017 in Pakistan. The IFRSs applicable to companies are notified by SECP and accordingly WAPDA Hydroelectric has applied these accounting and reporting standards applicable in Pakistan including the relevant exemptions granted by SECP in the preparation of these financial statements.

2.2 Statement of compliance

These carved out 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 Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("PKR" or "Rs.") which is also WAPDA Hydroelectric's functional currency. All values have been rounded to the nearest thousands of rupees, except when otherwise indicated.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of employee retirement and other benefits at present value.

2.5 Use of 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 accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 judgment about carrying value of assets and liabilities that are not readily available 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 estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Note 2, Basis of Preparation, continued.....

Judgments made by the management in the application of accounting and reporting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are documented in the following accounting policies and notes, and relate primarily to:

	<u>Note</u>
- Renewal of generation license	1.2
- Useful lives, impairment and method of depreciation of operating fixed assets	4.1.1.3
- Allowance against stores and spares	4.4
- Impairment allowance against financial assets	4.5.1.5
- Regulatory deferral account	4.7
- Employee retirement and other benefits	4.9
- Estimation of provisions	5.3
- Estimation of contingent liabilities	5.4

2.6 Exemptions from applicability of certain standards and interpretation to standards

1) SECP, through its S.R.O No. 67(I)/2023, dated January 20, 2023, has exempted the requirements contained in IFRS 9 (Financial Instruments) related to application of Expected Credit Losses (ECL) method till December 31, 2024, in respect of financial assets due or ultimately due from the GoP, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

The major financial assets of WAPDA Hydroelectric include receivable from Central Power Purchasing Agency (CPPA-G). Accordingly, ECL under IFRS 9 is not applicable on this receivable; however, the management has assessed incurred losses under IAS 39.

2) SECP through its S.R.O. No. 24(I)/2012 dated January 16, 2012 and S.R.O 1177(I)/2021, dated September 13, 2021, has granted exemption from requirements of certain International Financial Reporting Standards ("IFRS") to all companies that have executed their power purchase agreements before January 01, 2019, as follows:

- a) IFRS 16 (Leases) to the extent of the power purchase agreements executed before the effective date of IFRS 16 i.e. January 01, 2019;
- b) IAS 21 (The Effects of Changes in Foreign Exchange Rates) to the extent of capitalization of exchange differences; and
- c) In case of capitalization of exchange differences under (b) above, recognition of embedded derivative under IFRS 9 (Financial Instruments) shall not be permitted.

WAPDA has entered into Power Purchase Agreement (PPA) with CPPA-G on January 24, 2011. Under the PPA, WAPDA Hydroelectric is obligated to sell and deliver all output of its power plants in accordance with the provisions of PPA. WAPDA Hydroelectric's arrangement with CPPA-G falls under the definition of lease under IFRS-16 for which WAPDA Hydroelectric is availing the exemption granted by SECP.

Furthermore, pursuant to exemption from SECP for capitalization of exchange differences under IAS 21, the exchange gain / loss on translation of foreign currency loan and related bank balances of under development hydropower projects is capitalized as part of capital work in progress.

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Note 3

Changes in Accounting Standards, Interpretations and Pronouncements

3.1 Changes in accounting standards, interpretations and pronouncements

3.1.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments, and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

		Effective Date - Annual Periods Beginning on or After
IAS 01	Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting Policies	January 01, 2023
IAS 08	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
IAS 12	Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
IAS 01	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
IAS 01	Initial Application of 'IFRS 17 Insurance Contracts and IFRS 9 - Comparative Information'	January 01, 2023

3.1.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

		Effective Date - Annual Periods Beginning on or After
IAS 01	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Amendments to IAS 7 "Statement of Cash Flows"	January 1, 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 1, 2024
IFRS 7	Amendments to IFRS 7 "Financial Instruments Disclosures"- Supplier Finance Arrangements	January 1, 2024
IFRS 7	Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 1, 2024
IFRS 16	Amendments to IFRS 16 "Leases" - Clarification on how seller-lessee subsequently measures sale and lease back transaction	January 1, 2024

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at January 31, 2024:

IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'
IFRS 1	First Time Adoption of IFRS
IFRS S1	Information
IFRS S2	Climate-Related Disclosures

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Note 4

Material Accounting Policy Information

WAPDA Hydroelectric has adopted the amendments to IAS 1 regarding disclosure of accounting policies. Although these amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the financial statements.

The material accounting policy information related to the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented except as otherwise stated.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

4.1.1.1 Cost

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. The cost comprises purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for its intended use.

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 WAPDA Hydroelectric and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Major spare parts and standby equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of operating fixed assets. Major spare parts and standby equipment available for use are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

4.1.1.2 Derecognition

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

4.1.1.3 Depreciation

Depreciation is charged to profit or loss on straight-line method so as to write off the cost of operating fixed assets, over their estimated remaining useful lives at the rates specified below. However, depreciation charged on assets that directly relates to construction and acquisition of other assets is included in the cost of such assets. Depreciation on addition to operating fixed assets is charged from the month in which the asset is available for use and continued till the month of disposal.

Depreciation for the year is recognized on a straight line basis over the estimated useful life of each component of an item of operating fixed assets. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is not charged to fully depreciated assets. Lands are not depreciated.

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Note 4, Material Accounting Policy Information - Continued...

WAPDA Hydroelectric depreciates its fixed assets as per the depreciation rates given in WAPDA Hydroelectric's Accounting and Financial Reporting Manual.

WAPDA Hydroelectric reviews the useful lives of operating fixed assets on regular basis. The depreciation method and the useful life of each part of operating fixed assets that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

WAPDA Hydroelectric assesses at each reporting date whether there is any indication that assets excluding inventory may be impaired. In making these assessments, WAPDA Hydroelectric uses the technical resources available inside/outside WAPDA Hydroelectric, as appropriate. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to profit or loss.

4.1.2 Capital work-in-progress

Capital work in progress is stated at cost less accumulated impairment losses, if any. Projects of capital work in progress are transferred to operational offices (hereinafter referred as "formations") of WAPDA Hydroelectric when 100% progress is certified by the consultants and verified by WAPDA Hydroelectric's own engineers. Capital work in progress mainly includes direct cost, netted with respective test run revenue, incurred on the development projects including incurred on land acquisition, salaries of personnel deployed at respective development projects and mobilization advances given to designated contractors and consultants.

4.2 Borrowing costs

Interest during construction directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, is not capitalized and instead charged to profit or loss as the same is reimbursed by NEPRA as part of tariff which is being billed and recognized as revenue. Correspondingly investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is also credited to profit or loss.

4.3 Retention money payable

Retention is a percentage of the contract payment value which is held by WAPDA Hydroelectric of designated contractors and consultants. Retention money is released following the expiry of defects liability period, being part of normal credit terms under such agreements. Retention money payable is recognized as the consideration to be paid at the expiry of the defects liability period.

4.4 Stores, spare parts and loose tools

These are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other direct charges paid thereon till the reporting date. WAPDA Hydroelectric reviews stores and spare parts for possible impairment on an annual basis and provision is made for obsolescence, based on the management's best estimate.

4.5 Financial instruments

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

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Note 4, Material Accounting Policy Information - Continued...

4.5.1 Financial assets - Classification and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

4.5.1.1 Classification

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

4.5.1.2 Initial recognition and measurement

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at transaction price. Trade receivables are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15.

4.5.1.3 Subsequent measurement

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

4.5.1.4 Derecognition

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in the statement of profit or loss.

4.5.1.5 Impairment of financial assets

WAPDA Hydroelectric recognizes an allowance for ECLs for all debt instruments (excluding receivable from the CPPA-G) not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Hydroelectric expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The trade receivable of WAPDA Hydroelectric represents amounts due from the CPPA-G (a Government owned entity) against sale of electricity and hydel levies. SRO No. 67(1)/2023 issued by SECP on January 20, 2023 in respect of the companies holding financial assets due from GOP, the requirements contained in "IFRS 9 (Financial instrument) with respect to application of expected credit losses method" shall not be applicable till December 31, 2024. Accordingly, no impairment charge is recorded on the trade receivables. However, receivables from CPPA-G are assessed at each reporting date to determine whether there is any objective evidence that it is impaired as per IAS 39. 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.

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Note 4, Material Accounting Policy Information - Continued...

4.5.2 Financial liabilities

4.5.2.1 Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc. The Company does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in profit or loss.

4.5.2.2 Subsequent measurement

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

4.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Hydel levies

The Article 161 (2) of the Constitution of Islamic Republic of Pakistan provides that the net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government i.e. WAPDA as determined by the Presidential Order no. 3 of June 1991, from the bulk generation of power at a hydroelectric station shall be paid to the provinces in which hydroelectric stations are situated.

Hydel levies mainly comprise Net Hydel Profits (NHP) attributable to the Governments of Punjab (GoPb) and Khyber Pakhtunkhwa (GoKPK) as per instructions of the GoP and also include Water Usage Charges (WUC) payable to the Government of Azad, Jammu and Kashmir (GoAJ&K) and Water Management Charges (WMC) payable to the Indus River System Authority (IRSA). These levies are billed to CPPA-G at federally notified rates, recorded as receivables in the financial statements, and any unpaid levies to provinces are recognized as payables for hydel levies."

4.7 Regulatory deferral account

A regulatory deferral account balance is defined as the balance of any expense (or income) account that would not be recognized as an asset or a liability in accordance with other Standards, but that qualifies for deferral because it is included, or is expected to be included, by the rate regulator in establishing the rates that can be charged to customers.

As mentioned in Note 1.1, WAPDA was formed under the WAPDA Act, which prescribes that rate of sale of electricity shall be so fixed as to provide for recovering the operating costs, interest charges, depreciation of assets and return on investment. WAPDA Hydroelectric submits its tariff petition after every two years with NEPRA (regulator for determining the tariff of electricity in the country and also a related party of WAPDA Hydroelectric), on the basis of management's best estimate of the expected cost and the difference of actual cost incurred versus the estimate of cost considered by NEPRA in determining the previous tariffs. NEPRA determines the next tariff based upon the tariff petitions filed by the WAPDA Hydroelectric. The regulatory deferral balances arise due to this rate regulation process. The management is confident that no significant risks exits as of reporting date in respect of rate regulation.

WAPDA Hydroelectric initially recognizes deferral account balance at historic cost, without accounting for the effect of time value of money, based on the management's best estimate considering the tariff structure under the WAPDA Act and tariff determinations of NEPRA. Such amounts are expected to be recovered through tariff from CPPA-G, in future periods and these are transferred from regulatory deferral account to receivable from the customer. At each reporting date, the outstanding balance of deferral amount is assessed for probability of recovery, considering decisions of NEPRA. An impairment charge is also recognized, if recoverable amount, without accounting for the effect of time value of money is less than their carrying value.

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Note 4, Material Accounting Policy Information - Continued...

4.8 Government / deferred grants

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. WAPDA Hydroelectric receives two type of grants: against specific expenses or for specific assets. When the grant relates to an expense item, it is recognized as income over the period necessary to match the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and charged to profit or loss over the expected useful life of the related asset.

Monetary grant:

If grant is in the form of cash, it is measured at the amount of cash received or receivable.

Non-monetary grant:

When WAPDA Hydroelectric receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

4.9 Employee retirement and other benefits

WAPDA Hydroelectric operates following retirement and other long term schemes for its employees.

a) Pension:

WAPDA Hydroelectric offers post employment pension scheme to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for lifetime pension based on "Pensionable Salary" as defined in the pension scheme rules of WAPDA. After the death of the employee, their spouse and minor children (if any) are also eligible for 75% of pension benefit.

No benefits under this scheme are available to any employee who either resigned from the service before 25 years or who is dismissed / terminated from the service of Hydroelectric due to misconduct.

b) Free medical facility:

WAPDA Hydroelectric provides free medical benefits to its pensioners. The level of post-retirement medical benefit for a retiree (or beneficiaries) depends on whether the retiree opts for cash medical allowance during service or not. Pensioners eligible for full medical benefits are allowed to use all medical and surgical facilities available at WAPDA Hospitals and Dispensaries. Specialist consultation is also provided if considered necessary by WAPDA Medical Officer.

The retirees can opt to take cash medical allowance in accordance with their basic pay scale.

c) Free electricity facility:

WAPDA Hydroelectric offers free electricity benefit to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for lifetime free electricity benefit based on their last served employment scale, starting from the date of retirement. After the death of the employee, their spouse and minor children (if any) are also eligible for the 50% of the free electricity benefit.

No benefits under this scheme are available to any employee who either resigned from the service before 25 years or who is dismissed / terminated from the service of WAPDA Hydroelectric due to misconduct.

d) Compensated absences:

WAPDA Hydroelectric provides leave encashment benefit to its employees. Employees of WAPDA Hydroelectric are entitled to receive 48 days leave per annum. The un-utilized leave are accumulated subject to a maximum of 365 days. The un-utilized accumulated leave are en-cashed at the time of leaving the service.

The employees are also entitled to take Leave Preparatory to Retirement (LPR) of one year retirement. A general practice of the employees is to take leave encashment benefit on monthly/quarterly/semi-annually basis in the last year before retirement which is equivalent to rendering additional service during LPR.

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Note 4, Material Accounting Policy Information - Continued...

Due to materially different risks associated with each benefit plan, WAPDA Hydroelectric has disaggregated the above benefits for disclosure purposes. It underwrites the actuarial risk associated with the above benefits and determines the defined benefit liability by consulting a qualified independent actuary.

WAPDA Hydroelectric recognizes the defined benefit liabilities in the statement of financial position. The cost of providing benefits under the defined benefit plan is determined by an independent qualified actuary using the projected unit credit method. Actuarial valuation is conducted every year.

Re-measurements, comprising actuarial gains and losses from changes in actuarial and experience assumptions for pension, free electricity and free medical benefits are recognized immediately in the statement of financial position with a corresponding debit or credit to accumulated profits through other comprehensive income in the period in which they occur, whereas actuarial gain and loss from changes in actuarial and experience assumptions for compensated absences is recognized in statement of profit or loss. Re-measurement of defined benefit liabilities recognized in other comprehensive income shall not be reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on earlier of; the date of the plan amendment or curtailment, and the date when WAPDA Hydroelectric recognizes related restructuring cost. Net interest is calculated by applying the discount rate to defined benefit liabilities. WAPDA Hydroelectric recognizes the current service cost, past service cost, gains and losses on curtailments, non-routine settlements and net interest expense or income changes in the defined benefit obligations in the statement of profit or loss.

4.9.1 Estimates and judgments

The cost of employee retirement benefits is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, future pension increases, future increase in medical costs and future increase in electricity costs.

Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. WAPDA Hydroelectric uses the valuation performed by an independent actuary as the present value of its defined benefit obligations. Actuarial valuation is conducted every year and is based on assumptions as mentioned in notes to these financial statements.

4.9.2 Risks associated with benefit schemes

Pension

- WAPDA Hydroelectric provides pension benefits to all of its regular employees.
- The pension scheme is an un-funded scheme. There is no minimum funding requirement for a pension scheme which leads to relatively less secured pension benefits.
- The pension scheme is a defined benefit scheme with benefits based on service and last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases and pension increases.

Medical

- WAPDA Hydroelectric provides post-retirement medical benefits to all of its regular employees.
- The post-retirement medical benefits scheme is an un-funded scheme. In general, there is no practice in the local market to have a funded post-employment medical benefit scheme.
- There is no minimum funding requirements for a post-retirement medical benefit scheme which leads to relatively less secured post-retirement medical benefits.
- The post-retirement medical benefit scheme is categorized as a post-employment defined benefit scheme in accordance with the provisions of IAS-19. The liabilities of the scheme are sensitive to the increases in medical cost incurred by retirees in future.

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Note 4, Material Accounting Policy Information - Continued...

Electricity

- WAPDA Hydroelectric provides post-retirement free electricity to all of its regular employees.
- The post-retirement free electricity scheme is an un-funded scheme. This mean that the cost incurred by WAPDA Hydroelectric on providing this benefit is not paid from any fund.
- The post-retirement free electricity scheme is categorized as a post-employment defined benefit scheme in accordance with the provisions of IAS-19. The liabilities of the scheme are sensitive to the increases in electricity cost in future.

Leave Encashment / Compensated Absences

- WAPDA Hydroelectric provides leave encashment benefit to all of its regular employees.
- The leave encashment benefit scheme is an un-funded Scheme. This mean that the cost incurred by WAPDA Hydroelectric on providing this benefit is not paid from any fund.
- The leave encashment benefit scheme is categorized as other long term employee benefit in accordance with the provisions of IAS-19. The benefit is based on the last drawn salary. Therefore, liabilities of the scheme are sensitive to increases in salaries.

4.10 Events after the reporting period

If WAPDA Hydroelectric receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, Hydroelectric will assess if the information affects the amounts that it recognizes in Hydroelectric's financial statements. WAPDA Hydroelectric will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, WAPDA Hydroelectric will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

4.11 Foreign currencies

Transactions in foreign currencies are initially recorded by WAPDA Hydroelectric at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of exchange differences on translation of foreign currency loan and related foreign currency bank balances related to projects under development, which are being capitalized to the extent they are eligible for capitalization, up to the date of commissioning of the projects, pursuant to the exemption granted by SECP as disclosed in Note 3.1. All other exchange differences are charged to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. There are no non-monetary items measured at fair value in a foreign currency.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which WAPDA Hydroelectric initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, WAPDA Hydroelectric determines the transaction date for each payment or receipt of advance consideration.

4.12 Revenue from contract with customer

Revenue is recognized by applying the following steps:

- i) Identifying contract with a customer
- ii) Identifying performance obligation in the contract
- iii) Determining transaction price of the contract
- iv) Allocating transaction price to each of the separate performance obligations in the contract
- v) Recognizing the revenue when (or as) the Company satisfies a performance obligation

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Note 4, Material Accounting Policy Information - Continued..

Revenue is measured based on the consideration to which WAPDA Hydroelectric expects to be entitled to in a contract with a customer and excludes amounts collected on behalf of third parties. WAPDA Hydroelectric recognizes revenue when it transfers control of a product or service to a customer.

4.12.1 Sale of electricity

WAPDA signed its PPA with CPPA-G, the sole customer of WAPDA Hydroelectric on January 24, 2011.

Performance obligations

Under the PPA, WAPDA Hydroelectric is obligated to:

- sell and deliver all Net Electric Output (NEO) of all power stations of WAPDA Hydroelectric; and
- make available the installed capacity of power stations to CPPA-G.

Since, CPPA-G simultaneously receives and consumes the benefits provided by WAPDA Hydroelectric, hence performance obligations are satisfied over time. However, WAPDA Hydroelectric applies the practical expedient of right to invoice to recognize the revenue under IFRS 15. There is no significant financing component and significant variable consideration. The individual components of consideration is billed on monthly basis in accordance with terms of the PPA. The invoices are raised to CPPA-G on monthly basis and are payable within 25 days from the date of invoice.

The power sale invoice comprises payments for a fixed charge and a variable charge. Fixed charge payments are computed by multiplying the fixed charge rate with the installed capacity and variable charge payments are computed by multiplying the variable charge rate with the net electrical output in the month to which the relevant invoice relates. The fixed charge rate and the variable charge rate for each agreement year are approved by NEPRA and notified by the Federal Government in the official Gazette.

4.12.2 Grant income

- Grant related to operating fixed assets are taken to income over the useful life of the operating assets in order to match with the corresponding depreciation expense.
- Grant for operating expenditures are amortized on the basis of expenditure incurred in accordance with the terms attached to the respective grants.

4.12.3 Sale of scrap and store items

Revenue from sale of scrap and store items is recognized when control of items passes to buyers which is generally on dispatch of goods.

Note 5

Other Accounting Policy Information

Other accounting policy information adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the periods presented unless stated otherwise.

5.1 Impairment of non-financial assets

The carrying amounts of non-financial assets other than stores, spares and loose tools are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

WAPDA Hydroelectric's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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Note 5, Other Accounting Policy Information - Continued...

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, if no impairment loss had been recognized.

5.2 Bank balances

Bank balances comprise cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

For the purpose of the statement of cash flows, bank balances consist of balances with banks, as defined above, as they are considered an integral part of WAPDA Hydroelectric's cash management.

5.3 Provisions

Provisions are recognized when Hydroelectric has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When WAPDA Hydroelectric expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

WAPDA Hydroelectric has no legal or constructive obligation regarding dismantling and removal of the power generation plants and restoration of the related sites.

5.4 Contingent liabilities

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

A Contingent liabilities is also disclosed when the present obligation arises 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.

5.5 Current versus non-current classification

WAPDA Hydroelectric presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. WAPDA Hydroelectric classifies all other liabilities as non-current.

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Note 5, Other Accounting Policy Information - Continued..

5.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date.

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

5.7 Taxation

Income of WAPDA is exempt from income tax as per provisions of Clause 66 (xvi) Part-I of Second Schedule to the Income Tax Ordinance, 2001. Interest income u/s 151, property income u/s 155 and cash withdrawals from bank u/s 231A of the Income Tax Ordinance, 2001 are also exempt. Exemption certificates in these regards are issued by Commissioner Income Tax on yearly basis. As mentioned in Note 2.1, WAPDA Hydroelectric, being a segment of WAPDA, falls under the exemptions granted under the Income Tax Ordinance 2001.

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Note 6

Property, Plant and Equipment

	Note	2024	2023
		Rupees in thousands	
Operating fixed assets	6.1	262,486,473	248,368,201
Capital work in progress (CWIP)	6.2	806,371,687	643,358,478
Stores held for capitalization		6,017,645	6,006,006
		<u>1,074,875,805</u>	<u>897,732,685</u>

6.1 Operating fixed assets

Particulars	2024												Net Book Value as at June 30, 2024	
	Cost						Depreciation							
	Balance as at July 01, 2023	Direct Additions	Transferred from CWIP	(Disposals)	Adjustments	Balance as at June 30, 2024	Rate	Balance as at July 01, 2023	Charge for the year	(Disposals)	Adjustments	Balance as at June 30, 2024		
	----- Rupees in thousands -----						%	----- Rupees in thousands -----						
Freehold land	6,155,219	16,801	2,021	-	-	6,174,041	-	-	-	-	-	-	6,174,041	
Building and civil works	77,805,294	183,571	2,486,963	(50)	-	80,475,778	2	22,954,433	1,511,188	(50)	-	24,465,571	56,010,207	
Power generation plant assets	121,057,511	70,288	5,963,772	-	2,562,617	129,654,188	2.29-4.95	49,128,564	3,874,479	-	606,869	53,609,912	76,044,276	
Transmission line equipment	17,252,348	499	-	-	(2,562,617)	14,690,230	4	4,265,778	675,127	-	(606,869)	4,334,036	10,356,194	
Dams and reservoirs	130,090,463	11,237	11,296,252	-	-	141,397,952	1-1.25	30,427,336	1,402,689	-	-	31,830,025	109,567,927	
General / plant assets	4,233,756	189,423	1,432,302	(4)	20,840	5,876,317	10	2,044,660	338,843	(4)	-	2,383,499	3,492,818	
Office equipment	517,374	243,459	-	(4,121)	(15)	756,697	10-25	256,529	57,286	(4,081)	(10)	309,724	446,973	
Furniture and fixtures	842,792	42,956	-	(553)	15	885,210	10	681,731	32,660	(508)	10	713,893	171,317	
Transportation equipment	2,558,452	102,998	-	(3,176)	(20,840)	2,637,434	20	2,385,977	31,360	(2,623)	-	2,414,714	222,720	
	<u>360,513,209</u>	<u>861,232</u>	<u>21,181,310</u>	<u>(7,904)</u>	<u>-</u>	<u>382,547,847</u>		<u>112,145,008</u>	<u>7,923,632</u>	<u>(7,266)</u>	<u>-</u>	<u>120,061,374</u>	<u>262,486,473</u>	

Particulars	2023												Net Book Value as at June 30, 2023	
	Cost						Depreciation							
	Balance as at July 01, 2022	Direct Additions	Transferred from CWIP	(Disposals)	Adjustments	Balance as at June 30, 2023	Rate	Balance as at July 01, 2022	Charge for the year	(Disposals)	Adjustments	Balance as at June 30, 2023		
	----- Rupees in thousands -----						%	----- Rupees in thousands -----						
Freehold land	6,070,322	84,897	-	-	-	6,155,219	-	-	-	-	-	-	6,155,219	
Building and civil works	77,369,416	71,899	364,876	(45)	(852)	77,805,294	2	21,454,961	1,499,780	-	(308)	22,954,433	54,850,861	
Power generation plant assets	116,978,028	366,595	3,712,888	-	-	121,057,511	2.29-4.95	45,561,938	3,548,462	-	18,164	49,128,564	71,928,947	
Transmission line equipment	17,252,148	-	-	-	200	17,252,348	4	3,590,659	675,119	-	-	4,265,778	12,986,570	
Dams and reservoirs	130,094,053	2,581	-	-	(6,171)	130,090,463	1-1.25	29,032,376	1,394,968	-	(8)	30,427,336	99,663,127	
General / plant assets	3,764,709	463,118	-	-	5,929	4,233,756	10	1,741,225	322,004	-	(18,569)	2,044,660	2,189,096	
Office equipment	328,012	183,552	-	(90)	5,900	517,374	10-25	223,231	33,541	-	(243)	256,529	260,845	
Furniture and fixtures	820,564	29,393	-	-	(7,165)	842,792	10	660,170	22,411	-	(850)	681,731	161,061	
Transportation equipment	2,517,844	45,119	-	(4,290)	(221)	2,558,452	20	2,316,819	66,140	(4,149)	7,167	2,385,977	172,475	
	<u>355,195,096</u>	<u>1,247,154</u>	<u>4,077,764</u>	<u>(4,425)</u>	<u>(2,380)</u>	<u>360,513,209</u>		<u>104,581,379</u>	<u>7,562,425</u>	<u>(4,149)</u>	<u>5,353</u>	<u>112,145,008</u>	<u>248,368,201</u>	

6.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2024	2023
		Rupees in thousands	
Cost of revenue	27	7,828,676	7,501,978
Transferred to CWIP		94,956	60,447
		<u>7,923,632</u>	<u>7,562,425</u>

Note 6, Property, Plant and Equipment, continued.....

6.1.2 Operating fixed assets by power station

Power stations	2024									Net Book Value as at June 30, 2024
	Cost				Depreciation					
	Balance as at July 01, 2023	Additions / Transfers during the year	(Disposals)	Adjustments / Transfers between Formations	Balance as at June 30, 2024	Balance as at July 01, 2023	Charge for the year	Disposals / Adjustments	Balance as at June 30, 2024	
----- Rupees in thousands -----										
Tarbela	25,713,053	1,720,481	(181)	2,685,032	30,118,385	17,583,398	379,855	606,697	18,569,950	11,548,435
Ghazi Barotha	96,768,603	72,321	(2,460)	(4,423)	96,834,041	37,987,058	1,650,982	(6,528)	39,631,512	57,202,529
Mangla	33,613,057	72,446	-	9,539	33,695,042	9,497,846	596,466	-	10,094,312	23,600,730
Warsak	3,518,375	21,661	-	2,529	3,542,565	2,508,724	46,731	-	2,555,455	987,110
Chashma	23,391,825	38,914	(416)	3,162	23,433,485	12,301,384	849,426	(395)	13,150,415	10,283,070
Rasul	419,163	-	-	2,705	421,868	136,360	6,795	-	143,155	278,713
Dargai	138,506	1,142	(49)	633	140,232	65,831	3,278	(8)	69,101	71,131
Nandipur	155,490	40	(119)	2,705	158,116	89,900	3,425	(113)	93,212	64,904
Shadiwal	186,854	27,321	(50)	2,705	216,830	69,651	3,796	(50)	73,397	143,433
Chichoki	139,605	-	-	2,705	142,310	57,870	3,529	-	61,399	80,911
Kurram Garhi	170,205	8,981	-	1,030	180,216	24,842	5,192	-	30,034	150,182
Renala Khurd	35,358	-	-	2,705	38,063	15,758	1,414	-	17,172	20,891
Chitral	84,466	-	-	781	85,247	62,430	879	-	63,309	21,938
Khan Khwar	9,779,040	4,503	-	1,881	9,785,424	2,416,098	211,004	-	2,627,102	7,158,322
Allai Khwar	15,221,090	7,282	-	1,382	15,229,754	4,217,812	317,722	-	4,535,534	10,694,220
Gomal Zam	8,157,279	1,213	-	1,031	8,159,523	1,498,324	114,302	-	1,612,626	6,546,897
Jinnah Hydel	18,406,906	34,051	-	1,382	18,442,339	4,182,382	411,166	-	4,593,548	13,848,791
Jabban	4,041,159	9,077	-	1,030	4,051,266	1,278,502	121,144	-	1,399,646	2,651,620
Duber Khwar	20,903,169	18,898	-	1,632	20,923,699	3,440,546	350,119	-	3,790,665	17,133,034
Tarbela 4th Extension	67,009,199	19,598,103	-	(2,548,235)	84,059,067	10,270,015	1,939,350	(606,869)	11,602,496	72,456,571
Golen Gol	31,151,285	9,279	-	1,030	31,161,594	3,759,760	806,251	-	4,566,011	26,595,583
Others	1,509,522	396,829	(4,629)	(172,941)	1,728,781	680,517	100,806	-	781,323	947,458
Total as at June 30, 2024	360,513,209	22,042,542	(7,904)	-	382,547,847	112,145,008	7,923,632	(7,266)	120,061,374	262,486,473

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Note 6, Property, Plant and Equipment, continued.....

6.1.3 Operating fixed assets by power station

Power stations	2023									Net Book Value as at June 30, 2023
	Cost				Depreciation				Balance as at June 30, 2023	
	Balance as at July 01, 2022	Additions / Transfers during the year	(Disposals)	Adjustments / Transfers between Formations	Balance as at June 30, 2023	Balance as at July 01, 2022	Charge for the year	Disposals / Adjustments		
----- Rupees in thousands -----										
Tarbela	23,695,005	1,308,163	(2,095)	711,980	25,713,053	17,255,194	311,840	16,364	17,583,398	8,129,655
Ghazi Barotha	96,672,722	95,859	-	22	96,768,603	36,333,301	1,653,757	-	37,987,058	58,781,545
Mangla	33,598,607	15,468	-	(1,018)	33,613,057	8,890,983	606,863	-	9,497,846	24,115,211
Warsak	3,471,895	46,480	-	-	3,518,375	2,457,727	50,997	-	2,508,724	1,009,651
Chashma	21,463,127	1,928,696	-	2	23,391,825	11,684,439	616,945	-	12,301,384	11,090,441
Rasul	419,208	-	(45)	-	419,163	129,067	7,325	(32)	136,360	282,803
Dargai	129,839	8,751	-	(84)	138,506	62,762	3,174	(105)	65,831	72,675
Nandipur	150,216	5,274	-	-	155,490	86,465	3,435	-	89,900	65,590
Shadiwal	148,829	38,025	-	-	186,854	66,494	3,157	-	69,651	117,203
Chichoki	139,605	-	-	-	139,605	55,394	2,476	-	57,870	81,735
Kurram Garhi	67,257	103,416	(468)	-	170,205	22,359	2,928	(445)	24,842	145,363
Renala Khurd	35,358	-	-	-	35,358	14,384	1,374	-	15,758	19,600
Chitral	84,466	-	-	-	84,466	61,418	1,012	-	62,430	22,036
Khan Khwar	9,704,311	74,731	-	(2)	9,779,040	2,209,756	206,460	(118)	2,416,098	7,362,942
Allai Khwar	15,220,861	231	-	(2)	15,221,090	3,899,141	318,671	-	4,217,812	11,003,278
Gomal Zam	8,156,729	550	-	-	8,157,279	1,382,787	115,551	(14)	1,498,324	6,658,955
Jinnah Hydrel	18,403,607	3,299	-	-	18,406,906	3,770,622	411,760	-	4,182,382	14,224,524
Jabban	4,040,668	491	-	-	4,041,159	1,157,270	121,232	-	1,278,502	2,762,657
Duber Khwar	20,901,637	1,995	-	(463)	20,903,169	3,089,931	350,615	-	3,440,546	17,462,623
Tarbela 4th Extension	66,674,058	1,044,495	-	(709,354)	67,009,199	8,387,786	1,898,652	(16,423)	10,270,015	56,739,184
Golen Gol	31,150,648	637	-	-	31,151,285	2,953,745	806,015	-	3,759,760	27,391,525
Others	866,443	648,357	(1,817)	(3,461)	1,509,522	610,354	68,186	1,977	680,517	829,005
Total as at June 30, 2023	355,195,096	5,324,918	(4,425)	(2,380)	360,513,209	104,581,379	7,562,425	1,204	112,145,008	248,368,201

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Note 6, Property, Plant and Equipment, continued.....

6.2 Capital Work In Progress (CWIP)

Opening balance
Addition in direct cost during the year
Transferred to operating fixed assets
Closing balance

	2024	2023
Note	Rupees in thousands	
	643,358,478	467,272,569
	184,194,519	180,163,673
	(21,181,310)	(4,077,764)
6.2.1	<u>806,371,687</u>	<u>643,358,478</u>

6.2.1 Projects breakup movement

	Owned projects									Third Party Projects		Total	
	Diamer Bhasha Dam (Note 6.2.3)	Tarbela 4th Extension	Golen Gol	Dasu Hydropower Project (Note 6.2.3)	Keyal Khwar	Mangla Upgradation	Mohmand Dam (Note 6.2.3)	Warsak 2nd Rehabilitation	Tarbela 5th Extension	Other Projects	GB Projects		Hydropower Training Institute
	----- Rupees in thousands -----												
Balance as at July 01, 2022	188,765,451	10,267,805	714,350	131,337,774	3,765,156	18,886,111	86,651,098	2,570,763	16,435,168	7,099,166	-	779,727	467,272,569
Additions / Adjustments	49,765,064	7,778,266	151,490	51,457,397	191,799	3,633,226	46,617,812	1,260,336	15,392,347	3,133,126	785,777	(2,967)	180,163,673
Transferred to operating fixed assets	-	(1,033,318)	-	-	-	-	-	-	-	(3,044,446)	-	-	(4,077,764)
Balance as at June 30, 2023	238,530,515	17,012,753	865,840	182,795,171	3,956,955	22,519,337	133,268,910	3,831,099	31,827,515	7,187,846	785,777	776,760	643,358,478
Additions / Adjustments	44,961,719	2,582,180	403,271	48,879,171	194,894	5,555,216	42,371,688	5,454,512	31,515,835	974,460	1,295,880	5,693	184,194,519
Transferred to operating fixed assets	-	(19,594,933)	-	-	-	-	-	-	-	(1,586,377)	-	-	(21,181,310)
Balance as at June 30, 2024	<u>283,492,234</u>	<u>-</u>	<u>1,269,111</u>	<u>231,674,342</u>	<u>4,151,849</u>	<u>28,074,553</u>	<u>175,640,598</u>	<u>9,285,611</u>	<u>63,343,350</u>	<u>6,575,929</u>	<u>2,081,657</u>	<u>782,453</u>	<u>806,371,687</u>

6.2.2 The project-wise break up of Interest During Construction (IDC) charged to profit or loss is as follows:

IDC till June 30, 2023	84,232,631	48,530,044	14,796,382	69,482,828	1,171,872	2,216,586	8,549,145	1,381,886	2,903,701	334,253	-	-	233,599,328
IDC for the year (Note 29.1.1)	16,044,236	7,502,669	1,261,052	30,096,463	110,451	827,414	2,885,422	620,998	2,983,570	13,910	-	-	62,346,185
IDC till June 30, 2024	<u>100,276,867</u>	<u>56,032,713</u>	<u>16,057,434</u>	<u>99,579,291</u>	<u>1,282,323</u>	<u>3,044,000</u>	<u>11,434,567</u>	<u>2,002,884</u>	<u>5,887,271</u>	<u>348,163</u>	<u>-</u>	<u>-</u>	<u>295,945,513</u>

6.2.3 This includes net exchange gain of Rs. 6,963 million (2023: net exchange loss of Rs. 55,270 million) which arose on translation of foreign direct loan and foreign currency bank balance, directly related to Dasu Hydropower Project, Diamer Basha and Mohmand Dam in accordance with S.R.O 24(I)/2012 of 2012 dated January 16, 2012.

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Note 7

Long Term Investments

		2024	2023
	Note	Rupees in thousands	
Pakistan investment bonds	7.1	<u>20,906,500</u>	<u>20,906,500</u>

7.1 This represents investments made in Pakistan Investment Bonds (PIBs) issued on April 04, 2021 and having maturity on November 04, 2031. These carry mark-up at 21.33% to 21.94% (2023: 15.72% to 21.94%) per annum.

Note 8

Long Term Loans and Deposits

		2024	2023
	Note	Rupees in thousands	
Loans to employees - secured	8.1	832,853	778,869
Security deposits	8.2	<u>22,096</u>	<u>21,696</u>
		<u>854,949</u>	<u>800,565</u>

8.1 Long term loans to employees against purchase of:

Plots		595,436	544,192
House buildings		309,396	301,625
Vehicles		<u>23,131</u>	<u>22,043</u>
	8.1.1	927,963	867,860

Less: Current portion shown under current assets

Plots		59,544	54,419
House buildings		30,940	30,163
Vehicles		<u>4,626</u>	<u>4,409</u>
		<u>(95,110)</u>	<u>(88,991)</u>
		<u>832,853</u>	<u>778,869</u>

8.1.1 These represent loans provided to permanent employees and are recoverable in 120 monthly installments in respect of purchase of plot and house buildings and in 60 monthly installments for other loans. Loans against plots are secured against mortgage of land in favor of WAPDA, whereas other loans are secured against employees' balances in General Provident Fund maintained with WAPDA. Most of these loans are interest free and the management considers that discounting impact of these loans would be insignificant.

8.2 This includes Rs. 18.054 million (2023: Rs. 18.054 million) security deposit in Chashma given to FESCO for procurement of new emergency feeders for powerhouse and CHPS 1 & 2 Colony.

Note 9

Stores, Spares and Loose Tools

		2024	2023
		Rupees in thousands	
Stores and spares		2,030,653	2,339,726
Loose tools		<u>407,065</u>	<u>392,963</u>
		<u>2,437,718</u>	<u>2,732,689</u>

Note 10

Receivable from the Customer [Unsecured, considered good]

		2024	2023
	Note	Rupees in thousands	
Against sale of electricity	10.1	73,772,589	204,070,897
Against hydel levies	10.2	<u>63,917,830</u>	<u>86,364,233</u>
		<u>137,690,419</u>	<u>290,435,130</u>

10.1 Receivable against Sale of Electricity

Opening balance		204,070,897	195,573,256
Add: Billed during the year		73,643,048	75,252,755
Less: Received during the year		<u>(203,941,356)</u>	<u>(66,755,114)</u>
Closing balance		<u>73,772,589</u>	<u>204,070,897</u>

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Note 10, Receivable from the Customer [Unsecured, considered good], continued.....

	Note	2024	2023
		Rupees in thousands	
10.2 Receivable against hydel levies			
NHP - Government of Punjab		30,875,245	40,139,797
NHP - Government of Khyber Pakhtunkhwa		31,970,317	44,739,674
WUC - Government of AJ&K		892,700	1,131,016
WMC - IRSA		179,568	353,746
	10.2.1 & 10.2.2	<u>63,917,830</u>	<u>86,364,233</u>

NHP - Government of Punjab	NHP - Government of Khyber Pakhtunkhwa	WUC - Government of AJ&K	WMC - IRSA	Total
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----- Rupees in thousands -----

Opening balance	40,139,797	44,739,674	1,131,016	353,746	86,364,233
Billed during the year	11,099,653	31,095,724	849,636	166,294	43,211,307
Received during the year	(20,364,205)	(43,865,081)	(1,087,952)	(340,472)	(65,657,710)
Closing balance	<u>30,875,245</u>	<u>31,970,317</u>	<u>892,700</u>	<u>179,568</u>	<u>63,917,830</u>

10.2.1 These represent Net Hydel Profit (NHP) receivable from CPPA-G against bulk generation of power by WAPDA Hydroelectric from hydro-electric stations situated in Punjab and KPK paid / payable to the Government of Punjab and Government of Khyber Pakhtunkhwa; Water Usage charges (WUC) paid / payable to the Government of Azad Jammu and Kashmir, and Water Management Charges (WMC) paid / payable to the Indus River System Authority (IRSA) in accordance with S.R.O. 756 (I)/2022 dated May 27, 2022.

10.2.2 This includes the amounting to Rs. 21,172.961 million (2023: Rs. 11,432.898 million) billed to CPPA on account of hydel levies which has not yet been verified by CPPA -G. The Company bills the hydel levies on monthly basis as per the tariff rates determined by NEPRA. The Company through its letter GMHO /CEHO/ G-10/ 15727 -30 dated July 25, 2024 requested CPPA for the resolution of the matter.

10.3 Aging of receivable from the customer

Not past due	11,148,078	10,572,454
Past due 0- 30 days	9,904,831	9,164,410
Past due 30- 60 days	10,608,416	7,601,963
Past due 60- 90 days	7,870,905	8,115,544
Past due 90- 365 days	79,096,403	81,543,374
Past due more than 365 days	19,061,786	173,437,385
	<u>137,690,419</u>	<u>290,435,130</u>

The above balances are receivables from CPPA-G (a Government owned entity) against the sale of electricity and hydel levies. Pursuant to SRO No. 67(1)/2023 issued by SECP on January 20, 2023 in respect of the companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 (Financial instruments) with respect to application of expected credit losses model (ECL) shall not be applicable till December 31, 2024.

Amounts receivable from CPPA-G are duly acknowledged and reconciled by CPPA-G since CPPA-G has direct access to cashflows of electricity distribution entities. The management is confident that there is no objective evidence that any significant credit loss would be incurred. Consequently, no provision is recognised by the management for any credit loss.

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Note 11

Short Term Investments [At amortized cost]

	Note	2024	2023
		Rupees in thousands	
Investment in term deposit receipts (TDR)	11.1	40,000,000	31,744,901
Innovative Investment Bank Limited	11.2	215,000	261,000
		40,215,000	32,005,901
Less: Provision against investment		(215,000)	(261,000)
		<u>40,000,000</u>	<u>31,744,901</u>

11.1 These represent term deposit receipts from commercial banks having maturity up to one year. These carry mark-up at 17.11% to 22.65% (2023: 15.90% to 22.20%) per annum.

11.2 This represents investment made in Innovative Investment Bank Limited (the Bank). On maturity, the balance remained unpaid, hence the case was lodged with the Honorable Lahore High Court (LHC) for the recovery of the said amount. The Honorable Lahore High Court decided the case in favor of WAPDA and attached the property with forced sale value of Rs. 220 million and appointed Court Auctioneers for recovery of this amount.

Further, SECP obtained stay order from LHC and initiated voluntary winding-up of the Bank through the Court. LHC first appointed Provisional Manager to run the affairs of the Bank and thereafter appointed Joint Official Liquidators (JOLs) for winding-up of the Bank. WAPDA lodged its formal claim as preferential claimant being the entity owned by the GoP before JOLs of the Bank under liquidation. JOLs through decision dated September 09, 2020 rejected WAPDA's claim as to preferential claimant and against that JOLs' decision, WAPDA filed an appeal before LHC which is pending adjudication. WAPDA Hydroelectric recognized provision against this investment in its financial statements in previous years. During the year, the Company recovered Rs. 46 million against the investment.

11.3 Provision against investment

Opening balance		261,000	261,000
Add: provision for the year		-	-
		<u>261,000</u>	<u>261,000</u>
Less: written off during the year		-	-
Less: Recovery against doubtful balance		(46,000)	-
Closing balance		<u>215,000</u>	<u>261,000</u>

Note 12

Other Receivables

	Note	2024	2023
		Rupees in thousands	
Interest receivable on bridge financing to:			
- WAPDA Water Wing	12.1	1,254,382	1,254,382
- WAPDA Coordination Wing	12.2	115,704	115,704
		1,370,086	1,370,086
Others:			
- Considered good		2,769,973	3,408,333
- Considered doubtful	12.3	1,286,558	1,286,558
		4,056,531	4,694,891
		5,426,617	6,064,977
Provision against doubtful receivable	12.3	(1,286,558)	(1,286,558)
		<u>4,140,059</u>	<u>4,778,419</u>

12.1 This represents interest receivable @ 14.99% per annum (2023: 14.99% per annum), which was accrued in the year 2020, on bridge financing extended to WAPDA Water Wing for Kurram Tangi Dam and Kachi Canal Project.

12.2 This represents interest receivable @ 14.99% per annum (2023: 14.99% per annum), which was accrued in the year 2020, on unsecured bridge financing extended to WAPDA Coordination Wing to meet its working capital requirements.

12.3 This represents provision against unreconciled balance with CPPA-G and long outstanding balances.

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Note 13

Loans and Advances

	Note	2024	2023
		Rupees in thousands	
Advances to (unsecured) :			
- Chief Resident Representative Karachi (Considered good)	13.1	1,655,220	1,752,374
- Suppliers and others (Considered good)	13.2	4,400,426	3,657,048
- Employees against expenses (Considered good)		32,098	21,860
		6,087,744	5,431,282
Current portion of long term loans	8.1	95,110	88,991
		<u>6,182,854</u>	<u>5,520,273</u>

13.1 This advance has been given to Chief Resident Representative Karachi (CRRK), (a segment of WAPDA) against import of stores and spare parts.

13.2 This includes Rs. 1,482.856 million (2023: Rs. 1,374.759 million) provided to deputy commissioners and land acquisition department for acquisition of land and settlement of land-related cases.

Note 14

Bank Balances

	Note	2024	2023
		Rupees in thousands	
Balances held for specific utilizations:			
- Un-utilized balance of loans and grants - Current accounts	14.1	49,620,562	55,796,053
- Un-utilized balance of loans and grants - Deposit accounts	14.2 & 14.3	31,713,667	-
- Hydroelectric's own balance - Deposit accounts	14.3	121,960,653	101,545,721
Direct working capital balances			
- Hydroelectric's own balance - Deposit accounts	14.3	2,302,371	1,384,732
		<u>205,597,253</u>	<u>158,726,506</u>

14.1 Un-utilized balance of loans and grants

Held in current accounts:

IDA relent loan for Tarbela 4th extension project	17.1.1.8	-	115,117
IDA relent loan for Dasu hydropower project	17.1.2.2	24,564	112,035
AFD relent loan for Mangla refurbishment project	17.1.2.5	1,643,101	371,551
IBRD relent loan for Tarbela 5th extension project	17.1.2.6	232,803	688,640
AIIB relent loan for Tarbela 5th extension project	17.1.2.7	398,258	371,207
Foreign direct loan for Dasu hydropower project	17.2	36,247,142	46,106,588
USAID grant for Mangla refurbishment project	18.1.3	9,674,143	6,832,901
USAID grant for Tarbela rehabilitation project	18.1.4	1,400,551	1,198,014
		<u>49,620,562</u>	<u>55,796,053</u>

14.2 Un-utilized balance of loans and grants

Held in deposit accounts:

Syndicated term finance facility for Dasu hydropower project	17.5.2	<u>31,713,667</u>	-
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14.3 Deposit accounts carry interest @ 19.50% to 20.50% (2023: 12.25% to 19.50%) per annum, effectively.

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Note 15

Regulatory Deferral Account Debit Balances

	2024	2023
Note	Rupees in thousands	
Balance as at July 01, 2023	16,344,789	15,496,426
Balances arising in the year relating to current year (Note 15.1)	42,700,292	19,112,789
Balances arising in the year relating to previous years (Note 15.2)	27,974,284	-
Recovery / Adjustment by NEPRA (Note 15.3)	-	(18,264,426)
Net movement	70,674,576	848,363
Balance as at June 30, 2024	<u>87,019,365</u>	<u>16,344,789</u>

15.1 This represents management's estimate of the gap balance recognized during the year, arising from the difference between the actual revenue requirement for 2023-24 and the revenue billed during the year under the previously determined NEPRA tariff. Management expects that NEPRA will approve the estimated gap balance as a revenue gap balance in the next tariff determination.

15.2 This represents the revenue gap balance recognized during the year for prior years, resulting from the difference between power sales billed under the previously determined NEPRA tariff and the revised NEPRA determined tariff. This variance is due to delays in tariff determination by NEPRA. The management expects that this would be recovered within 12 months from the tariff notification date.

15.3 This represented the transfer from regulatory account debit to be received from the customer.

Note 16

Investment of Government of Pakistan

This represents equity investment of the GoP in WAPDA Hydroelectric.

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Note 17

Long Term Financing

	Note	2024	2023
		Rupees in thousands	
Foreign loans:			
- Relent from the GoP- unsecured (FRL)	17.1	218,458,751	150,644,417
- Direct - secured	17.2	78,004,276	100,309,510
- Euro Bonds - unsecured	17.3	139,293,350	143,299,300
		435,756,377	394,253,227
Local loans:			
- Cash development loans from the GoP - unsecured	17.4	79,733,693	82,240,752
- Syndicated term finance facility - secured	17.5.1	103,299,505	59,447,311
		183,033,198	141,688,063
Payable against GB projects	17.6	238,972	238,972
		619,028,547	536,180,262
Less: current portion shown under current liabilities			
- Foreign relent loans	17.7	186,944,741	149,279,873
- Direct - secured	17.2	19,501,069	20,061,902
- Cash development loans	17.7	79,733,693	82,240,752
- Syndicated term finance facility	17.5.2	103,299,505	59,447,311
		389,479,008	311,029,838
		229,549,539	225,150,424

17.1 Foreign Relent Loans from the GoP - unsecured:

Operational power station loans	17.1.1	62,780,563	67,990,808
Development project loans	17.1.2	155,678,188	82,653,609
		218,458,751	150,644,417

17.1.1 Operational Power Station Loans

Loan name	Note	Rate of interest per annum	Outstanding semi annual installments as on June 30, 2024	Repayment commencement / maturity	2024	2023
Rupees in thousands						
Chashma						
Citi Bank of Japan	17.1.1.1	11.00%	2	2005-2025	105,888	211,776
Jabban Power Station						
AFD Credit Facility	17.1.1.2	15.00%	8	2014-2028	789,259	986,574
Golen Gol						
Kuwait Fund Loan No. 742	17.1.1.3	17.00%	4	2014-2026	728,355	1,092,533
Saudi Fund Loan No. 10/479	17.1.1.4	17.00%	2	2014-2025	381,894	763,789
Saudi Fund Loan No. 14/609	17.1.1.5	15.00%	19	2019-2034	3,589,142	3,966,946
OPEC Fund Loan No. 1205	17.1.1.6	17.00%	8	2014-2028	513,054	641,318
OPEC Fund Loan No. 1206	17.1.1.6	17.00%	8	2017-2028	815,867	1,019,834
Kuwait Fund Loan No. 993	17.1.1.7	12.00%	29	2020-2039	1,014,481	1,084,445
					7,042,793	8,568,865
Tarbela 4th Extension						
IDA Credit No. 5079-PK	17.1.1.8	15.00%	25	2017-2037	30,745,631	30,416,091
IBRD 8144-PK	17.1.1.9	15.00%	13	2020-2031	24,096,992	27,807,502
					54,842,623	58,223,593
					62,780,563	67,990,808

17.1.1.1 This loan has been obtained from CitiBank of Japan by GoP and further re-lent to WAPDA Hydroelectric. The mark up comprises interest rate of 8% (2023: 8%) per annum plus 3% (2023: 3%) per annum "Exchange Risk Cover" which is charged on principal amount. This loan is secured through GoP's guarantee in favor of the bank and WAPDA Hydroelectric is responsible for repayment to GoP.

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Note 17, Long Term Financing, continued.....

- 17.1.1.2** This represents Agence Française de Développement (AFD) loan amounting to € 26.500 million under Subsidiary Loan Agreement dated December 13, 2010 for Jabban Power Station. The loan has been taken by GoP and further relented to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% per annum (2023: 8.2%) plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 18 years including 3 years of grace period.
- 17.1.1.3** This represents Kuwait Fund loan amounting to KWD 11 million under Subsidiary Loan Agreement dated September 05, 2008 for Golen Gol Hydropower Project. The loan was taken by GoP and further relented to WAPDA Hydroelectric. The disbursement of loan started in 2014. The mark up comprises interest rate of 11% (2023: 11%) per annum plus 6% (2023: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 15 years including 2 years of grace period.
- 17.1.1.4** This represents Saudi Fund loan amounting to SAR 150 million obtained under Subsidiary Loan Agreement dated March 22, 2010 for Golen Gol Hydropower Project by GoP and further relented the loan to WAPDA Hydroelectric. The disbursement of loan started in 2011. The mark up comprises interest rate of 11% (2023: 11%) per annum plus 6% (2023: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 15 years including 2 years of grace period.
- 17.1.1.5** This represents Saudi Fund loan amounting to SAR 216.750 million obtained under Subsidiary Loan Agreement dated April 28, 2014 for Golen Gol Hydropower Project by the GoP. The GoP further relented the loan to WAPDA Hydroelectric. The disbursement of loan started in 2014. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including 5 years of grace period.
- 17.1.1.6** These represent Organization of Petroleum Exporting Country (OPEC) fund loans amounting to USD 15 million obtained under relending arrangement dated June 05, 2017 for Golen Gol Hydropower Project by GoP. The disbursement of Portion-1 and Portion-2 has been started in 2014 and 2017 respectively. The GoP has further relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 11% (2023: 11%) per annum plus 6% (2023: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. Portion-1 and Portion-2 will be repaid in 11 and 10 years respectively. WAPDA Hydroelectric has started repayment of Portion-1 and Portion-2 from 2014 and 2017, respectively, pursuant to the direction of GoP.
- 17.1.1.7** This represents Kuwait Fund loan amounting to KWD 4.5 million obtained under Subsidiary Loan Agreement dated July 10, 2018 for Golen Gol Hydropower Project by GoP. GoP has further relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.90% (2023: 6.90%) per annum plus 5.1% (2023: 5.1%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 22 years including 3 years of grace period.
- 17.1.1.8** This represents International Development Association (IDA) loan, amounting to USD 292 million obtained under Subsidiary Loan Agreement dated April 12, 2012 obtained for Tarbela 4th Extension Hydropower Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum and 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which are charged on which is charged on principal amount. The loan will be repaid in 25 years including 5 years of grace period.

Loan utilization	For the year		Cumulative	
	2024	2023	2024	2023
	----- Rupees in thousands -----			
Opening balance	115,117	82,274	-	-
Withdrawal of loan	1,769,017	9,364,706	36,160,740	34,391,723
	1,884,134	9,446,980	36,160,740	34,391,723
Less: utilization of funds	(1,884,134)	(9,331,863)	(36,160,740)	(34,276,606)
Closing balance	-	115,117	-	115,117

Note

- 17.1.1.9** This represents International Bank for Reconstruction and Development (IBRD) loan of USD 400 million obtained under Subsidiary Loan Agreement dated April 12, 2012 for Tarbela 4th Extension Hydropower Project by the GoP. The GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is which is charged on principal amount. The loan will be repaid in 19 years including 7 years of grace period.

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Note 17, Long Term Financing, continued.....

17.1.2 Development Project Loans

Loan name	Note	Rate of interest per annum	Outstanding semi annual installments as on June 30, 2024	Repayment commencement / maturity	2024	2023
Rupees in thousands						
Keyal Khwar						
KfW-320517	17.1.2.1	15.00%	69	2019-2059	466,193	479,706
KfW-3003374	17.1.2.1	15.00%	50	2019-2049	251,424	262,680
					717,617	742,386
Dasu Hydro						
IDA Credit No. 5498-PK	17.1.2.2	15.00%	30	2020-2039	49,866,194	39,465,067
Warsak Rehabilitation (Phase 2)						
AFD Credit Facility	17.1.2.3	15.00%	23	2022-2036	4,393,879	1,825,804
KfW-15568024	17.1.2.4	15.00%	60	2026-2055	3,065,032	1,348,387
					7,458,911	3,174,191
Mangla Refurbishment Project						
AFD Credit Facility	17.1.2.5	12.00%	26	2023-2037	8,141,818	7,684,137
Tarbela 4th / 5th Extension						
IBRD Loan No.8646-PK	17.1.2.6	12.00%	24	2023-2036	33,560,676	17,159,947
AIIB Loan No.LN 0005-PAK	17.1.2.7	12.00%	24	2023-2036	27,045,155	13,885,117
					60,605,831	31,045,064
Mohmand Dam						
CPK 1028-01-W	17.1.2.8	15.00%	10	2020-2029	438,839	526,607
ISDB PAK1049	17.1.2.9	5.99%	30	2028-2043	358,557	-
SFD 16/788	17.1.2.10	2.25%	40	2028-2047	19,829,237	-
OFID 15203P	17.1.2.11	2.75%	30	2027-2041	8,204,980	-
					28,831,613	526,607
Dargai						
AFD CPK 1033 01S	17.1.2.12	12.00%	26	2027-2039	56,204	16,157
					<u>155,678,188</u>	<u>82,653,609</u>

17.1.2.1 This represents Frankfurt am Main (KfW) loan amounting to € 97.080 million, to be disbursed in two tranches. Under Tranche - 1 (KfW 320517) - € 4.415 million will be repaid in 48.5 years including 8.5 years of grace period. Under Tranche - 2 (KfW 3003374), € 92.664 million will be repaid in 34 years including 3.5 years of grace period. The loan is taken by GoP and relent under Subsidiary Loan Agreement dated December 27, 2011 to WAPDA Hydroelectric. The disbursement of loan for second tranche started in 2015. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount.

17.1.2.2 This represents relent loan from International Development Association (IDA), amounting to USD 588.4 million obtained under Subsidiary Loan Agreement dated October 13, 2014 by GoP. GoP further relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. WAPDA Hydroelectric will disburse USD 15 million to National Transmission and Despatch Company (NTDC) for feasibility study and detailed design of transmission lines. WAPDA Hydroelectric has disbursed USD 5.813 million (2023: USD 5.813 million) to NTDC as of the reporting date. The loan will be repaid in 25 years including 5 of years of grace period.

Loan utilization	Note	For the year		Cumulative	
		2024	2023	2024	2023
----- Rupees in thousands -----					
Opening balance		112,035	83,959	-	-
Withdrawal of loan		11,988,111	4,532,664	56,011,409	44,023,298
		12,100,146	4,616,623	56,011,409	44,023,298
Less: Utilization of funds		(12,075,582)	(4,504,588)	(55,986,845)	(43,911,263)
Closing balance	14.1	<u>24,564</u>	<u>112,035</u>	<u>24,564</u>	<u>112,035</u>

Note 17, Long Term Financing, continued.....

- 17.1.2.3** This represents Agence Française de Développement (AFD) loan amounting to € 41.5 million obtained under Subsidiary Loan Agreement dated September 22, 2015 for Warsak Rehabilitation Hydropower Project (Phase-2) by GoP that was further relented to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including 6 years of grace period.
- 17.1.2.4** This represents Frankfurt am Main (KfW) loan of € 40 million, to be disbursed in two portions. Under Portion-1, € 30 million will be disbursed that will be repaid in 38 years including grace period of 8 years. Under Portion-2, € 10 million will be disbursed that will be repaid after 10 years from the availability of Portion-2 over a period of 15 years. The disbursement of loan for Portion-1 started in 2018. The loan taken by GoP has been relented under Subsidiary Loan Agreement dated September 22, 2015 for Rehabilitation of Warsak Hydropower Plant Project. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 38 years including 8 years of grace period.
- 17.1.2.5** This represents Agence Française de Développement (AFD) loan amounting to € 90 million obtained under Subsidiary Loan Agreement dated July 20, 2017 by GoP that was further relented by GoP to WAPDA Hydroelectric being for Mangla Hydropower Project. The mark up comprises interest rate of 6.9% (2023: 6.9%) per annum plus 5.1% (2023: 5.1%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including a grace period of 5 years.
- 17.1.2.6** This represents International Bank for Reconstruction (IBRD) loan amounting to USD 390 million (USD 342 million to WAPDA Hydroelectric and USD 48 million to NTDC) obtained under Subsidiary Loan Agreement dated January 18, 2017 for additional financing of Tarbela 4th Extension Hydropower Project by GoP. The loan is also being utilized for Tarbela 5th Extension Hydropower Project. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2023: 6.9%) per annum plus 5.1% (2023: 5.1%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 19 years including a grace period of 5 years.
- 17.1.2.7** This represents Asian Infrastructure Investment Bank (AIIB) loan amounting to USD 300 million obtained under Subsidiary Loan Agreement dated January 18, 2017 for Tarbela 5th Extension Hydropower Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2023: 6.9%) per annum plus 5.1% (2023: 5.1%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 19 years including a grace period of 5 years.
- 17.1.2.8** This represents Agence Française de Développement (AFD) loan amounting to € 11 million obtained under Subsidiary Loan Agreement dated September 30, 2014 to finance the first tranche of the project including detailed design studies, preparatory works and additional needed consultancy services taken for Mohmand Dam Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2023: 8.2%) per annum plus 6.8% (2023: 6.8%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 15 years including a grace period of 5 years.
- 17.1.2.9** This represents Islamic Development Bank (IsDB) loan amounting to USD 180 million obtained under Subsidiary Loan Agreement to finance the first tranche of the project for Mohmand Dam Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 3.89% per annum (2023: Nil) plus 1.85% per annum (2023: Nil) of total spread plus 0.25% per annum (2023: Nil) "Fixed Admin. Charges by the Government, which is charged on loan disbursed at the time of each disbursement. The loan will be repaid in 15 years including a grace period of 5 years.
- 17.1.2.10** This represents Saudi Fund Loan (SFD) loan amounting to USD 240 million obtained under Subsidiary Loan Agreement to finance the project for Mohmand Dam Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 2.0% per annum (2023: Nil) which is charged on Principal both disbursed and Outstanding amount separately plus 0.25% per annum (2023: Nil) "Fixed Admin charges by the Government." which is charged on loan disbursed at the time of each disbursement. The loan will be repaid in 25 years including a grace period of 5 years.
- 17.1.2.11** This represents OPEC Fund for International Development (OFID) loan amounting to USD 72 million obtained under Subsidiary Loan Agreement dated July 31, 2024 to finance the project for Mohmand Dam Project by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 2.5% per annum (2023: Nil) which shall be charged on Principal both disbursed and Outstanding amount separately plus 0.25% per annum (2023: Nil) "Fixed Admin charges by the Government, which is charged on loan disbursed at the time of each disbursement. The loan will be repaid in 15 years including a grace period of 5 years.
- 17.1.2.12** This represents Agence Française de Développement (AFD) loan amounting to € 50 million obtained under Subsidiary Loan Agreement dated October 14, 2019 for Rehabilitation of Dargai Hydropower Project taken by GoP. GoP has relented the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2023: 6.9%) per annum plus 5.1% (2023: 5.1%) "Exchange Risk Cover" which is charged on the loan disbursed at the time of each disbursement. The loan will be repaid in 20 years including a grace period of 7 years.

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Note 17, Long Term Financing, continued.....

17.2 Foreign direct loans - secured :

Development project loans

Loan name	Rate of interest per annum	Installments outstanding as on June 30, 2024	Repayment commencement / maturity	2024	2023
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Rupees in thousands

Pakistan Water and Power (06/17) - Global	5.34%	6	2023/2027	<u>78,004,276</u>	<u>100,309,510</u>
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This represents loan amounted to USD 350 million (2023: USD 350 million) obtained from Credit Suisse AG, for the construction of Dasu Hydropower Project. The loan is repayable in ten years inclusive of six years grace period, in 8 semi annual installments starting from June 30, 2023. The loan carries mark-up @ 5.34% per annum. The loan is secured through guarantees given by GoP and International Development Association (IDA).

	2024	2023	2024	2023
	----- USD in thousands -----		Rupees in thousands	
Opening balance	350,000	350,000	100,309,510	71,606,430
Exchange (gain) / loss for the year	-	-	(2,474,234)	28,703,080
	<u>350,000</u>	<u>350,000</u>	<u>97,835,276</u>	<u>100,309,510</u>
Less: loan repaid during the year	(70,000)	-	(19,831,000)	-
Closing balance	<u>280,000</u>	<u>350,000</u>	<u>78,004,276</u>	<u>100,309,510</u>

17.3 Euro Bonds

WAPDA Hydroelectric issued euro bond on June 04, 2021, which were listed for trading at London Stock Exchange. WAPDA Hydroelectric raised USD 500 million through issuing Regulation-S 2,500 Green Euro Bonds at an offer price of US\$ 200,000 each on June 04, 2021. The Euro Bonds were assigned a credit rating of B- by two international Credit Rating Agencies namely Fitch Ratings Limited (Fitch) and B- by S&P Global Ratings Europe Limited (S&P). WAPDA Hydroelectric appointed JP Morgan as Global Coordinator for the issuance. The co-bookrunners included Deutsche Bank and Standard Chartered Bank (Pakistan) Limited with Habib Bank Limited as Co-Manager.

These bonds are issued for a period of 10 years and shall be redeemed on June 04, 2031. The holders of bonds are entitled to receive interest @ 7.5% per annum paid semi-annually on June 04 and December 04 each calendar year. The proceeds of the bonds are kept in a profit bearing account and shall be used to finance Green eligible projects.

The change in Euro bonds reflect the exchange gain recognized during the year.

17.4 Cash Development Loans from the GoP - Unsecured:	Note	2024	2023
		Rupees in thousands	
Operational power station loans	17.4.1	3,833,004	4,284,123
Development project loans	17.4.2	<u>75,900,689</u>	<u>77,956,629</u>
		<u>79,733,693</u>	<u>82,240,752</u>

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Note 17, Long Term Financing, continued.....

17.4.1 Operational Power Station Loans

Power station and year of disbursement	Note	Rate of interest per annum	Installments outstanding as on June 30, 2024	Repayment commencement / maturity	2024	2023
Rupees in thousands						
Ghazi Barotha 2005-06	17.4.1.1	9.79%	7	2012/2031	3,733,430	4,094,182
Jabban 2007-08	17.4.1.1	10.14%	9	2014/2033	21,216	22,627
2009-10	17.4.1.1	12.59%	11	2016/2035	78,358	81,621
					99,574	104,248
Tarbela (HPS) 1998-99	17.4.1.2	17.50%	0	2005/2024	-	85,693
					<u>3,833,004</u>	<u>4,284,123</u>

17.4.1.1 These loans have been obtained for the construction of Ghazi Barotha and Jabban projects and are repayable in 25 years including 5 years of grace period.

17.4.1.2 The loan has been obtained for Tarbela hydel power station for the payment of net hydel profit to provincial Government of Khyber Pakhtunkhwa. The loan will be repaid in 25 years including 5 years of grace period.

17.4.2 Development Project Loans

Project and year of disbursement	Note	Rate of interest per annum	Installments outstanding as on June 30, 2024	Repayment commencement / maturity	2024	2023
Rupees in thousands						
Harpo 2009-10	17.4.2.1	12.59%	11	2016/2035	31,343	32,648
Bashoo 2007-08	17.4.2.1	10.14%	9	2014/2033	11,235	11,982
2009-10	17.4.2.1	12.59%	11	2016/2035	20,895	21,766
					32,130	33,748
Diamer Bhasha 2007-08	17.4.2.2	10.14%	9	2014/2033	205,509	219,169
2009-10	17.4.2.2	12.59%	11	2016/2035	803,671	837,135
2011-12	17.4.2.2	12.64%	13	2018/2037	10,148,886	10,456,772
2012-13	17.4.2.2	10.65%	14	2019/2038	3,303,691	3,405,476
2013-14	17.4.2.2	11.79%	15	2020/2039	25,026,002	25,636,740
2014-15	17.4.2.2	10.53%	16	2021/2040	13,846,794	14,179,722
2015-16	17.4.2.2	7.37%	17	2022/2041	9,244,202	9,514,247
2016-17	17.4.2.2	6.54%	18	2023/2042	13,258,461	13,640,972
					<u>75,837,216</u>	<u>77,890,233</u>
					<u>75,900,689</u>	<u>77,956,629</u>

17.4.2.1 These loans have been obtained from GoP for feasibility studies of hydel development projects. The loans will be repaid in 25 years including 5 years of grace period.

17.4.2.2 The loan have been obtained from GoP for the land acquisition of Diamer Bhasha Dam project. The loan will be repaid in 25 years including 5 years of grace period.

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Note 17, Long Term Financing, continued.....

17.5.1 WAPDA Hydroelectric has entered into agreements with Habib Bank Limited lead consortium of seven banks on March 29, 2017 for financing of Dasu Hydropower Project amounting to Rs. 144,000 million for the period of fifteen (15) years including five (5) years grace period. This loan has the following structure of facilities:

	GoP Guarantee Backed Financing (GBF) Facilities		Assets Backed Financing (ABF) Facilities		Total
	Sukuk (musharakah)	TFCs	Diminishing musharakah	Commercial facility	
	----- Rupees in thousands -----				
Total amount of facilities	52,800,000	35,200,000	33,600,000	22,400,000	144,000,000
Opening balance at July 01, 2023	25,236,202	16,824,112	10,432,202	6,954,795	59,447,311
Tranches received during the year	25,094,070	16,729,390	7,905,878	5,270,592	54,999,930
Repayments made during the year	(5,064,458)	(3,376,303)	(1,624,185)	(1,082,790)	(11,147,736)
Closing balance at June 30, 2024	45,265,814	30,177,199	16,713,895	11,142,597	103,299,505
Face value per certificate (Rs.)	10,000	10,000	-	-	-
Profit on rental payments	6 months KIBOR + margin of 1.45% per annum payable semi annually		6 months KIBOR + margin of 2% per annum payable semi annually		-

17.5.2 The Sukuk and TFCs are secured by way of guarantee of GoP to the Pak Brunei Investment Company Limited (Trustee) whereas Mangla Dam's land amounting to Rs. 103,244 million is being used as Musharakah Assets. Further Power Generation Plant Assets of Ghazi Barotha and Tarbela HPP amounting to Rs. 90,405 million (2023: Rs. 90,405 million) have been hypothecated in favor of Security Agent for securing Islamic and Commercial Asset Backed Facilities. WAPDA Hydroelectric has injected equity amounting to Rs. 124,761 million (2023: Rs. 89,051 million) as at the reporting date for the construction of Dasu Hydropower Project.

The management has classified these loans as current liabilities, in accordance with clause 22 of schedule 8 of Dasu Syndicated Facilities.

17.6 Harpo Hydropower Project (KFW Loan)

This represents the loan agreement signed between Agence Francaise de Development (AFD) and Government of Pakistan on 2nd April, 2014 amounting to Euro 50 million for Harpo hydropower project in Gilgit-Baltistan. The Water and Power Development Authority is the executing agency of the project. The EAD of GoP has relented the loan to Government of Gilgit-Baltistan vide sanction letter dated March 01, 2016. The loan facility covers for Lot-1 (Indus Bridge/Access Road), Lot-2 (Civil/HSS works), Lot-3 (E&M), Lot-4 (S/Yard, T/L) and consultants costs. Floating interest rate (Max 6.16% and Min 0.25%) would be applicable. The mark up comprises of 6 month EURIBOR + The Margin (Means plus zero point ninety three percent (+0.93%) 149 bps. The loan will be repaid in 16 half yearly installments starting from 31st August, 2026 and ending on 28th February, 2034 (as per Amendment No 2).

17.6.1 Harpo Hydropower Project (KFW Loan)

This represents the loan agreement signed between KfW, Frankfurt am Main, Germany and Government of Pakistan on December 24, 2013 amounting to Euro 20 million for Harpo hydropower project in Gilgit-Baltistan. The Water and Power Development Authority is the executing agency of the project. The EAD of Government of Pakistan has relented the loan to Government of Gilgit-Baltistan vide sanction letter dated November 25, 2014. The loan facility covers for Lot-2 (Civil/HSS works), Lot-3 (E&M), (Contingencies & Price Escalation) and consultants costs. The mark up comprises interest rate of 0.75% p.a. The loan will be repaid in 60 bi-annual installments starting from 30th December, 2023 and ending on 30th June, 2053 (as per EAD letter dated November 25, 2014).

17.7 As described in Note 21.2, WAPDA Hydroelectric did not repay any installment of foreign relent loans relent from the government (Note 17.1) and local loans (Note 17.4) as per agreed repayment schedules. WAPDA Hydroelectric does not have unconditional right to defer the settlement of these loans for at least twelve months after the reporting date. As per IAS 1, the loans amounting to Rs. 173,909 million (2023: Rs. 139,194 million) and Rs. 77,069 million (2023: Rs. 80,183 million), respectively, have been classified as current liabilities.

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Note 18

Deferred Grants

	Note	2024	2023
		Rupees in thousands	
Opening balance		211,009,369	167,353,098
Add: Grants received/adjusted during the year		42,657,777	43,900,949
Less: Grants amortized during the year	30.2	(244,678)	(244,678)
Closing balance	18.1	253,422,468	211,009,369
Less: Current portion shown under current liabilities		(244,678)	(244,678)
		<u>253,177,790</u>	<u>210,764,691</u>

18.1

	Note	Grants related to capital work in progress		Grants related to operating fixed assets	
		2024	2023	2024	2023
		Rupees in thousands			
- Gomal Zam	18.1.1	-	-	1,748,295	1,842,062
- Golen Gol	18.1.2	-	-	3,621,856	3,772,767
- Mangla Dam Rehabilitation Project	18.1.3	22,327,349	17,123,634	-	-
- Tarbela Rehabilitation Project	18.1.4	2,706,896	2,504,358	-	-
- Mohmand Dam	18.1.5	74,531,251	63,568,040	-	-
- Diamer Bhasha Dam	18.1.6	145,978,343	120,978,343	-	-
- Warsak Rehabilitation Project	18.1.7	695,767	407,454	-	-
- Land granted by GoGB	18.1.8	1	1	-	-
- Hydropower Training Institute		228,872	228,872	-	-
- Glacier Monitoring Network		41,438	41,438	-	-
- Attabad Lake Hydro Power Project	18.1.9	1,160,000	160,000	-	-
- Harpo Hydro Power Project	18.1.10	382,400	382,400	-	-
		<u>248,052,317</u>	<u>205,394,540</u>	<u>5,370,151</u>	<u>5,614,829</u>

- 18.1.1** The grant was received from United States Agency for International Development (USAID) in prior years for the construction of Gomal Zam Project consisting construction of civil works and purchase of electronic and mechanical equipment and is being amortized over 50 years and 25 years respectively which are useful lives of the respective assets of the project.
- 18.1.2** This grant was received from USAID in prior years for the construction of Golen Gol Hydropower Project with a total installed capacity of 108 MW. This grant is being amortized over 30 years which is the useful life of the plant and equipment of the project.
- 18.1.3** The grant for Mangla Refurbishment Project is received from USAID to enhance the total installed capacity of Mangla Power Station by 310 Mega Watts (MW) i.e. from the current 1,000 MW to 1,310 MW. The grant is also being used for refurbishing and upgrading units 5 and 6 of Mangla Power Station along with related plant facility enhancements.
- 18.1.4** This grant is received from USAID for the design, manufacturing, supply, erecting, testing and commissioning of parts related to rehabilitation of Tarbela Power Project.
- 18.1.5** The grant is received under Public Sector Development Program (PSDP), from the GoP for the construction of Mohmand Dam having total installed capacity of 800 MW.
- 18.1.6** The grant is received under Public Sector Development Program (PSDP), from the GoP for the construction of Diamer Bhasha Dam having total installed capacity of 4,500 MW.
- 18.1.7** This grant is received from Agence Francaise De Developpement (AFD) for rehabilitation of Warsak Project to improve operational practices by enhancing the operational capacity of power station, from 190 MW to 243 MW, maintenance capacity and to support it in climate change adoption activities (flood etc.).
- 18.1.8** This pertains to the nominal value assigned as per WAPDA Hydroelectric's accounting policy for non-monetary grants of land measuring 17,214 acres granted by the Government of Gilgit Baltistan (GoGB) free of cost for the construction of Diamer Bhasha Dam.
- 18.1.9** The grant was received under Public Sector Development Program (PSDP), from the Gop for the construction of Attabad Lake Hydropower Project having total installed capacity of 54 MW.
- 18.1.10** The grant was received under Public Sector Development Program (PSDP), from the Gop for the construction of Harpo- Hydropower Project having total installed capacity of 34.5 MW.

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Note 19

Employees Post Employment and Other Benefits

Particulars	2024				
	Compensated Absences	Free Medical Facility	Free Electricity Facility	Pension	Total
----- Rupees in thousands -----					
Liabilities recognized in the statement of financial position	1,605,127	10,005,772	3,366,163	124,593,170	139,570,232
Less: Plan assets	-	-	-	(31,704,677)	(31,704,677)
	<u>1,605,127</u>	<u>10,005,772</u>	<u>3,366,163</u>	<u>92,888,493</u>	<u>107,865,555</u>

Changes in the present value of obligations:

Opening balance	1,390,440	6,097,062	3,196,719	86,293,253	96,977,474
Service cost	89,810	79,628	45,752	2,191,194	2,406,384
Interest cost	207,669	916,179	503,196	13,166,618	14,793,662
Benefits paid	(185,012)	(741,881)	(103,494)	(5,374,138)	(6,404,525)
Contribution received from deputationist	-	-	-	38,282	38,282
Actuarial (gain) / loss	102,220	3,654,784	(276,010)	29,063,588	32,544,582
Employees on deputation (Note 19.1)	-	-	-	(785,627)	(785,627)
Closing balance	<u>1,605,127</u>	<u>10,005,772</u>	<u>3,366,163</u>	<u>124,593,170</u>	<u>139,570,232</u>

19.1 This liability relates to employees working on deputation outside NEPRA Regulated Business.

Particulars	2023				
	Compensated Absences	Free Medical Facility	Free Electricity Facility	Pension	Total
----- Rupees in thousands -----					
Liabilities recognized in the statement of financial position	1,390,440	6,097,062	3,196,719	85,618,704	96,302,925
less: Plan asset	-	-	-	(26,744,901)	(26,744,901)
	<u>1,390,440</u>	<u>6,097,062</u>	<u>3,196,719</u>	<u>58,873,803</u>	<u>69,558,024</u>

Changes in the present value of obligations:

Opening balance	1,177,064	5,714,842	3,102,176	72,696,550	82,690,632
Service cost	47,143	47,245	42,741	1,847,361	1,984,490
Interest cost	147,553	763,270	428,462	9,872,147	11,211,432
Benefits paid	(168,161)	(525,831)	(83,467)	(4,362,430)	(5,139,889)
Actuarial loss / (gain)	186,841	97,536	(293,193)	6,239,625	6,230,809
Employees on deputation (Note 19.1)	-	-	-	(674,549)	(674,549)
Closing balance	<u>1,390,440</u>	<u>6,097,062</u>	<u>3,196,719</u>	<u>85,618,704</u>	<u>96,302,925</u>

19.2 Movement in fair value of Plan assets

	2024	2023
	Rupees in thousands	
At the beginning of the year	26,744,901	10,000,000
Contribution by WAPDA Hydroelectric	5,335,855	19,362,430
Interest income for the year	4,279,184	2,450,000
Benefits paid during the year	(5,335,855)	(4,362,430)
Return on plan assets excluding interest income	680,592	(705,099)
As at end of the year	<u>31,704,677</u>	<u>26,744,901</u>

19.2.1 Break up of Plan assets

Investment in Term deposits receipts	<u>31,704,677</u>	<u>25,000,000</u>
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Note 19, Employees post employment and other benefits cont.....

19.3 Charge for the year in statement of profit or loss

Particulars (Note 27.2)	2024				
	Compensated absences	Free medical facility	Free electricity facility	Pension	Total
----- Rupees in thousands -----					
Current service cost	89,810	79,628	45,752	2,179,841	2,395,031
Net interest cost	207,669	916,179	503,196	8,825,991	10,453,035
Actuarial loss	102,220	-	-	-	102,220
	<u>399,699</u>	<u>995,807</u>	<u>548,948</u>	<u>11,005,832</u>	<u>12,950,286</u>

Particulars (Note 27.2)	2023				
	Compensated absences	Free medical facility	Free electricity facility	Pension	Total
----- Rupees in thousands -----					
Current service cost	47,143	47,245	42,741	1,847,361	1,984,490
Net interest cost	147,553	763,270	428,462	7,293,364	8,632,649
Actuarial gain	186,841	-	-	-	186,841
	<u>381,537</u>	<u>810,515</u>	<u>471,203</u>	<u>9,140,725</u>	<u>10,803,980</u>

19.4 Key assumptions

	2024			
	Compensated absences	Free medical facility	Free electricity facility	Pension
Medical cost growth rate	-	-	-	-
Cash medical allowance growth rate	-	4.90%	-	-
Discount rate	14.00%	14.00%	14.00%	14.00%
Salary growth rate	13.00%	-	-	13.00%
Pension growth rate	-	-	-	7.00%
Electricity cost growth rate	-	-	13.00%	-
Average expected remaining working life	10 Years	10 Years	10 Years	10 Years
Average duration of liabilities	10 Years	19 Years	19 Years	19 Years

	2023			
	Compensated absences	Free medical facility	Free electricity facility	Pension
Medical cost growth rate	-	-	-	-
Cash medical allowance growth rate	-	5.60%	-	-
Discount rate	16.00%	16.00%	16.00%	16.00%
Salary growth rate	15.00%	-	-	15.00%
Pension growth rate	-	-	-	9.00%
Electricity cost growth rate	-	-	15.00%	-
Average expected remaining working life	10 Years	10 Years	10 Years	10 Years
Average duration of liabilities	10 Years	20 Years	20 Years	20 Years

Note 19, Employees Post Employment and Other Benefits, continued.....

19.5 Quantitative sensitivity analyses

2024			
Compensated absences	Free medical facility	Free electricity facility	Pension
----- Rupees in thousands -----			
Medical cost increase + 1%	-	12,087,914	-
Medical cost increase - 1%	-	8,282,177	-
Discount rate + 1%	1,453,083	8,282,279	2,786,342
Discount rate - 1%	1,773,037	12,088,182	4,066,732
Salary increase + 1%	1,773,081	-	-
Salary increase - 1%	1,453,101	-	-
Pension increase rate + 1%	-	-	-
Pension increase rate - 1%	-	-	-
Electricity cost increase + 1%	-	-	4,066,642
Electricity cost increase - 1%	-	-	2,786,307

2023			
Compensated absences	Free medical facility	Free electricity facility	Pension
----- Rupees in thousands -----			
Medical cost increase + 1%	-	7,439,483	-
Medical cost increase - 1%	-	4,996,813	-
Discount rate + 1%	1,258,732	4,996,875	2,619,886
Discount rate - 1%	1,535,892	7,439,647	3,900,643
Salary increase + 1%	1,535,930	-	-
Salary increase - 1%	1,258,747	-	-
Pension increase rate + 1%	-	-	-
Pension increase rate - 1%	-	-	-
Electricity cost increase + 1%	-	-	3,900,557
Electricity cost increase - 1%	-	-	2,619,853

Note 20

Retention Money Payable

	2024	2023
	Rupees in thousands	
Opening balance	23,835,019	13,663,041
Add: Retention held during the year	9,951,183	7,805,909
Exchange loss	3,357,339	3,827,858
	13,308,522	11,633,767
Less: Payments made during the year	(299,263)	(1,461,789)
Closing balance	36,844,278	23,835,019
Less: Current portion shown under current liabilities	(980,605)	(1,829,616)
	<u>35,863,673</u>	<u>22,005,403</u>

Note 21

Trade and Other Payables

	2024	2023
	Rupees in thousands	
Payables to contractors and consultants	16,406,124	17,442,463
Due to other wings of WAPDA	21.1 2,192,453	3,811,702
Due to statutory authorities	21.2 1,303,980	1,259,804
Security deposits	352,527	257,441
Accrued liabilities	253,997	44,998
Other liabilities	21.3 2,495,024	1,606,912
	<u>23,004,105</u>	<u>24,423,320</u>

Note 21, Trade and Other Payables, continued.....

21.1 Due to other wings of WAPDA

	2024	2023
	Rupees in thousands	
WAPDA Coordination Wing	2,907	188,407
WAPDA Water Wing	<u>2,189,546</u>	<u>3,623,295</u>
	<u><u>2,192,453</u></u>	<u><u>3,811,702</u></u>

21.2 This includes Rs. 322.409 million (2023: Rs. 226.372 million) relating to Mohammad Dam as during the period income tax was deducted @ 8% on all the consultancy invoices; however, tax was paid @ 3% due to dispute in regulatory authorities.

21.3 This includes amounting to Rs. 1,513.177 million (2023: Nil) erroneously credited by bank in bank account of WAPDA Hydroelectric. The Authority is in process of correspondence with the donor for the return of the balance.

Note 22

Short Term Borrowings

		2024	2023
	Note	Rupees in thousands	
Power Sector Investment (PSI)	22.1	3,772,149	6,722,807
Payable to GoP	22.2	<u>78,681,488</u>	<u>175,747,035</u>
		<u><u>82,453,637</u></u>	<u><u>182,469,842</u></u>

22.1 This represents unsecured and interest free loan obtained from PSI (an entity under common control of WAPDA) to meet its working capital requirements. This loan is repayable on demand.

22.2 This represents the overdue balances of installments and related interest accrued on foreign relent and cash development loans, which is not paid as per the respective repayment schedules as disclosed in Note 17.7. The outstanding balances and the related interest accrued are payable on demand and will be settled upon specific instructions from Economic Affair Division (EAD), GoP. No interest is charged on the outstanding balance, after their due dates.

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Note 23

Payable against Hydel Levies

	Net Hydel Profit payable to Government of Punjab	Net Hydel Profit payable to Government of Khyber Pakhtunkhwa	Water Usage Charges payable to Government of Azad Jammu & Kashmir	Water Management Charges payable to Indus River System Authority	Total
----- Rupees in thousands -----					
Balance as at July 01, 2022	60,667,867	31,291,217	-	31,070	91,990,154
Billed during the year	10,993,051	28,669,959	545,834	156,432	40,365,276
Paid during the year	(600,000)	(7,900,000)	(265,678)	(96,630)	(8,862,308)
Tariff Adjustment	1,316,014	3,046,322	-	-	4,362,336
Disallowed portion	(2,068)	(740)	-	(13)	(2,821)
Balance as at June 30, 2023	72,374,864	55,106,758	280,156	90,859	127,852,637
Billed during the year	11,099,653	31,095,724	849,636	166,294	43,211,307
Paid during the year	(10,836,978)	(5,500,000)	(447,181)	(196,566)	(16,980,725)
Disallowed portion	-	(375)	-	-	(375)
Balance as at June 30, 2024	72,637,539	80,702,107	682,611	60,587	154,082,844

23.1 Government of Pakistan vide Sanction letter dated June 30, 2021, directly paid a sum of Rs. 25 billion to the Government of Khyber Pakhtunkhwa on account of payment of outstanding amount of Net Hydel Profit-WAPDA. However, the Finance Division, Government of Pakistan is yet to provide adjustment details to effect this transaction. The payables balance has not taken affect of this payment as of the reporting date.

Note 24

Accrued Interest

	2024	2023
----- Rupees in thousands -----		
Interest on foreign relent loans	2,922,597	1,517,019
Interest on foreign direct loans	34,712	44,638
Interest on syndicated term finance facility	3,535,635	2,083,598
Interest on eurobonds	783,525	806,059
	<u>7,276,469</u>	<u>4,451,314</u>

Note 25

Contingencies and Commitments

25.1 Contingencies

There are no significant contingencies to disclose that existed as at the reporting date (2023: Nil).

25.2 Commitments

25.2.1 Capital commitments contracted but not yet incurred, based on management's best estimates derived from the throw-forward values of the Public Sector Development Programme (PSDP) as of June 30, 2024, amounted to Rs. 1,886,108 million (2023: Rs. 1,105,274 million).

25.2.2 Commitments under letters of credit amount to Rs. 2,452 million (2023: Rs. 2,106 million).

25.2.3 The commitments in respect of Euro Bonds are described below:

	2024	2023
----- Rupees in thousands -----		
<i>Interest payable on Fixed Interest Euro Bonds issued at London Stock Exchange:</i>		
<i>[Translated as at the prevailing exchange rate]</i>		
Not later than one year	10,447,001	10,747,448
Later than one year and not later than five years	41,788,005	42,989,790
Later than five years	20,894,003	32,242,343
	<u>73,129,009</u>	<u>85,979,581</u>

Note 26

Revenue from Contract with Customer - Net

	Note	2024	2023
		Rupees in thousands	
Revenue from Sale of electricity for:			
- Variable charges components	26.1	2,769,284	2,649,260
- Fixed charges		70,375,293	72,144,304
		<u>73,144,577</u>	<u>74,793,564</u>

26.1 The amount is net of sales tax amounting to Rs. 498.47 million (2023: Rs. 459.19 million).

Note 27

Cost of Revenue

	Note	2024	2023
		Rupees in thousands	
Salaries, wages and benefits	27.1	10,623,623	7,410,649
Retirement and other benefits	27.2	12,950,286	10,803,980
Repairs and maintenance		1,458,119	1,009,846
Dams inspection and monitoring cost		1,000,000	1,087,683
Power, gas and water		821,258	674,464
NEPRA fee		263,898	203,940
Insurance	27.3	120,102	156,115
Consultancy charges		14	247
Fuel charges		54,816	40,795
Return on assets to provinces		12,972	12,972
Sundry expenses		-	8,065
Depreciation	6.1.1	7,828,676	7,501,978
		<u>35,133,764</u>	<u>28,910,734</u>

27.1 Salaries, wages and benefits

Pay and allowances	8,853,070	5,796,616
Other benefits	1,770,553	1,614,033
	<u>10,623,623</u>	<u>7,410,649</u>

27.2 Retirement and other benefits

Pension	19.3	11,005,832	9,140,725
Free electricity facility	19.3	548,948	471,203
Free medical facility	19.3	995,807	810,515
Compensated absences	19.3	399,699	381,537
		<u>12,950,286</u>	<u>10,803,980</u>

27.3 As per WAPDA Equipment Protection Scheme (WEPS), WAPDA Hydroelectric's equipment of power houses has been provided insurance coverage based on net book value of the equipment.

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Note 27, Cost of revenue continued.....

27.4 Cost of revenue

2024														
Formations	Salaries, wages and benefits	Retirement and other benefits	Sukuk III Ijarah rentals	Repairs and maintenance	Depreciation (Note 6.1.1)	Dams inspection and monitoring cost	Power, gas and water	NEPRA fees	Insurance	Consultancy charges	Fuel charges	Return on assets to provinces	Sundry expenses	Total
----- Rupees in thousands -----														
Tarbela	2,762,738	3,951,837	-	389,567	376,673	514,571	315,478	109,007	8,535	-	5,777	7,611	-	8,441,794
Ghazi Barotha	1,583,121	1,143,195	-	108,290	1,650,981	108,133	57,917	45,446	10,667	-	10,562	3,173	-	4,721,485
Mangla	1,863,468	1,956,694	-	213,273	596,471	235,016	223,660	31,342	9,785	14	8,205	2,188	-	5,140,116
Warsak	844,514	981,213	-	64,189	46,725	8,854	75,529	7,615	1,540	-	1,501	-	-	2,031,680
Chashma	888,974	603,555	-	149,281	849,821	65,334	135,779	5,767	9,421	-	13,909	-	-	2,721,841
Rasul	102,017	100,774	-	16,878	6,795	1,222	195	690	30	-	-	-	-	228,601
Dargai	130,624	114,893	-	29,310	3,277	2,521	2,624	627	-	-	-	-	-	283,876
Nandipur	120,770	116,536	-	9,452	3,424	1,193	870	433	32	-	15	-	-	252,725
Shadiwal	120,006	79,810	-	13,037	3,801	1,273	586	423	15	-	526	-	-	219,477
Chichoki	79,037	90,540	-	8,080	3,530	2,915	657	414	61	-	-	-	-	185,234
Kurram Garhi	84,541	67,733	-	5,572	5,192	-	181	125	246	-	-	-	-	163,590
Renala Khurd	38,501	29,179	-	5,382	1,414	-	169	34	-	-	-	-	-	74,679
Chitral	46,098	36,931	-	3,342	879	-	396	31	3	-	-	-	-	87,680
Khan Khwar	332,218	182,475	-	198,789	210,998	4,003	1,846	2,257	2,184	-	1,283	-	-	936,053
Allai Khwar	214,881	106,712	-	41,895	317,722	1,671	1,394	3,792	5,320	-	235	-	-	693,622
Gomal Zam	205,186	112,416	-	20,315	114,305	6,390	1,440	545	1,124	-	6,087	-	-	467,808
Jinnah Hydrel	350,852	247,941	-	32,536	410,971	-	-	3,009	12,629	-	3,088	-	-	1,061,026
Jabban	115,058	65,452	-	42,562	121,145	1,193	373	690	4,087	-	-	-	-	350,560
Dubair Khwar	189,956	92,632	-	38,112	350,114	-	1,411	4,074	4,631	-	903	-	-	681,833
Tarbela 4th	395,435	174,148	-	49,152	1,939,351	45,163	-	44,192	42,652	-	1,662	-	-	2,691,755
Golen Gol	154,193	3,925	-	19,105	806,251	548	753	3,385	7,140	-	1,063	-	-	996,363
Others	1,435	2,691,695	-	-	8,836	-	-	-	-	-	-	-	-	2,701,966
	10,623,623	12,950,286	-	1,458,119	7,828,676	1,000,000	821,258	263,898	120,102	14	54,816	12,972	-	35,133,764

Note 27, Cost of revenue continued.....

27.5 Cost of revenue

2023														
Formations	Salaries, wages and benefits	Retirement and other benefits	Sukuk III Ijarah rentals	Repairs and maintenance	Depreciation (Note 6.1.1)	Dams inspection and monitoring cost	Power, gas and water	NEPRA fees	Insurance	Consultancy charges	Fuel charges	Return on assets to provinces	Sundry expenses	Total
----- Rupees in thousands -----														
Tarbela	1,919,731	3,042,702	-	245,680	311,840	536,549	255,917	84,241	6,272	-	5,448	7,611	1,018	6,417,009
Ghazi Barotha	1,106,888	965,654	-	96,103	1,654,703	140,454	49,784	35,120	17,787	-	3,923	3,173	2,000	4,075,589
Mangla	1,269,989	1,631,026	-	82,130	606,862	301,980	183,121	24,221	15,945	54	5,304	2,188	50	4,122,870
Warsak	598,087	834,363	-	58,270	50,998	8,854	55,181	5,885	2,287	193	1,062	-	419	1,615,599
Chashma	617,881	769,074	-	94,134	616,945	54,699	120,170	4,457	10,457	-	13,093	-	1,000	2,301,910
Rasul	76,786	89,182	-	14,620	7,326	-	323	533	56	-	-	-	-	188,826
Dargai	91,528	100,965	-	15,578	3,174	-	2,320	484	1	-	-	-	-	214,050
Nandipur	85,820	98,775	-	7,090	3,435	-	563	334	53	-	25	-	-	196,095
Shadiwal	79,607	71,676	-	9,563	3,157	-	504	327	23	-	476	-	-	165,333
Chichoki	63,304	78,061	-	5,836	2,476	-	448	320	112	-	-	-	-	150,557
Kurram Garhi	59,907	59,982	-	7,234	2,928	-	115	97	16	-	-	-	-	130,279
Renala Khurd	31,299	24,399	-	2,780	1,374	-	390	27	-	-	-	-	-	60,269
Chitral	36,528	32,698	-	584	1,012	-	53	24	5	-	-	-	-	70,904
Khan Khwar	240,400	148,169	-	19,008	206,460	-	1,663	1,744	3,377	-	2,624	-	1,000	624,445
Allai Khwar	153,874	95,427	-	37,026	318,671	-	1,142	2,931	8,500	-	188	-	500	618,259
Gomal Zam	150,796	97,262	-	7,362	115,551	-	113	421	1,753	-	5,260	-	2	378,520
Jinnah Hydrel	230,839	212,265	-	25,198	411,760	-	-	2,325	20,058	-	1,937	-	500	904,882
Jabban	90,555	55,666	-	219	121,232	-	562	533	6,520	-	-	-	1,000	276,287
Dubair Khwar	126,785	86,812	-	259,710	350,615	-	1,182	3,149	7,338	-	165	-	534	836,290
Tarbela 4th	272,626	118,622	-	19,212	1,898,624	45,147	-	34,152	47,516	-	121	-	42	2,436,062
Golen Gol	107,323	53,678	-	1,238	806,015	-	202	2,615	8,039	-	1,169	-	-	980,279
Others	96	2,137,522	-	1,271	6,820	-	711	-	-	-	-	-	-	2,146,420
<i>uw</i>	7,410,649	10,803,980	-	1,009,846	7,501,978	1,087,683	674,464	203,940	156,115	247	40,795	12,972	8,065	28,910,734

Note 28

Operating Expenses

		2024	2023
	Note	Rupees in thousands	
Management service charges		1,528,082	1,048,746
R&D - Survey and Investigation	28.1	541,776	469,609
Vehicle running expenses		513,884	451,191
Outside services employed	28.2	403,113	483,222
Travelling expenses		144,926	89,718
Office expenses		65,977	36,915
Corporate Social Responsibility (CSR)	28.3	114,252	107,113
Advertisement and periodicals		13,819	13,079
Legal and professional charges		8,192	6,495
Communication		18,825	15,630
Rent, rates and taxes		4,904	4,737
Others		1,838	7,626
		<u>3,359,588</u>	<u>2,734,081</u>

28.1 R&D - Survey and investigation includes research and development expenses of projects which cannot be developed due to financial or technical reasons and the projects which are not to be developed by WAPDA Hydroelectric (i.e. the feasibility has either been transferred to Federal or Provincial Government, any organization or has been expensed).

28.2 This includes the expenses of the Director of Public Relations Office, Chief Auditor's Office, and Director of Pension Office, allocated to the entity (WAPDA Power Wing's share).

28.3 This includes the expenses of the WAPDA Sports Board allocated to the entity (WAPDA Power Wing's share).

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Note 28, Operating expenses, continued.....

28.4 Operating expenses

2024													
Formations	Management service charges	R&D - Survey and Investigation (Note 28.1)	Vehicle running expenses	Outside services employed	Travelling expenses	Office expenses	Advertisement and periodicals	Legal and professional charges	Communication	Rent, rates and taxes	Corporate Social Responsibility (CSR)	Others	Total
----- Rupees in thousands -----													
Tarbela	535,759	-	156,226	170,254	30,602	35,151	2,810	1,060	4,664	81	42,505	-	979,112
Ghazi Barotha	260,367	-	96,373	49,934	15,807	4,689	2,379	1,965	2,239	123	18,220	-	452,096
Mangla	218,625	-	83,279	34,438	32,867	10,051	1,716	2,756	3,491	3,449	12,221	1,135	404,028
Warsak	73,175	-	27,132	30,360	6,784	3,427	669	274	1,066	26	3,969	419	147,301
Chashma	79,623	-	56,560	6,337	17,874	4,019	2,785	377	2,324	1,225	3,749	15	174,888
Rasul	8,111	-	2,915	758	2,537	279	35	-	106	-	269	-	15,010
Dargai	11,049	-	1,775	20,636	1,321	268	290	-	283	-	736	-	36,358
Nandipur	7,615	237	3,237	475	1,385	439	52	32	273	-	169	-	13,914
Shadiwal	7,988	104	3,712	517	1,487	279	291	-	216	-	165	-	14,759
Chichoki	5,891	-	4,264	455	1,836	194	-	23	143	-	161	-	12,967
Kurram Garhi	5,270	-	1,939	1,320	1,883	155	33	-	77	-	549	159	11,385
Renala	2,324	62	3,461	38	970	98	13	53	156	-	13	-	7,188
Chitral	2,685	-	1,107	34	543	61	-	21	60	-	412	-	4,923
Khan Khwar	33,532	-	9,856	2,480	4,721	641	276	115	791	-	910	-	53,322
Allai Khwar	24,616	-	5,900	4,167	5,029	294	86	-	283	-	1,479	-	41,854
Gomal Zam	14,173	-	10,953	599	4,002	869	20	9	916	-	1,713	-	33,254
Jinnah	28,021	-	10,298	3,306	3,874	1,457	728	1,023	270	-	1,673	110	50,760
Jabban	10,754	-	2,570	20,252	1,050	195	89	-	146	-	269	-	35,325
Dubair Khwar	22,855	-	7,431	4,477	3,831	1,463	291	297	248	-	4,885	-	45,778
Tarbela 4th	156,144	-	17,914	48,557	4,453	905	1,200	187	723	-	17,232	-	247,315
Golen Gol	19,505	-	6,949	3,719	2,067	1,043	56	-	344	-	2,953	-	36,636
Others	-	541,373	33	-	3	-	-	-	6	-	-	-	541,415
<i>im</i>	1,528,082	541,776	513,884	403,113	144,926	65,977	13,819	8,192	18,825	4,904	114,252	1,838	3,359,588

Note 28, Operating expenses, continued.....

28.5 Operating expenses

2023													
Formations	Management service charges	R&D - Survey and Investigation (Note 28.1)	Vehicle running expenses	Outside services employed	Travelling expenses	Office expenses	Advertisement and periodicals	Legal and professional charges	Communication	Rent, rates and taxes	Corporate Social Responsibility (CSR)	Others	Total
----- Rupees in thousands -----													
Tarbela	345,301	-	144,597	202,070	17,328	19,520	2,772	1,183	3,261	108	44,244	983	781,367
Ghazi Barotha	194,550	-	79,698	68,667	9,979	2,835	1,601	2,877	2,313	123	18,446	-	381,089
Mangla	151,254	-	72,237	45,969	19,640	5,229	1,352	1,529	3,302	3,576	12,721	751	317,560
Warsak	52,308	-	25,886	29,490	4,601	2,000	788	46	1,078	27	3,091	253	119,568
Chashma	57,413	-	51,632	8,458	10,086	2,558	1,708	204	1,411	903	2,341	707	137,421
Rasul	6,200	-	3,462	1,011	2,096	135	100	18	126	-	280	-	13,428
Dargai	7,621	-	1,969	17,884	858	153	173	-	234	-	254	1,009	30,155
Nandipur	5,742	-	2,408	634	999	254	224	63	262	-	176	3,246	14,008
Shadiwal	5,617	496	3,107	621	1,218	318	253	-	174	-	172	-	11,976
Chichoki	4,647	454	3,063	607	1,105	260	152	-	189	-	168	-	10,645
Kurram Garhi	3,822	-	1,818	184	1,399	56	343	140	67	-	51	-	7,880
Renala	1,901	-	1,632	51	337	90	86	-	147	-	14	-	4,258
Chitral	2,000	-	1,089	46	536	85	-	-	49	-	13	-	3,818
Khan Khwar	18,173	-	9,329	3,310	4,732	263	718	46	750	-	916	-	38,237
Allai Khwar	16,861	-	3,413	5,562	2,545	164	226	165	255	-	1,539	-	30,730
Gomal Zam	9,888	-	11,017	800	2,167	592	120	-	236	-	221	-	25,041
Jinnah	19,107	-	11,031	4,413	3,348	376	1,244	-	216	-	1,221	88	41,044
Jabban	7,147	-	2,562	17,688	587	129	94	-	131	-	280	-	28,618
Dubair Khwar	27,187	-	3,968	5,976	2,704	150	345	154	160	-	1,654	-	42,298
Tarbela 4th	94,455	-	13,194	64,816	2,313	956	702	70	888	-	17,937	589	195,920
Golen Gol	11,786	-	3,080	4,965	1,127	674	78	-	381	-	1,374	-	23,465
Others	5,766	468,659	999		13	118	-	-	-	-		-	475,555
	1,048,746	469,609	451,191	483,222	89,718	36,915	13,079	6,495	15,630	4,737	107,113	7,626	2,734,081

Note 29

Finance and Other Costs

	Note	2024	2023
		Rupees in thousands	
Finance costs	29.1	62,935,541	46,647,728
Other costs	29.2	3,215,407	2,390,968
		<u>66,150,948</u>	<u>49,038,696</u>
29.1 Finance costs			
29.1.1 Development hydel projects			
Interest on foreign relent loans	6.2.2	20,202,183	14,278,227
Interest on foreign direct loans	6.2.2	5,106,772	4,918,304
Interest on syndicated term finance facility	6.2.2	18,558,523	8,788,076
Interest on cash development loans	6.2.2	7,929,120	8,116,924
Interest on eurobonds		10,549,587	9,781,071
		62,346,185	45,882,602
29.1.2 Operational hydel stations			
Interest on foreign relent loans		160,970	262,363
Interest on cash development loans		428,386	502,763
		589,356	765,126
		<u>62,935,541</u>	<u>46,647,728</u>
29.2 Other costs			
Bank charges		3,212,633	1,990,796
Other charges	29.2.1	2,774	400,172
		<u>3,215,407</u>	<u>2,390,968</u>

29.2.1 The major portion of these charges comprises net exchange loss on foreign currency loans and exchange losses relating to the payment of foreign currency invoices of designated contractors and consultants.

Note 30

Other Income

	Note	2024	2023
		Rupees in thousands	
30.1 Income from financial assets			
Profit on bank balances		28,082,463	4,425,926
Interest income - investments		9,470,486	7,596,761
Reversal of provision against the investment	11.2	46,000	-
Interest income - long term loans to employees		660	1,280
		37,599,609	12,023,967
30.2 Income from non-financial assets			
Amortization of grant		244,678	244,678
Income from guest houses and others		139,542	127,287
Sale of scrap		19,175	12,382
Gain on disposal of operating fixed assets		5,310	5,022
Income from non - utility operations		7,597	3,072
Sale of stores		70,247	47,499
Miscellaneous income		285,093	94,712
		771,642	534,652
		<u>38,371,251</u>	<u>12,558,619</u>

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Note 31

Financial Risk Management

31.1 Financial risk factors

WAPDA Hydroelectric activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. WAPDA Hydroelectric overall risk management programme focuses on the aversion of any liquidity management seeks to minimize potential adverse effects of liquidity crisis on the financial performance.

The Risk management of WAPDA Hydroelectric is carried out by the WAPDA (which comprise the Chairman and 3 Members) for WAPDA Hydroelectric. WAPDA Authority provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

WAPDA Hydroelectric financial liabilities comprise interest bearing long term financing, short term borrowings, trade and other payables (excluding statutory payables) and accrued interest . These financial liabilities have resulted from working capital management of hydroelectric operations. Similarly, the financial assets include receivables from the customer, long term loans to employees and deposits, other receivables and bank balances.

31.1.1 Market risk

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

(a) 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.

WAPDA Hydroelectric is exposed to currency risk mainly arising from currency exposure to the United States Dollar (USD). Currently, WAPDA Hydroelectric's foreign exchange risk exposure is restricted to the repayment of foreign direct loans, payable to contractors and consultants and bank balances held in foreign currency.

Exposure to foreign currency risk

As on the reporting date, WAPDA Hydroelectric's exposure to foreign currency risk has been based on following amounts:

	2024	2023
	----- USD '000' -----	
Euro bonds	500,000	500,000
Long term financing - foreign direct loan	280,000	350,000
Bank balances - foreign currency	130,111	160,875
Payable to contractors and consultants	9,481	32,083
Retention money payable	68,308	42,382

The following significant exchange rates were applicable:

	2024	2023
	US \$ to Pak Rupees	
Closing rate as at the reporting date	278.59	286.60
Average rate	282.60	245.73

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Note 31, Financial Risk Management, continued.....

Sensitivity analysis

WAPDA Hydroelectric's exposure to foreign currency risk arises on the projects which are under development mainly due to the foreign currency balances mentioned above. The translation differences on the foreign currency loan and related foreign currency bank balances are capitalized pursuant to the SECP's exemption regarding capitalization of exchange differences; whereas on other balances fluctuation in the functional currency against USD would not be having any significant impact on the profits of WAPDA Hydroelectric.

(b) Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from the mismatch of financial assets and liabilities that mature in a given period.

WAPDA Hydroelectric has no significant long-term interest-bearing assets. WAPDA Hydroelectric interest rate risk arises from interest bearing loans and borrowings. Borrowings obtained at variable rates expose WAPDA Hydroelectric to cash flow interest rate risk.

As at the reporting date, the interest rate profile of WAPDA Hydroelectric's interest bearing financial instruments was as follows:

	2024	2023
	Rupees in thousands	
Fixed rate instruments		
Financial liabilities:		
Cash development loans, foreign relent loans and direct loans	376,196,720	333,194,679
Eurobonds	139,293,350	143,299,300
Financial assets:		
Short term investments	71,704,677	58,489,802
Pakistan investment bonds	20,906,500	20,906,500
Floating rate instruments		
Financial liabilities:		
Syndicated term finance facility	103,299,505	59,447,311
Financial assets:		
Bank balances - deposit accounts	153,674,320	101,545,721

Fair value sensitivity analysis for fixed rate instruments

WAPDA Hydroelectric does not designate any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit / loss for the year of WAPDA Hydroelectric.

Fair value sensitivity analysis for floating rate instruments

If floating interest rates on financial instruments at the reporting date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have decreased / increased by Rs. 503 million (2023: Rs. 420 million) mainly as a result of higher / lower interest expense in the year ended June 30, 2024. This analysis is prepared assuming the amount of floating rate instruments outstanding at the statement of financial position dates were outstanding for the whole year.

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Note 31, Financial Risk Management, continued.....

(c) Other price risk

Other price risk is a risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at June 30, 2023, WAPDA Hydroelectric is not exposed to any significant price risk (2023: Nil).

31.1.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. WAPDA Hydroelectric is exposed to credit risk from its operating activities (primarily for trade receivable), loans to related parties and employees and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions:

	2024		2023	
	Rs. '000'	Exposure %	Rs. '000'	Exposure %
At amortized cost:				
Long term loans to employees	927,963	0.21%	867,860	0.16%
Long term deposits	22,096	0.00%	21,696	0.00%
Long term investments	20,906,500	4.73%	20,906,500	3.92%
Receivable from the customer	137,690,419	31.13%	290,435,130	54.41%
Short term investments	71,704,677	16.21%	56,744,901	10.63%
Other receivables	5,426,617	1.23%	6,064,977	1.14%
Bank balances	205,597,253	46.49%	158,726,506	29.74%
	<u>442,275,525</u>	<u>100.00%</u>	<u>533,767,570</u>	<u>100.00%</u>

As at June 30, 2023, WAPDA Hydroelectric has only one customer, CPPA-G (a Government owned entity), that owed to WAPDA Hydroelectric Rs. 73,773 million (2023: Rs. 204,071 million) and Rs. 63,918 million (2023: Rs. 86,364 million) against sale of electricity and hydel levies, respectively.

Since SRO No. 67(1)/2023 issued by SECP on January 20, 2023 stipulates that in respect of the companies holding financial assets due from GoP, the requirements about the application of Expected Credit Loss (ECL) as contained in IFRS 9 (Financial instruments), shall not be applicable till December 31, 2024. Accordingly, no ECL is recorded on the receivables from CPPA-G as at the reporting date.

The management does not expect to recognize the provision against receivables from CPPA-G since WAPDA Hydroelectric's long standing business relationships with CPPA-G and considering that it is a Government owned entity.

Other receivables mainly include balances from other segments of WAPDA or other Government controlled entities. The management has assessed that ECL allowance on these receivables from related parties is not significant as the balances have been acknowledged by respective counter parties and by government controlled entities and they have financial ability to settle the amount.

WAPDA Hydroelectric deals with banks having credit ratings in the top categories, therefore, considers these as low risk and does not expect credit loss to arise on the bank balances. Following are the credit ratings of banks with balances and short term investments that are held at reporting date:

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Note 31, Financial Risk Management, continued.....

Bank	Rating			2024	2023
	Short term	Long term	Agency		
Rupees in thousands					
Bank balances					
National Bank of Pakistan	A1+	AAA	PACRA	142,083,289	127,698,980
Habib Bank Limited	A1+	AAA	VIS	20,609,195	9,427,707
Askari Bank Limited	A1+	AA+	PACRA	5,800,518	3,159,929
MCB Bank Limited	A1+	A1	PACRA	15,595,630	7,735,569
United Bank Limited	A1+	AAA	VIS	9,560,439	3,875,833
Allied Bank Limited	A1+	AAA	PACRA	5,381,840	4,685,043
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,925,613	141,947
Bank Alfalah Limited	A1+	AAA	PACRA	3,874,909	1,691,017
Soneri Bank Limited	A1+	AA-	PACRA	4,860	53,530
Standard Chartered Bank	A1+	AAA	PACRA	910	1,371
The Bank of Punjab	A1+	AA+	PACRA	702,500	-
Bank Al Habib	A1+	AAA	PACRA	57,550	255,643
				205,597,253	158,726,569
Short term investments					
Habib Metropolitan Bank	A1+	AA+	PACRA	6,236,979	5,000,000
Bank Alfalah Limited	A1+	AAA	PACRA	20,000,000	5,000,000
Pakistan Kuwait Investment Company (Private) Limited	A1+	AAA	PACRA	5,000,000	-
The Bank of Punjab	A1+	AA+	PACRA	25,467,698	40,000,000
Faysal Bank Limited	A1+	AA	PACRA	15,000,000	11,744,901
				277,301,930	215,471,470

31.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities.

WAPDA Hydroelectric's approach to liquidity management 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 damage to its reputation. Despite presentation of various loans as current liabilities as mentioned in Notes 17.5.2 and 17.7, WAPDA Hydroelectric expects to pay these loans in accordance with original loan schedules.

The table below analyses WAPDA Hydroelectric's financial liabilities into relevant maturity groupings based on the remaining period at the reportig date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, the liabilities have been disclosed on the basis of earliest date on which WAPDA Hydroelectric is required to pay or settle these liabilities.

	2024				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- Rupees in thousands -----					
Long term financing	619,028,547	619,028,547	47,684,934	182,141,227	389,202,386
Retention money payable	36,844,278	36,844,278	980,605	29,406,329	6,457,344
Trade and other payables	21,700,125	21,700,125	21,700,125	-	-
Short term borrowings	82,453,637	82,453,637	82,453,637	-	-
Payable against hydel levies	154,082,844	154,082,844	154,082,844	-	-
Accrued interest	7,276,469	7,276,469	7,276,469	-	-
	921,385,900	921,385,900	314,178,614	211,547,556	395,659,730

Note 31, Financial Risk Management, continued.....

	2023				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	----- Rupees in thousands -----				
Long term financing	536,180,262	536,180,262	312,633,354	80,247,608	143,299,300
Retention money payable	23,835,019	23,835,019	1,829,616	18,418,081	3,587,322
Trade and other payable	23,163,516	23,163,516	23,163,516	-	-
Short term borrowings	182,469,842	182,469,842	182,469,842	-	-
Payable against hydel levies	127,852,637	127,852,637	127,852,637	-	-
Accrued interest	4,451,314	4,451,314	4,451,314	-	-
	<u>897,952,590</u>	<u>897,952,590</u>	<u>652,400,279</u>	<u>98,665,689</u>	<u>146,886,622</u>

31.1.4 Fair values estimation

Financial instruments comprise financial assets and financial liabilities. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. WAPDA Hydroelectric's financial assets consist of receivables from the customer, loans and deposits, other receivables, bank balances and short term investments. Its financial liabilities consist of long term financing, short term borrowings, trade and other payables (excluding statutory payable), retention monies payable, accrued markup and payable against hydel levies. The above financial assets and liabilities (except non-current portion of long term loans and deposits, long term financing and retention money payables) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of non-current portion of long term loans and deposits and long term financing are not significantly different to their carrying values as these financial instruments bear interest at floating rates which gets re-priced at regular intervals. The management has concluded that carrying values of retention monies payable approximate to their fair values.

31.1.5 Financial instruments by categories

	2024	2023
	Rupees in thousands	
Financial assets at amortized cost		
Long term loans to employees and security deposits	950,059	889,556
Long term investments	20,906,500	20,906,500
Receivable from the customer	137,690,419	290,435,130
Short term investments	71,704,677	56,744,901
Other receivables	5,426,617	6,064,977
Bank balances	205,597,253	158,726,506
	<u>442,275,525</u>	<u>533,767,570</u>

There have not been any financial assets designated at fair value through profit or loss or fair value through other comprehensive income categories (2023: Nil).

Financial liabilities measured at amortized cost

Long term financing	619,028,547	536,180,262
Short term borrowings	82,453,637	182,469,842
Trade and other payables	21,700,125	23,163,516
Payable against hydel levies	154,082,844	127,852,637
Retention money payables	36,844,278	23,835,019
Accrued interest	7,276,469	4,451,314
	<u>921,385,900</u>	<u>897,952,590</u>

Note 31, Financial Risk Management, continued.....

31.1.6 Capital risk management

WAPDA Hydroelectric's objectives when managing capital are to safeguard its ability to continue as a going concern. WAPDA Hydroelectric manages its capital structure and makes adjustments to it, in the light of the changes in economic conditions.

Hydroelectric monitors its capital adequacy using the gearing ratio, which is net debt divided by equity plus net debt. Debt represents long term loans (including current portion) obtained by Hydroelectric. Total equity includes accumulated profits and equity investment by the GoP plus net debt.

The gearing ratios are as follows:

	Note	2024	2023
		Rupees in thousands	
Long term financing including current portion	17	619,028,547	536,180,262
Short term borrowing	22	82,453,637	182,469,842
Less: Bank balances		(205,597,253)	(158,726,506)
Less: Short term investments	11	(40,000,000)	(31,744,901)
Net debt		<u>455,884,931</u>	<u>528,178,697</u>
Equity		295,732,105	249,947,771
Net debt		455,884,931	528,178,697
Equity and net debt		<u>751,617,036</u>	<u>778,126,468</u>
Gearing ratio		<u>61%</u>	<u>68%</u>

Note 32

Changes in Liabilities Arising from Financing Activities including Current Portion

Note	Short term borrowings		Long term financing	
	2024	2023	2024	2023
	----- Rupees in thousands -----			
Opening balance	182,469,842	145,687,690	536,180,262	431,097,582
Cash flow changes	(141,918,247)	580,744	102,509,852	48,177,359
Foreign exchange	-	-	(6,480,184)	69,707,480
Non cash changes	41,902,042	36,201,408	(13,181,383)	(12,802,159)
Closing balance	<u>82,453,637</u>	<u>182,469,842</u>	<u>619,028,547</u>	<u>536,180,262</u>

32.1 The non cash changes pertains to the interest on foreign relent loans (FRL) and cash development loans (CDL) and overdue installments of principal of FRL and CDL transferred from long term financing payable to the GoP to payable to the GoP under short-term borrowings.

Note 33

Installed Capacity and Net Electric Output

	2024	2023
Installed capacity (Mega watts)	<u>8,420</u>	<u>8,420</u>
Net electric output (Giga watt hours)	<u>33,259</u>	<u>31,286</u>

Note 34

Number of Employees

	2024	2023
	Number	Number
Active employees	<u>9,433</u>	<u>9,262</u>
Pensioners	<u>10,630</u>	<u>10,129</u>

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Note 35

Transactions with Related Parties

WAPDA Hydroelectric is part of WAPDA, which is fully owned by the GoP, therefore entities which are owned and / or controlled by the GoP, or where the GoP may exercise significant influence, are related parties of WAPDA Hydroelectric. WAPDA Hydroelectric in the ordinary course of business enters into transaction with Government-related entities. Related parties comprise GoP and its associated departments and entities being commonly controlled by the GoP, associated undertakings, key management personnel and entities in which key management personnel are office holders / members. WAPDA Hydroelectric has disclosed only the significant related parties transactions entered into during the year. Balances due from and due to related parties are shown in their respective notes. Details of significant related parties transactions during the year are as follows:

Name of related party	Relationship	Nature of transaction	2024	2023
			Rupees in thousands	
Economic Affairs Division	Government of Pakistan	Receipt of disbursements against FRL	78,488,658	33,730,043
		Repayments against FRL and CDL	137,276,000	-
		Accrual of guarantee fee - Credit Suisse	189,361	174,300
		Payment of guarantee fee - Credit Suisse	(189,361)	(296,800)
		Receipt of Government grants	36,963,211	42,552,710
CPPA-G	Associated undertakings due to common control	Sale of electricity including related to tests n	73,144,577	74,793,564
		Billing of hydel levies	43,211,307	44,727,613
		Receipts against sale of electricity and hydel levies	269,599,066	103,846,478
Government of Pakistan	Associate	Purchase of Pakistan investment bonds	-	20,906,500
Government of Punjab	Associate	Payment of 4% return on assets	(9,284)	(9,284)
		Hydel levies billed	11,099,653	10,993,051
		Hydel levies payment	(10,836,978)	(600,000)
Government of Khyber Pakhtunkhwa	Associate	Payment of 4% return on assets	(3,430)	(3,430)
		Hydel levies billed	31,095,724	28,669,959
		Hydel levies payment	(5,500,000)	(7,900,000)
Government of Azad Jammu and Kashmir	Associate	Payment of water usage charges	(447,181)	(265,678)
		Water usage charges billed	849,636	545,834
Indus River System Authority	Associate	Payment of water management charges	(196,566)	(96,630)
		Water management charges billed	166,294	156,432
WAPDA Equipment Protection Scheme	Associate	Insurance premium	(120,102)	(156,115)
WAPDA Water Wing	Associate	Dams inspection and monitoring charges	(1,000,000)	(1,087,683)
WAPDA Coordination Wing	Associate	Authority overhead	(722,424)	(542,815)
National Electric Power Regulatory Authority	Associate	NEPRA fee	(263,898)	(203,940)

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Note 35, Transactions with Related Parties, continued.....

Name of related party	Relationship	Nature of transaction	2024	2023
			Rupees in thousands	
Power Services & Investments (PSI)	Associate	Short term borrowings obtained	854,943	2,960,182
Land Acquisition Collectors	Associate	Adjustment of other receivables	5,132,638	(2,420,568)
Chief Resident Representative Karachi (CRRK)	Associate	Advance provided for land acquisition	5,164,224	6,063,653
		Advance against foreign purchase of plant, machinery, stores and spares - net	(97,154)	(2,416,776)

Key management personnel

The Members of WAPDA Authority are the key management personnel of WAPDA Hydroelectric. Salaries and other benefits of key management personnel are recorded and paid by WAPDA Coordination Wing. WAPDA Coordination Wing charges these amounts to WAPDA Hydroelectric as part of authority overhead, disclosed above.

Note 36

Operating Segments

WAPDA Hydroelectric has determined that WAPDA, chaired by the Chairman of WAPDA, is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'. WAPDA Hydroelectric is only involved in selling electricity to the CPPA-G which is its only operating segment.

Note 37

Date of Authorization of Issue

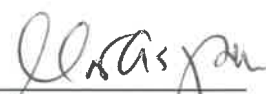
These financial statements were approved and authorized by WAPDA Authority for issuance on 18 DEC 2024.

Note 38

General

Corresponding figures are rearranged / reclassified for better presentation and comparison. Following re-arrangements have been made in these financial statements that does not have any impact on the statement of financial position and profitability of the Authority.

Nature	From	To	2023
			Rupees in thousands
Statement of financial position			
Capital nature stores and spares	Stores, spares and loose tools (Note 9)	Property, plant and equipment (Note 6)	6,006,006
Advances for land acquisition	Other receivables (Note 12)	Loan and advances (Note 13)	788,337
Payable against GB projects	Trade and other payables (Note 21)	Long term financing (Note 17)	238,972
Operating expenses	Management service charges (Note 28)	Outside services employed (Note 28)	387,058
Operating expenses	Management service charges (Note 28)	Corporate social responsibility (Note 28)	107,113


Member (Finance)


Member (Power)