



WAPDA Hydroelectric

PETITION TO NEPRA
FOR DETERMINATION OF
BULK SUPPLY TARIFF OF POWER TO NTDC/CPPA

(FY 2015 - 2016)

General Manager Finance (P)
713 - WAPDA House
Lahore

G.M.F. (P)

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G.M.F. (P)

**NAME OF LICENSEE: PAKISATN
WATER AND POWER DEVELOPMENT
AUTHORITY**

LICENSE No. GL (HYDEL) /05 / 2004

**PETITION: PETITION FOR REVISION OF TARIFF
FOR FY 2015-16 FOR BULK
SUPPLY OF POWER FROM WAPDA
HYDEL POWER STATIONS.**

STATEMENT OF COMPLIANCE

ORDER OF NEPRA

Order of National Electric Power Regulatory Authority at Para 25, 26 & 27 of Determination dated June 27, 2014 is reproduced here under:

25 Subject to adjustment on account of determination of Net Hydel Profits by CCI, Water and Power Development Authority (Petitioner) is allowed to charge the Central Power Purchase Agency (CPPA) within the National Transmission and Despatch Company (NTDC) the following two part tariff, for sale of bulk power measured at the bus bar of its hydro electric power stations connected directly or indirectly to the transmission system of NTDC.

*Fixed Charge = Rs. 850.2069 per KW per month of installed capacity, and
Variable Charge = Paisa 11.6715 per kWh delivered.*

26 The above tariff is applicable for a period of one year from February 27, 2014, after which the following tariff will be applicable.

*Fixed Charge = Rs. 632.7887 per KW per month of installed capacity, and
Variable Charge = Paisa 8.6869 per kWh delivered.*

27 Any over/under recovery of cost/revenue requirement due to factors beyond control of the petitioner will be adjusted after due consideration by the Authority, at the time of next tariff determination.

POINTS MENTIONED IN THE DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FOR LEAVE FOR REVIEW FILED BY WAPDA

1. At Paras.10 & 11 of the decision, WAPDA Hydroelectric was not allowed recovery of post retirement benefits on the basis of actuarial valuation (Unit credit method) for its serving regular employees and pensioners as per IAS-19 on the following grounds:
 - a. Authentic figure of staff retirement benefits actually paid for financial year 2013-14 is not yet available
 - b. The issue of post-retirement benefits of employees after unbundling of WAPDA power wing remains unresolved. The authority noted that, despite petitioner's claim to the contrary, liability of the petitioner, on account of staff retirement benefits, consequent to the resolution of these disputes might change.
2. At Paras.14 of the decision, NEPRA Authority while allowing repair & maintenance cost of Rs.2,528 million for financial year 2013-14 to WAPDA Hydroelectric, directed as under:

For adjustment of repair and maintenance costs, for the financial year 2013-14, on the basis of actual costs and for all future claims the petitioner is directed to include complete plant wise details of repair and maintenance costs claimed, plant wise history of actual repair and maintenance costs for the preceding five years, along with copies of internal approvals and details

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of internal procedures followed for approval of its repair and maintenance costs, along with the tariff petition.

In this regard point-wise reply and compliance of the above reservations are as under:

- 1-a. WAPDA Hydroelectric prepares its accounts for FY 2013-14 in accordance with IFRS and E&Y Chartered Accountants has audited the same in line with direction issued to WAPDA by NEPRA vide letter No. 944 Dated 02-02-2010. Actual post retirement payment of Rs. 2078 Million made by WAPDA Hydroelectric has been shown in the Cash flow statement as well as note No 19.2 of the Audited Annual Account of WAPDA Hydroelectric for the period ended 30.06.2014. The Audited Accounts of WAPDA Hydroelectric for FY 2013-14 has been attached to this petition as (Annexure-1) and Actuarial Valuation report of WAPDA Hydroelectric for FY 2013-14 is at (Annexure-2)
- 1-b. Upon unbundling of WAPDA, Power Wing in 1998, related Business and assets were transferred to Corporate Entities (DISCOs, GENCOs & NTDC) alongwith related liabilities with the exception of post retirement benefit liability. Despite various sincere efforts of WAPDA at different forums, WAPDA was not able to achieve any progress towards resolution of this issue. WAPDA Hydroelectric is very grateful that NEPRA took the lead in order to thrash out the issue in the light of agreements executed between WAPDA and Corporate Entities. After reviewing all the agreements and procedure/rules, held number of consultative meetings while determining the power sale tariff of DISCOs. The Authority has principally decided that all cost of the XWAPDA retired employees up to 30th June, 2014 would be borne by WAPDA. However, any cost after 30th June, 2014 would be borne by respective Corporate Entities, and directed to submit next tariff petitions accordingly. (Para 13.3.2 of Decision of the Authority dated 10th March, 2015 in the matter of Petition filed by FESCO for determination of its Consumer end Tariff pertaining to FY 2014-15.) (Annexure-3)
2. Plant wise history of actual repair and maintenance costs for FY 2008-09 to FY 2013-14 is at (Annexure-4). Internal procedure followed for approval of repair and maintenance activities has been attached to this petition at (Annexure-5).

WAPDA Hydroelectric filed its Petition for determination of Revision of Bulk Supply Tariff for FY 2013-14 in NEPRA on 29th March 2013. NEPRA issued its Determination on 18th December 2013 and GOP notified the same vide SRO dated 27th February 2014. Meanwhile, being aggrieved on various accounts WAPDA Hydroelectric filed a review motion on 24th December 2013, which was admitted by NEPRA and after completion of all regulatory formalities accordingly revised its earlier decision on 27th June 2014. Revised Bulk Supply tariff of WAPDA hydroelectric become effective after notification of GOP vide S.R.O. 839(I)/2014 dated 24.09.2014.

Pending settlement of Petition for FY 2013-14 in NEPRA, and delays in Gazette notification of tariff by the GoP, WAPDA Hydroelectric could not file Bulk Supply Tariff Revision Petition for FY 2014-15 in due course of time. Projection of WAPDA Hydroelectric revenue requirements for FY 2014-15 and FY 2015-16 has been made on the basis of actual audited numbers of FY 2013-14 and Six (6) months (Jul-Dec) actual numbers for FY 2014-15, projected numbers for last Six (6) months (Jan-Jun) of FY 2014-15 and full year projection for FY 2015-16.

THE PETITION

LICENSEE INTRODUCTION

WAPDA was established under the WAPDA Act in 1958 as an autonomous body for the development and use of the water and power resources of Pakistan on a unified, multipurpose basis. As a result of structural reforms introduced by Government in Power Sector, the major activities of WAPDA Hydroelectric being a largest and bona fide Hydel Power Generation Licensee include:

- ❖ Operation and maintenance of Existing Hydel Power Stations, &
- ❖ Construction/ development of new Hydel Power Projects/ Schemes.

NEPRA has, modified generation license of WAPDA for installed capacity of **17,360 MW** of Twenty Four (24) hydel power stations of WAPDA-Hydroelectric (List attached at **Annexure-6**), out of these Nineteen (19) hydel power stations having installed capacity of **6,902 MW** are currently in operation.

Section 25 of WAPDA Act provides that, the Authority shall ordinarily **sell power in bulk**. Further it is also stated that the rate at which the Authority shall sell power shall be so fixed as to provide for meeting the **operation cost, interest charges and depreciation of assets, the redemption at due time of loans** other than those covered by the depreciation, the **payment of any taxes** and a **reasonable return on investment**.

BASES OF PETITION

Projected change in Revenue Requirements of WAPDA-Hydroelectric for FY 2015-16, worked out on the audited Financial Statements of WAPDA Hydroelectric for FY 2013-14, Six (6) months (Jul-Dec) actual numbers for FY 2014-15, projected numbers for last Six (6) months (Jan-Jun) of FY 2014-15 and full FY 2015-16, have formed the basis for this petition, which are as under:

1. Increase in Regulatory Assets Base from Rs.221,783 Mln to Rs.381,506 Mln due to more capital investment in the ongoing projects.
2. O&M Cost for FY 2015-16 increase to Rs.12,750 Mln including provision for post retirement benefits of serving employees as against Rs.8,591 Mln determined by NEPRA for FY 2013-14.
3. Increase in Net Hydel Profit & Water Usage Charges from NEPRA determined Rs.6,000 Mln and Rs.840 Mln respectively for FY 2013-14 to Rs 34,927 Mln for FY 2015-16.
4. Other Income from NEPRA regulated business activities has been projected as Rs.431 Mln for FY 2015-16 against Rs.1,049 Mln determined by NEPRA for FY 2013-14.
5. Debt/Equity ratio for FY 2015-16 works out as 18:82 for Hydel Power Stations and 81:19 for Hydel Power Projects as against average of 45:55 adopted in tariff determination for FY 2013-14.
6. Weighted Average Cost of Capital (WACC) for FY 2015-16 works out to 16.374% for Hydel Power Stations and 11.969% for Hydel Power Projects as against average of 15.215% determined by NEPRA for FY 2013-14.

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7. Regulatory Revenue Gap of Rs.11,356 Mln (Rs.9,192 Mln for FY 2013-14, and Rs. 2,165 Mln for FY 2014-15) has arisen due to allowing inadequate revenue requirement based upon estimates and delayed determination and notification of tariff.

AUTHORIZATION & REPRESENTATION

This petition is being filed for the determination of Bulk Supply Tariff for FY 2015-16 through General Manager Finance (Power) WAPDA who has been duly authorized to sign and file this petition by the WAPDA Authority vide resolution dated 24 April 2015 (Annexure-7). In the said resolution following officers have also been authorized by the WAPDA Authority to submit and sign, individually or jointly, the documents necessary in support of this petition and to appear before NEPRA and represent WAPDA-Hydroelectric in and during proceedings of this petition:

1. General Manager Finance (Power)
2. General Manager (Hydel Operation)
3. General Manager (Hydro Planning)
4. Legal Advisor.

REVENUE REQUIREMENTS FOR FY 2015-16

TABLE-1		(Mln Rs)	
Annual Revenue Requirement	Petition 2015-16	NEPRA Determined 2013-14	
O&M Expenses (Variable Portion)	1,222	} 8,591	
O&M Expenses (Fixed Portion)	11,527		
Depreciation	5,750	5,182	
Ijara Rental	3,574	1,506	
Net Hydel Profit/Water Usage Charge	34,927	6,742	
IRSA Charges	159	159	
Return on Investment on Hydel Power Stations	31,131	} 34,034	
Return on Investment on Hydel Power Projects	22,906		
Total	111,196	56,214	
Regulatory Revenue Gap FY 2013-14	9,192	-	
Regulatory Revenue Gap FY 2014-15	2,165	-	
	11,356	-	
	122,552	56,214	
Revenue Source			
Power Sale Revenue	122,121	55,165	
Other Income	431	1,049	
Total	122,552	56,214	

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POWER SALE TARIFF FOR FY 2015-16

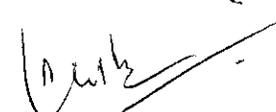
TABLE-2

		Proposed Tariff	Present Tariff	Change Incr/(Decr)
		2015-16	Effective 27-02-15	
Revenue from power sales	[Min.Rs]	122,121	55,165	66,956
Break-up of power sale revenue				
Fixed Portion of Revenue	[Min.Rs]	120,899	52,407	68,492
Variable Portion of Revenue	[Min.Rs]	1,222	2,758	(1,536)
Installed Capacity	[MW]	6,902	6,902	-
Net Electrical Output	[GWh]	31,752	31,752	-
<u>Tariff</u>				
Fixed Charge	[Rs/kW/M]	1,459.62	482.34	977.28
Variable Charge	[Ps/kWh]	3.85	6.771	(2.92)
Average Tariff	[Rs/kWh]	3.85	1.74	2.11

RELIEF SOUGHT

This petition seeks determination to approve the revised tariff for FY 2015-16 effective from 1st July 2015 as mentioned below:

Variable Charge	3.85	(Ps./kWh)
Fixed Charge	1,459.62	(Rs./kW/Month)


General Manager Finance (P)
WAPDA WAPDA-House
Lahore

BASIS OF ESTIMATES FOR FY 2015-16

1. O&M EXPENSES

The O&M expenses are classified into three broad categories as under:

TABLE-3

	2015-16	2014-15	2013-14	
	Projected	Projected	Audited	NEPRA Determined
Employees Salaries & Benefits	4,100	3,586	2,979	2,666
Post Retirement Benefits	4,193	3,811	3,832	1,950
Repair & Maintenance (Fixed Portion)	405	368	382	} 2,528
Repair & Maintenance (Variable Portion)	1,222	1,111	990	
Administrative Expenses	2,830	2,545	2,310	1,447
Total	12,750	11,421	10,493	8,591

1.1 EMPLOYEE COST

The employees cost is further sub classified into following accounts:

TABLE-4

	[Mln Rs.]		
	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Salaries and Wages	3,604	3,135	2,569
Employees Benefits	496	451	410
Total Employees Salaries & Benefits	4,100	3,586	2,979

The pay & allowances for FY 2013-14 have been incurred in respect of working strength of 7,950 as against sanctioned manpower strength of 9,644 employees. On average 1,470 posts of various capacities remained vacant during FY 2013-14 which need to be filled up for smooth operation of the power stations. The pay & allowances of employees For FY 2014-15 & FY 2015-16 have been budgeted on the following grounds:

- ❖ An increase of 15% in pay & allowances over actual/audited cost of FY 2013-14 has been projected for the manpower strength of WAPDA Hydroelectric to cater for the adhoc relief announced by GoP in Federal Budget for FY 2014-15 as well as impact of annual increments and considering the actual data for 6 months (Jul-Dec) for FY2014-15. Whereas, 15% increase has been projected for FY 2015-16 over FY2014-15.
- ❖ Increase in manpower due to inclusion of bare minimum 550 employees against manpower recommended in approved PC-I, for the operation and maintenance of newly commissioned power stations of WAPDA. due to inclusion of new hydel power stations in the operational system.

The employee's benefits are paid at the approved yard stick. House Rent/House Acquisition, Conveyance Allowance etc. Overall 10% increase has been estimated for FY 2014-15 from the Audited numbers for FY 2013-14 and a further 10% increase has been anticipated for FY 2015-16 to match the inflation.

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Charge to operational revenue for Employee Retiring Benefits has been proposed based upon Projected Unit Credit "PUC" Cost method for the active/serving employees in line with IAS-19 (Employee Benefits). The estimated expenses on the basis of actuarial valuation for 7,156 active serving regular employees and 8,031 pensioners of WAPDA Hydroelectric are as follow:

TABLE-5

Post Retirement Benefits Charge to P&L	FY 2015-16 (Budgeted) (Mln Rs)	FY 2014-15 (Provisional) (Mln Rs)	FY 2013-14 (Audited) (Mln Rs)
(A) Retired Employees			
Pension	1,827	1,219	1,271
Medical	32	295	265
Electricity	8	169	169
Total	1,857	1,683	1,705
(B) Active Employees			
Pension	1,48	1,351	1,410
Medical	65	596	535
Electricity	10	18	182
Total	2,341	2,129	2,127
Grand Total	4,198	3,812	3,832

It may be noted that contribution spread of five (5) years, proposed by WAPDA on adoption of IAS-19 in FY 2009-10 have already been elapsed. Consequently, deferred liability of WAPDA Hydroelectric on account of Employees Benefits has reached to the extent of Rs.25,431 Mln as on 30th June 2014 but due to disallowing such revenue requirement in the determined tariff by NEPRA, WAPDA Hydroelectric could not contribute due amount of funds to the Designated Retiring Benefits Fund. The breakup of deferred liability in respect of active serving regular employees and pensioners of WAPDA Hydroelectric as per actuarial valuation is as under:

TABLE-6

Post Retirement Benefits Deferred Liability	As on 30.06.2014 (Mln Rs)
(A) Retired Employees	
Pension	10,046
Medical	2,288
Electricity	1,362
Total	13,696
(B) Active Employees	
Pension	8,249
Medical	2,553
Electricity	936
Total	11,738
Grand Total	25,431

In the last tariff petition, WAPDA Hydroelectric requested NEPRA to allow revenue for making contribution for pension fund based upon Projected Unit Method for serving and retired employees of Ilydel Power stations. Instead, NEPRA allowed revenue only up to the extent WAPDA could make actual contribution to pension fund due to having limited resources.

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Contribution to the pension fund as per PUC cost method is essential for WAPDA Hydroelectric to ensure regular payment to its retired employees for the post retirement benefits like pension, free medical and electricity and avoid any unwanted situation in paying pension.

Actuarial valuation report of WAPDA Hydroelectric, the NEPRA regulated business, has been attached to this petition (Annexure-2). It is therefore, requested to allow WAPDA to recover Employee Retiring Benefits as per Actuarial Valuation based upon Projected Unit Credit "PUC" Cost method for the active/serving employees in line with IAS-19 (Employee Benefits).

1.2 REPAIR & MAINTENANCE COST

The repair and maintenance cost has been sub-classified as under:

TABLE-7

	[Mln Rs.]		
	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Variable Portion			
Fuel Charges	26	23	21
Repair and Maintenance	1,197	1,088	969
Total Variable Portion	1,222	1,111	990
Fixed Portion			
Insurance	55	50	50
Consultancy	350	318	332
Total Fixed Portion	405	368	382
Total R&M	1,627	1,479	1,372

WAPDA Hydroelectric has managed plant availability factor well above the Power Purchase Agreement (PPA) requirements through timely periodic (Annual/Bi-annual) preventive maintenance. Routine Repair and Maintenance "R&M" of all Hydel Power Stations has been carried out during FY 2013-14 as well as planned during FY 2014-15 and FY 2015-16 in line with the recommendations of the manufacturers.

Replacement and refurbishment activities planned during FY 2013-14 for Hydel Power Station Tarbela could not be performed due to lengthy tendering process of International Competitive Bidding (ICB), longer supply period for the Parts /Equipments, change in schedules of maintenance. Most of these activities indicated in tariff petition for FY 2013-14 are expected to complete during FY 2014-15 and FY 2015-16.

WAPDA has planned to start the up-gradation and refurbishment of old generating units and allied equipment of Mangla Power Station according to the recommendations of the Consultants during FY 2014-15 with the support of USAID which will increase the generating capacity of Hydel Power Station Mangla from 1000 to 1300 MW. In the first step Unit # 5 & 6 of Mangla will be refurbished.

Joint Venture of M/S RSWI Canada and DCE Pakistan Consultants has carry out feasibility study for rehabilitation, up-gradation and modernization of generating units of 243 MW Warsak which also includes proposed underground Power House of 300 MW. WAPDA has planned to execute the refurbishment of WARSAK Hydel Power Station in phased manner as a separate Project.

G. M. P. (CP)

WAPDA HYDROELECTRIC – TARIFF REVISION PETITION FY 2015–16

1.3 ADMIN COST

Admin Cost comprises of following main components:

TABLE-8

	[Mln Rs.]		
	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Survey and Experiment	551	510	502
Dams and Hydrology Monitoring Cost	620	553	503
Power, Gas and Water	330	294	268
Management/Authority Overheads	610	545	496
Vehicle Running Expenses	292	261	237
NEPRA Fees	146	130	76
Other Admin Expenses	283	252	229
Total Admn. Cost	2,831	2,546	2,311

As mandated in WAPDA Act, WAPDA is to make plan and execute scheme for development of Water & Power resources of Pakistan on unified and integrated manner. For identification of viable project sites from the immense potential, WAPDA has established a Hydro Planning department, which carries out Surveys and Investigations on regular basis. WAPDA has also established certain centers, to generate hydrology data which become basis for planning a Hydel Power Project. The cost of said department was used to be financed by the GoP through allocations in annual PSDP, but due to financial constraints GoP has reduced allocation on this account drastically. WAPDA feel it is imperative to maintain Hydro Planning Organization to tap huge hydroelectric potential to provide cheap electricity to the electricity consumers.

The increase in power, light, gas & water has been projected due to anticipated upward revision of utilities rates. The variation in vehicle running cost has been matched with the variation expected in POL prices and repair of the vehicles. The increase in Authority & Supervisory Overheads has been taken as 10% per annum to cater for increase in remunerations. Increase in NEPRA Fees has been estimated at 10% per annum based upon the previous increase. The other admin costs comprising of expenses on account of Communication, Office, Travelling, Advertising, Legal, Sundry, Taxes etc. have been given just price inflationary effect.

2. NET HYDEL PROFITS/ WATER USAGE CHARGES

WAPDA Hydroelectric upon the directions of GoP, has been making ad-hoc payment of Rs.6,000 Mln annually as an interim arrangement to the Government of KPK whereas no payment has been made to Government of Punjab.

Further WAPDA Hydroelectric is also making payment of Water Usage Charges "WUC" to the GoA&K under MOU/ Agreement dated 27.06.2003, at the rate of Rs.0.15 per kWh on generation at Hydel power station Mangla.

Payment of NHP and WUC has been assumed at the same level and in the same manner for FY 2013-14 & FY 2014-15.

Finance Division (CF Wing) Government of Pakistan vide letter No.F.1(11)CF-1/2011-12/398 dated 16th March, 2013 (Annexure-8) has forwarded the minutes of meeting dated 14th March, 2013 held under the chairmanship of Finance Minister on the NHP

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issues raised by Khyber Pakhtunkhwa, which states that in response to the demand of Khyber Pakhtunkhwa regarding un-capping the rate of NHP, it is decided that rate of NHP shall be Rs.1.10 per kWh to be approved w.e.f. next financial year.

In another meeting chaired by Minister Water & Power, WAPDA has been advised to incorporate NHP/WUC @ Rs 1.10 per kWh for all Hydel Power Stations payable to respective Provinces & AJK. Accordingly, based upon estimated Net Electrical Output (NEO) of all the Hydel power stations operated by WAPDA, the NHP/WUC of Rs.34,927 Mln for FY 2015-16 has been projected as detailed below.

TABLE-9

Province	2015-16			2014-15			2013-14		
	Generation (GWh)	Rate (Rs/kWh)	Amount (Mn Rs)	Generation (GWh)	Rate (Rs/kWh)	Amount (Mn Rs)	Generation (GWh)	Rate (Rs/kWh)	Amount (Mn Rs)
Payable to:									
Govt. of KPK	17,100	1.10	18,810	17,100		6,000	17,168	-	6,000
Govt. of Punjab	8,660	1.10	9,526	8,660		-	8,413	-	-
Govt. of AJ&K	5,992	1.10	6,591	5,992	0.15	899	5,725	0.15	859
Total	31,752		34,927	31,752		6,899	31,306		6,859

3. IRSA CHARGES

Ministry of Water & Power vide S.R.O. (1)/2011 dated 25.08.2011 has levied IRSA Charges at the rate of Rs.0.005 per kWh for managing water for hydro power generation to be paid by WAPDA.

Based upon estimated NEO of WAPDA Hydroelectric during FY 2014-15 & 2015-16, the IRSA charge has been projected as Rs.159 Mln. The working and the comparison with previous year has been shown in the table below.

		Table-10		
IRSA Charges	Units	FY 2015-16 (Budgeted)	FY 2014-15 (Provisional)	FY 2013-14 (Audited)
NEO	GWh	31,752	31,752	31,306
Rate	Rs./kWh	0.005	0.005	0.005
IRSA Charges Amount	(Mln. Rs)	159	159	157

4. DEPRECIATION CHARGE

The proposed depreciation charge is based on historical/ purchase cost of Fixed Assets despite of revaluation adopted for Power Generation Plant Assets. Depreciation for FY 2013-14 remained in the same vicinity because of reduction due to sale of assets of Tarbela Hydel Power Station to SUKUK Company and increase due to completion of Duber Khwar, Jinnah and Jabban Hydel Power Projects.

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TABLE-11 (Mln Rs)

Depreciation Charge	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Depreciation as per Fixed Assets Schedule	8,048	8,041	7,808
Less: Difference due to Revaluation	(2,298)	(2,453)	(2,852)
Net Depreciation for Calculation of RAB	5,750	5,588	4,956

5. IJARA RENTALS

Ijara Rentals of SUKUK-II and SUKUK-III during FY 2013-14, FY 2014-15 and FY 2015-16 pertaining to Tarbela Hydel Power Station has been taken as per terms of Ijara Rental Agreements.

TABLE-12 (Mln Rs)

Ijara Rentals	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Ijara Rentals (SUKUK- II)	1,506	1,502	1,502
Ijara Rentals (SUKUK- III)	2,068	2,068	825
Total	3,574	3,570	2,327

6. HYDEL POWER EXPANSIONS

As mandated, WAPDA is actively pursuing its development program and would add 8,298 MW to the installed capacity in the years to come by completing the under construction projects. In this regard, 106 MW Golen Gol is at advance stage and scheduled to be completed by 2017 followed by 1410 MW Tarbela 4th Extension and 122 MW Keyal Khwar hydel power projects which are scheduled to be completed by 2018. Preliminary works of priority Mega hydel projects DASU-I (2,160 MW) and Diamer Bhasha Dam (4,500 MW) are underway and the projects are expected to start operation by 2021 and 2024 respectively. On-going Hydel power development projects detail of generation is as under:

TABLE-13

Sr.No.	Project	MW	Expected Completion
1	Golen gol	106	2017
2	Tarbela 4 th Extension	1,410	2018
3	Keyal Khwar	122	2018
4	DASU-I	2,160	2021
5	Diamer Bhasha Dam	4,500	2024
	Total	8,298	

Other priority projects of Bunji (7,100 MW), Tarbela 5th Extension (1,410 MW) Mohmand Dam (840 MW) and Kurram Tangi Dam project (83 MW) will also be advanced on availability of funding sources and modification of WAPDA generation license will be applied at appropriate time.

In addition to above survey and feasibilities of number of small/medium and Mega hydroelectric projects, are in also progress.

7. FINANCING OF NET CAPITAL COST OF HYDEL POWER STATIONS

Net Regulatory Assets Base of Hydel Power Station at the end of FY 2015-16 is estimated as Rs.190,127 Mln which represent equity financing of Rs. 156,226 million (82%) and debt, of Rs. 33,901 million (18%).

8. REGULATORY ASSETS BASE OF HYDEL POWER STATIONS

Plant & Machinery of existing Hydel Power Stations has been stated at replacement/revalued price and revaluation surplus of Rs. 58 billion recorded in the accounts accordingly. Whereas, to arrive at the figure of Regulatory Assets Base, Revaluation Surplus has been net off. The Regulatory Assets Base of Hydel Power Stations for FY 2013-14 (Audited) and Budgeted for FY 2014-15 & FY 2015-16 is worked out as under:

TABLE-14

<u>RAB for Hydel Power Stations</u>	2015-16	2014-15	[Mln.Rs]
	Projected	Projected	2013-14 Audited
Fixed Assets in Operation (Net of Revaluation)			
Net Fixed Assets in Operation (Opening)	191,167	192,888	165,051
Additions			
Fixed Assets transferred from CWIP	-	533	34,416
New constructions/Assets purchased	3,669	3,335	(304)
Total Addition	3,669	3,868	34,112
(Deletions)			
Depreciation on Fixed Assets (Net of Revaluation)	(5,750)	(5,588)	(4,956)
Transfer/Adjustment	-	-	(1,319)
Total Deletion	(5,750)	(5,588)	(6,275)
Net Fixed Assets in Operation (Opening)	189,086	191,167	192,888
Average Net Fixed Assets in Operation	190,127	192,027	178,969
Reconciliation of Opening Balance of Net Fixed Assets in Operation			
Elimination of Revaluation Surplus for Regulatory Purpose	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Net Fixed Assets in Operation (Audited financial statement Note # 7.1)	227,770	231,944	216,126
Less: Revaluation Surplus (Audited financial statement Note # 7.1.4)	(36,603)	(39,056)	(51,075)
Net Fixed Assets taken for the calculation of RAB	191,167	192,888	165,051

8.1. WEIGHTED AVERAGE COST OF CAPITAL "WACC" FOR HYDEL POWER STATIONS

The Debt/ Equity ratio of Hydel Power Stations for FY 2015-16 works out as 18:82, whereas, WACC has been worked out to 16.374%.

WAPDA HYDROELECTRIC - TARIFF REVISION PETITION FY 2015-16

Comparison of Debt/ Equity ratio and WACC for FY 2015-16 has been shown in the table below:

TABLE-15

WAAC for Hydel Power Station	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Average RAB (Mln Rs)	190,127	192,027	178,969
Financing of RAB			
Average Debt (Mln Rs)	33,900	39,922	40,250
Average Equity (Mln Rs)	156,227	152,106	138,719
Cost of Debt (%age)	13.487%	13.406%	14.378%
ROE (%age)	17.00%	17.00%	17.00%
WACC (%age)	16.374%	16.253%	16.410%
Debt/Equity Ratio	18:82	21:79	22:78

8.2. RETURN ON REGULATORY ASSETS OF HYDEL POWER STATIONS

On the basis of budgeted Average Regulatory Asset Base and WACC for FY 2015-16, the budgeted amount of Return on Investment of Hydel Power Stations is shown as under:

TABLE-16

ROI on Hydel Power Stations	2015-16	2014-15	2013-14
	Budgeted	Actual/Prov.	Audited
Average Net Fixed Assets in Operation	190,127	192,027	178,969
WACC (%age)	16.374%	16.253%	16.410%
(Return on Investment ROI)	31,131	31,210	29,369

9. FINANCING OF CUMULATIVE CAPITAL COST OF HYDEL POWER PROJECT

Net Regulatory Assets Base of Hydel Power Projects at the end of FY 2015-16 is estimated as Rs.191,379 Mln which represent equity financing of Rs. 36,046 million (19%) and debt of Rs. 155,333 million (81%).

10. REGULATORY ASSETS BASE OF HYDEL POWER PROJECTS

Additional capital investment will be made on Tarbela 4th Extension, Golen Gol, Keyal Khwar to progress towards the completion of the projects and infrastructure development cost on Diamir Basha Dam and Dasu-I will also be made to execute the project. However no project will start commercial operation during FY 2015-16. The

WAPDA HYDROELECTRIC – TARIFF REVISION PETITION FY 2015–16

Regulatory Assets Base of Hydel Power Projects for FY 2013–14 (Audited) and Budgeted for FY 2014–15 & FY 2015-16 is worked out as under:

TABLE-17

RAB for Hydel Power Projects	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Capital Work In Progress (Opening)	108,450	60,004	52,412
Add: Capital Work In Progress (Investment)	165,859	48,979	42,008
Less: CWIPT transferred to Fixed Assets	-	(533)	(34,416)
Capital Work In Progress (Closing)	274,309	108,450	60,004
Average Capital Work in Progress	191,379	84,227	56,208

10.1. WEIGHTED AVERAGE COST OF CAPITAL “WACC” FOR HYDEL POWER PROJECTS

In FY 2014-15 & FY 2015-16 changes in Debt/ Equity ratio was due to addition of new loans. The Debt/ equity ratio for FY 2015-16 works out as **81:19**.

WACC has been worked out to **11.969%** for FY 2015-16 with proposed financing of greater part of capital cost of projects through commercial loans with sovereign guarantee instead of GoP relent loans.

Comparison of Debt/ Equity ratio and WACC of Hydel Power Projects for FY 2015-16 has been shown in the table below:

TABLE-18

WACC for Hydel Power Project	(Mln Rs)		
	2015-16	2014-15	2013-14
	Projected	Projected	Audited
Average RAB (Mln Rs)	191,379	84,227	56,208
Financing of RAB			
Average Debt (Mln Rs)	155,333	57,392	27,203
Average Equity (Mln Rs)	36,046	26,835	29,005
Cost of Debt (% age)	10.801%	12.883%	9.572%
ROE (% age)	17.00%	17.00%	17.00%
WACC (% age)	11.969%	14.195%	13.405%
Debt/Equity Ratio	81:19	68:32	48:52

G. M. F. CPD

10.2. RETURN ON REGULATORY ASSETS OF HYDEL POWER PROJECTS

On the basis of budgeted Average Regulatory Asset Base and WACC for FY 2015-16, the budgeted amount of Return on Investment of Hydel Power Projects will be as under:

TABLE-19

ROI on Hydel Power Projects	2015-16	2014-15	2013-14
	<i>Budgeted</i>	<i>Actual/Prov.</i>	<i>Audited</i>
Average Capital Work in Progress	191,379	84,227	56,208
WACC (%age)	11.969%	14.195%	13.405%
(Return on Investment ROI)	22,906	11,956	7,535

11. INCOME FROM ASSETS OTHER THAN FINANCIAL ASSETS

In its last determination NEPRA fixed other income of Rs.1,049 Mln for WAPDA Hydroelectric by also including income derived from bank balances, whereas NEPRA does not allow anything in the Revenue Requirement of WAPDA to meet with its day to day working capital needs. Further NEPRA does not include cash fund in hand balance in the Regulatory Assets Base to allow Return on Investment. Therefore mark-up earned on cash balances should not be deducted from the Revenue Requirement of WAPDA.

Actual other income during FY 2013-14 from assets other than financial assets remained Rs.413 Mln as against NEPRA determined Rs10,49 Mln. Provisional other income during FY 2014-15 has been estimated as Rs.422 Mln, whereas, other income of Rs.431 Mln has been projected for FY 2015-16.

TABLE-20

(Mln Rs)

Income from assets other than financial assets			
	2015-16	2014-15	2013-14
	<i>Projected</i>	<i>Projected</i>	<i>Audited</i>
Amortization of Grant	228	228	228
Income from lease of other property	71	67	64
Sales of Scrap/Stores	7	7	7
Miscellaneous Income	125	120	114
Total	431	422	413

G.M.F. (P)

12. REGULATORY REVENUE GAP

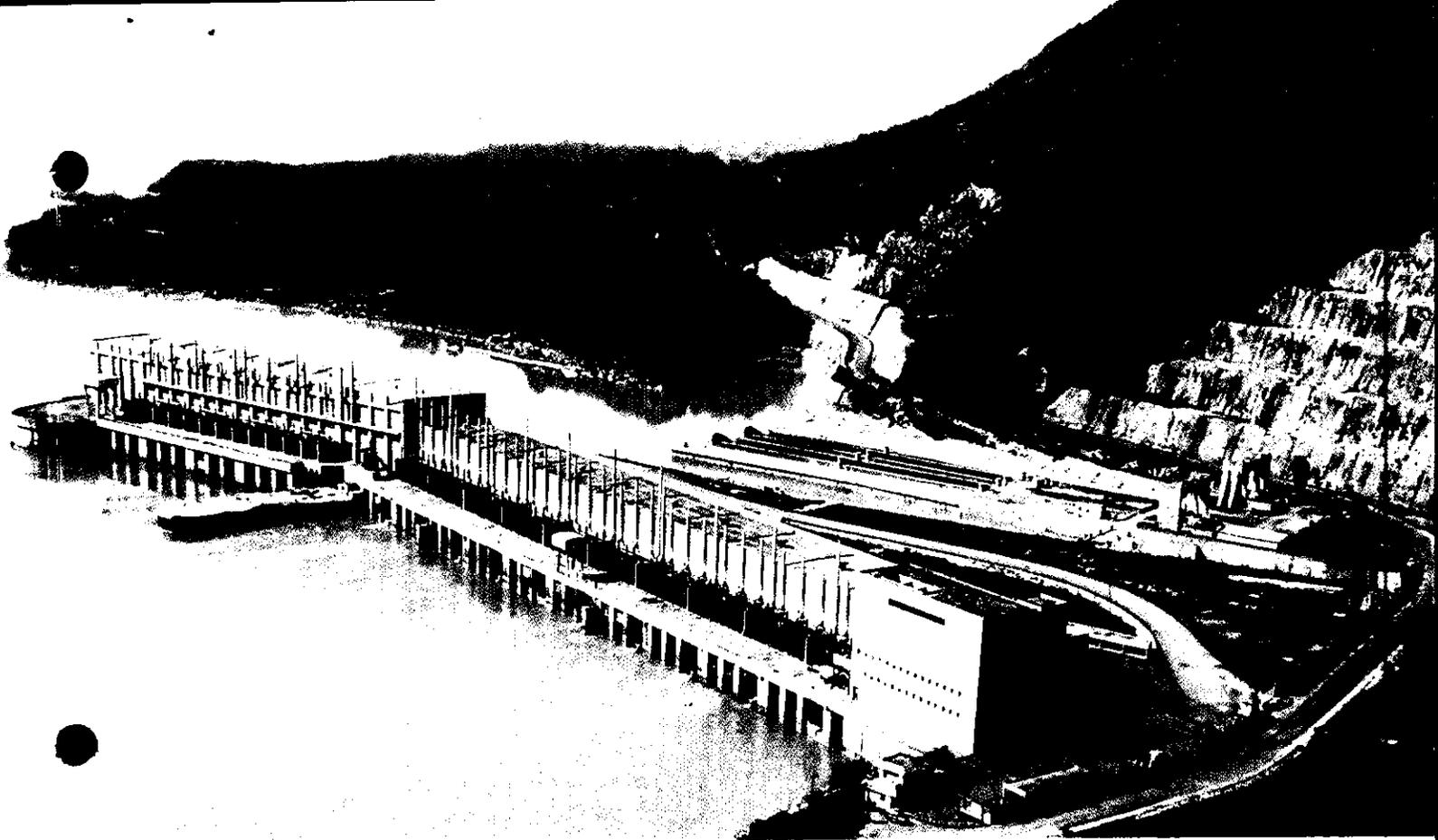
	TABLE-21			(Mln Rs)		
	2014-15			2013-14		
	NEPRA	Actual/Prov	Rev. Gap	NEPRA	Audited	Rev. Gap
	Notified by GoP 27-02-15			Notified by GoP 27-02-14		
Annual Revenue Requirement						
O&M	8,591	11,421	2,830	8,591	10,493	1,902
Depreciation	5,182	5,588	406	5,182	4,956	(226)
Ijara Rental	1,506	3,570	2,064	1,506	2,327	821
Net Hydel Profit/Water Usage Charge	6,742	6,899	157	6,742	6,859	117
IRSA Charges	159	159	(0)	159	157	(2)
Return on Investment	34,034	43,166	9,132	34,034	36,904	2,870
Other Income	(1,049)	(422)	627	(1,049)	(413)	636
Revenue Gap		-	-		-	-
Total	55,165	70,382	15,217	55,165	61,283	6,118
Revenue Gap (proportionated)*	12,636	-	(12,636)	6,318	-	(6,318)
	67,801	70,382	2,581	61,483	61,283	(200)
Less: Billing of Revenue	67,801	68,217	(416)	61,483	52,091	9,392
Total Revenue Gap	-	2,165	2,165	-	9,192	9,192

NEPRA Allowed Revenue Gap Apportionment*	Total Gap	18954
Mar-June 4 months	2013-14	6318
Jul- Feb 8 months	2014-15	12636

Regulatory Revenue Gap has occurred due the following reasons:

- ❖ Instead of retiring benefits contribution as per Projected Unit Credit, allowing actual contributions made by WAPDA Hydroelectric to Pension fund which was low due to not having adequate space in the revenue requirements determined by NEPRA.
- ❖ Actual additions to the Regulatory Assets Base were higher than the estimates made while determining tariff by NEPRA.
- ❖ The prudently incurred actual O&M expenses were higher than those of estimated while determining revenue requirement by NEPRA.

[Signature]
 General Manager Finance (P)
 WAPDA WAPDA-House
 Lahore



Pakistan Wapda Hydroelectric Annual Accounts 2013-14



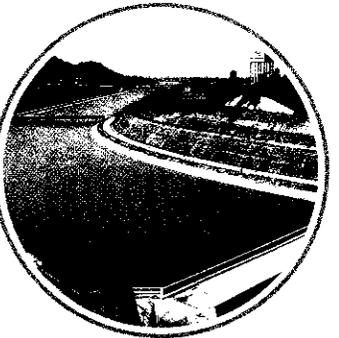
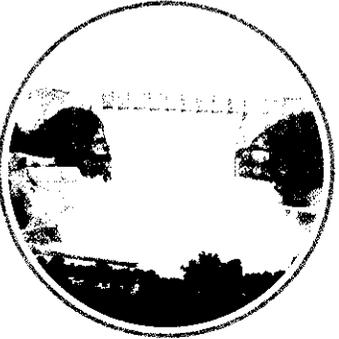
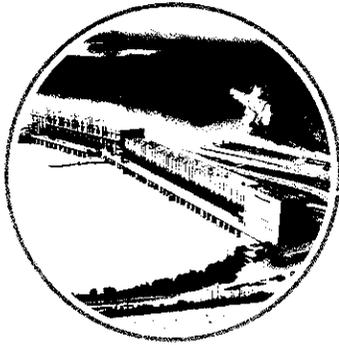
Pakistan Water and Power Development Authority
www.wapda.gov.pk

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ORGANIZATION PROFILE

as at end of June, 2014



Operating Assets

	Capacity (MW)
Tarbela	3478
Ghazi Barotha	1450
Mangla	1000
Warsak	243
Chashma	184
Dubair Khwar	130
Allai Khwar	121
Jinnah	96
Khan Khwar	72
Jabban	22
Rasul	22
Dargai	20
Gomal Zam	17
Nandipur	14
Shadiwal	14
Chichoki	13
Kurram Gari	4
Renala Khurd	1
Chitral	1
TOTAL	6902

Under Construction Projects

	Capacity (MW)
Bhasha Dam	4500
Tarbela 4th Ext.	1410
Keyal Khwar	122
Golen Gol	106
TOTAL	6138

Generation in License: NEPRA Issued generation license No. GL (Hydel)/05/2004 valid for 30 years

Power Purchaser: NTDC Purchases Power under PPA

AUDITORS

Statutory Auditors:
Auditor General of Pakistan

Commercial Auditors:
Ernest & Young Ford Rhodes Sidat Hyder
Charged Accountants

Email: (i) wapdapr@gmail.com (ii) pr@wapda.gov.pk

Offices:

(i) o/o Member Power WAPDA, 738 - Wapda House, Lahore

(ii) o/o General Manager Finance (Power) WAPDA, 713 - Wapda House Lahore



MANAGEMENT REPORT

FY 2013-14

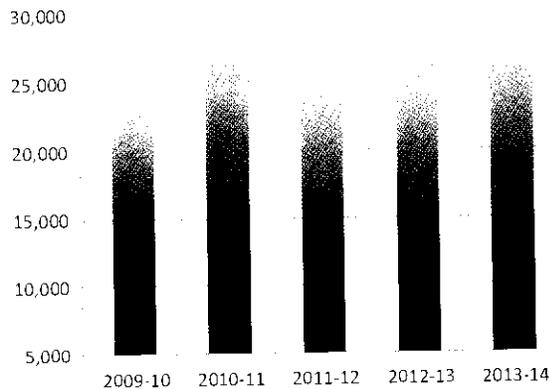
WAPDA Power Wing (Hydroelectric) is operating under generation license granted by the Power Regulator 'NEPRA', for operation, maintenance and development of hydel power resources in Pakistan.

OPERATIONAL PERFORMANCE

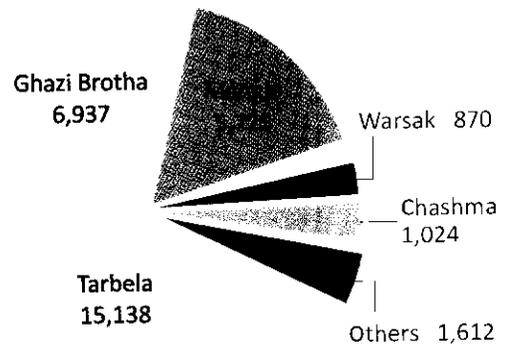
WAPDA-Hydroelectric owns and operates 19 hydel power stations with aggregated installed generation capacity of 6,902 MW. Major hydel power stations include Tarbela (3478 MW), Ghazi Barotha (1,450 MW), Mangla (1,000 MW) Warsak (243 MW).

The utilization of capacity for Hydel generation is largely dependent on net head of respective power station and quantum of water indents allowed by IRSA. The Net Electrical Output (NEO) for the year stood at **31,306 GWh** as compared to last year NEO of 29,339 GWh with increase in Generation 1,967 GWh, during FY 2013-14. This excess generation was mainly contributed by Manga 1,148 GWh and Tarbela 382 GWh.

Generation Trend (Gwh)



Generation (Gwh) FY 2013-14



PROFITABILITY POSITION

Power sales revenue during FY 2013-14 stood at **Rs 52,091 million** (2013: Rs 42,893 million), due to upward revision of power sales tariff while cost of electricity stood at **Rs 20,628 million** (2013: 18,772 million) bringing the net revenue surplus of **Rs 21,451 million** (2013: 14,223 million). The investment in property, plant and equipment increased to the level of **Rs. 291,948 million** (2013: Rs. 268,538 million). The average return on investment worked out as 9.06% for the year as compared to 6.05% of last year.



PROFIT & LOSS COMPARISON

Sales (Exclusive GST)	52,091	42,893
Other Income	934	1,049
Total Revenue	53,025	43,942
Cost of Sales		
O&M	10,493	9,335
Hydel Levies	7,015	6,831
Depreciation / Ijara Rental	10,135	9,438
Total Cost of Sales	27,643	25,604
Surplus / (Deficit)	25,382	18,338
Less: Financial Charges	3,930	4,115
Surplus for Development	21,451	14,223

LIQUIDITY POSITION

During FY 2013-14 CPPA has made payment of **Rs. 44,560 million** against the billing of **Rs. 52,528 million** (Inclusive of GST), which works out 85% of billed amount for the year. Trade Receivable from CPPA has increased to the level of Rs. 17,806 million at the year end.

During the year Rs.5,445 million has been paid on account of Salaries and Establishment expenses, Rs.1,800 million on account of pension charges to the pensioners of WAPDA and Rs.990 million for Repair and Maintenance expenses. Net Hydel Profit (NHP) of Rs. 7,600 million and other hydel levies of Rs. 1,046 million have been paid, whereas, NHP Rs. 5,400 million to GoKPK is outstanding as on 30.06.2014.

POWER EXPANSION

For Hydroelectric development projects Rs. 9,582 million have been released from self financing and Rs.19,457 million from ADP. The Development cost of Duber Khwar and Jabban HPP Project has been capitalized, whereas partial capitalization of generating units of Jinnah HPP has also been made in FY 2013-14 on achieving COD by the these projects.

MAJOR REPAIR & REHABILITATION

Apart from routine preventive maintenance as a part of rehabilitation and refurbishment program, replacement of Generator stator winding (class-B) insulation with new (classF) insulation winding of Unit No 1, 3 & 4 of Tarbela power station has been completed. During the year, replacements of A.V.R. of unit no 9 & 10 of Mangla Power Stations and protection scheme of 132/220KV bus bars have been completed.

Besides the above major repair works, the detail engineering & design and preparation of tender documents for Mangla refurbishment Project of Mangla Power Station were completed. Tenders Bids are under evaluation process by the consultants / Project authorities. Bidding Documents for Package IV (Turbine Inlet Valves Refurbishment) has been issued to M/s Hitachi Mitsubishi Hydro (OEM) Japan.



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

Feasibility Study, Tender Documents and Detail Design of Warsak Power station including new underground power house of 375 MW have been completed. PC-I for refurbishment of outlived Warsak Hydro Power is under scrutiny in the Planning Commission.

PC-I regarding rehabilitation of Renala Power Station and new power House of 4 MW submitted to the Ministry of Water & Power on 13.01.2014, which is under scrutiny.

ACKNOWLEDGMENT

We appreciate the hard work and dedication of the employees of WAPDA Power Wing on achieving remarkable performance during the period under report and we hope that this spirit will continue to attain targets set for the next year.


Anwar ul Haq
Member (Finance)


Badar ul Muneer Multaza
Member (Power)



AUDIT REPORT

as at end of June, 2014



Ernst & Young Limited, Rhodes Road, Hyder
Chartered Accountants
Well View Building, 4-Bank Square
P.O. Box No. 104, Lahore-54992
Pakistan
Tel: +9242 3721 1011-58
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ey@ehy.com.pk
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INDEPENDENT AUDITOR'S REPORT TO CHAIRMAN OF PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY

We have audited the annexed financial statements of **Pakistan Water and Power Development Authority-Hydroelectric (NEPRA - Regulated Business)** (hereinafter referred as "the Hydroelectric") as at 30 June 2014, comprising statement of financial position and the related income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Hydroelectric as of 30 June 2014, and of its financial performance and of its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.


Chartered Accountants

Engagement Partner: Naseem Akbar

Lahore: 17 December 2014

PERFORMANCE INDICATORS

OPERATING

Capacity	(MW)	6,902	6,612	6,612	6,516	6,444
Net Electrical Output	(MkWh)	31,306	29,339	28,235	31,685	27,614
Plant Utilization Factor	(%)	51.8%	50.7%	48.7%	55.5%	48.9%

FINANCIAL

Sales Revenue	(Mln Rs)	52,091	42,893	39,861	33,470	29,092
Operating Cost	(Mln Rs)	20,628	18,772	19,769	13,356	13,181
Operating Profit	(Mln Rs)	31,463	24,121	20,092	20,114	15,910
EBIT	(Mln Rs)	32,397	25,170	21,554	20,959	20,150
Hydel Levies	(Mln Rs)	7,015	6,831	6,840	6,895	6,696
Net Profit	(Mln Rs)	21,451	14,223	9,975	8,388	6,834
Average Capital Employed	(Mln Rs)	280,243	260,196	219,291	175,732	161,095
Average Long Term Debts	(Mln Rs)	84,632	64,336	55,044	57,086	64,405

RATIOS

Return on Capital Employed	(%)	9.1%	7.0%	6.7%	8.0%	8.4%
Debt to Capital Employed	(%)	30%	25%	25%	32%	40%



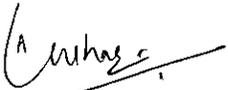
PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

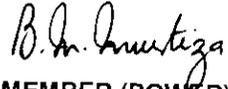
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	Note	2014	2013	2012
		-----PKR '000-----		
		-----Restated-----		
RESERVES AND LIABILITIES				
Equity interest				
Reserves	14	86,839,646	70,514,220	77,978,219
Government of Pakistan's investment	15	72,522,716	72,522,716	72,522,716
		159,362,362	143,036,936	150,500,935
Revaluation surplus	16	39,056,259	51,075,402	54,282,399
		198,418,621	194,112,338	204,783,334
Non current liabilities				
Loans and borrowings - Interest bearing	17	94,407,545	62,916,879	54,715,389
Deferred grants	18	3,321,852	3,550,311	596,152
Deferred liabilities	19	26,286,574	25,295,980	22,101,504
		124,015,971	91,763,170	77,413,045
Current liabilities				
Trade creditor and other payables	20	14,952,087	18,085,102	10,581,842
Current portion of loans and borrowings	17	6,088,134	5,850,854	5,189,035
Liability against assets subject to ijarah		-	-	8,000,000
Accrued Interest	21	1,520,566	631,306	358,469
Short term borrowings		-	-	1,846,578
Other current liabilities	22	722,960	1,193,021	48,731,899
		23,283,747	25,760,283	74,707,823
CONTINGENCIES AND COMMITMENTS				
	23	-	-	-
TOTAL EQUITY AND LIABILITIES				
		345,718,339	311,635,791	356,904,202

The annexed notes from 1 to 36 form an integral part of these financial statements.


MEMBER (FINANCE)


MEMBER (POWER)

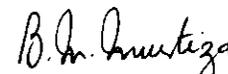
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2014

	Note	2014	2013	2012
		-----PKR '000-----		
		-----Restated-----		
ASSETS				
Non current assets				
Property, plant and equipment	7	291,948,326	268,537,939	251,854,270
Long term advances and receivables	8	409,636	296,457	324,425
Long term security deposit		1,514	1,927	1,837
		292,359,476	268,836,323	252,180,532
Current assets				
Stores, spares and loose tools	9	3,643,721	2,896,187	2,626,951
Trade debts	10	17,806,100	6,337,770	83,038,497
Advances and other receivables	11	4,759,673	29,549,424	8,309,509
Short term investments	12	-	261,000	7,135,259
Cash and bank balances	13	27,149,369	3,755,087	3,613,454
		53,358,863	42,799,468	104,723,670
TOTAL ASSETS		345,718,339	311,635,791	356,904,202

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 MEMBER (FINANCE)


 MEMBER (POWER)



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

		2014	2013
		----- PKR '000 -----	
	Note		Restated
Revenue	24	52,091,081	42,893,375
Cost of electricity	25	19,177,596	18,024,858
Gross margin		<u>32,913,485</u>	<u>24,868,517</u>
Operating expenses	26	1,450,390	747,345
Operating profit		<u>31,463,095</u>	24,121,172
Other income	27	933,720	1,048,511
		<u>32,396,815</u>	<u>25,169,683</u>
Hydel levies	28	<u>7,015,237</u>	<u>6,831,345</u>
Finance cost	29	<u>3,930,398</u>	<u>4,115,051</u>
		<u>10,945,635</u>	<u>10,946,396</u>
Net profit for the year		<u><u>21,451,180</u></u>	<u><u>14,223,287</u></u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

34

MEMBER (FINANCE)

MEMBER (POWER)



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Net profit for the year
Adjustments for:
Depreciation
Finance cost
Ijarah rental
Impaired investments
Employee benefits
Amortization of grants

	2014	2013
	----- PKR '000 -----	
		Restated
	21,451,180	14,223,287
	7,808,039	7,931,617
	3,930,398	4,115,051
	2,327,208	1,505,963
	261,000	-
	3,832,149	3,313,602
	(228,459)	(136,308)
	17,930,335	16,729,925
	39,381,515	30,953,212

Working capital changes:

(Increase) / decrease in current assets:
Stores, spare parts and loose tools
Trade debts
Advances and other receivables
Increase / (decrease) in current liabilities:
Short term liabilities
Short term borrowings
Trade and other payables

	(747,534)	(269,236)
	(11,468,330)	76,700,727
	24,789,751	(21,239,915)
	(470,061)	(47,538,878)
	-	(1,846,578)
	(3,133,015)	7,503,260
	8,970,811	13,309,380
	48,352,326	44,262,592

Cash generated from operations

Finance cost paid
Ijarah rental paid

	(3,041,138)	(3,842,214)
	(2,668,013)	(2,157,052)
	(5,709,151)	(5,999,266)
	42,643,175	38,263,326

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure incurred on property, plant and equipment
Redemption sinking fund
Long term advances and receivables
Long term security deposit
Net cash used in investing activities

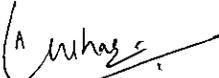
	(31,218,426)	(24,295,030)
	-	5,464,378
	(113,179)	27,968
	413	(90)
	(31,331,192)	(18,802,774)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Interest bearing loans and borrowings
Interest bearing loans and borrowings repaid / transferred
Capital reserve redeemed
Employee benefits paid
Repayment against WAPDA sukuk - I
Grants transferred / received
Net cash generated from/(used in) financing activities
Net increase/(decrease) in cash and cash equivalents during the year
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

	35,826,969	13,035,126
	(4,099,023)	(4,492,075)
	(17,567,812)	(22,511,574)
	(2,077,835)	(1,850,744)
	-	(8,000,000)
	-	3,090,467
	12,082,299	(20,728,800)
	23,394,282	(1,268,248)
	3,755,087	5,023,335
	27,149,369	3,755,087

The annexed notes from 1 to 36 form an integral part of these financial statements.


MEMBER (FINANCE)


MEMBER (POWER)



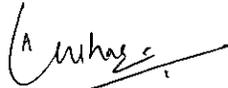
PAKISTAN WAPDA PDWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- PKR '000 -----	
		Restated
Profit for the year	21,451,180	14,223,287
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:		
Actuarial gain / (loss) on defined benefit plans	422,914	(2,382,709)
Total Comprehensive Income for the year	<u>21,874,094</u>	<u>11,840,578</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

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MEMBER (FINANCE)


MEMBER (POWER)



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

STATEMENT OF CHANGES IN EQUITY INTEREST
FOR THE YEAR ENDED JUNE 30, 2014

Note	Revaluation Surplus (Note 16)	Reserves			Total
		Reserve for development works (Note 14)	GoP investment (Note 15)	Unappropriated profit	
-----PKR '000-----					
Balance as at 01 July 2012- as previously reported	54,282,399	88,489,646	72,522,716	-	215,294,761
Effect of retrospective change in accounting policy as explained in note 6.7.1	-	-	-	(10,511,427)	(10,511,427)
Transfer to reserve for development works	-	(10,511,427)	-	10,511,427	-
Balance as at 01 July 2012- restated	54,282,399	77,978,219	72,522,716	-	204,783,334
Profit for the year ended 30 June 2013 - restated	-	-	-	14,223,287	14,223,287
Actuarial loss relating to defined benefits plan	-	-	-	(2,382,709)	(2,382,709)
Total comprehensive income for the year	-	-	-	11,840,578	11,840,578
Capital reserve redeemed	-	(22,511,574)	-	-	(22,511,574)
Incremental depreciation due to revaluation	(3,206,997)	3,206,997	-	-	-
Transfer to reserve for development works	-	11,840,578	-	(11,840,578)	-
Balance as at 01 July 2013- restated	51,075,402	70,514,220	72,522,716	-	194,112,338
Profit for the year ended 30 June 2014	-	-	-	21,451,180	21,451,180
Actuarial gain relating to defined benefits plan	-	-	-	422,914	422,914
Total comprehensive income for the year	-	-	-	21,874,094	21,874,094
Capital reserve redeemed	-	(17,567,811)	-	-	(17,567,811)
Incremental depreciation due to revaluation	7.1.4.1 (12,019,143)	12,019,143	-	-	-
Transfer to reserve for development works	-	21,874,094	-	(21,874,094)	-
Balance as at 30 June 2014	39,056,259	86,839,646	72,522,716	-	198,418,621

The annexed notes from 1 to 36 form an integral part of these financial statements.

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MEMBER (FINANCE)

MEMBER (POWER)



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1 LEGAL STATUS AND OPERATIONS

Pakistan Water And Power Development Authority (WAPDA) is a body, fully owned by the Government of Pakistan, created by virtue of the Pakistan Water And Power Development Authority Act, 1958 (West Pakistan Act No. XXXI of 1958), commonly known as WAPDA ACT, as amended from time to time. The statutory mandate of WAPDA is to develop and utilize the water and power resources of Pakistan on a unified and multipurpose basis. WAPDA remained empowered among others, to frame schemes for the generation, transmission and distribution of power and the construction, maintenance and operation of power houses and grids.

In line with the Strategic Plan 1992 approved by the Cabinet Committee, the WAPDA Power Wing has been restructured comprising of the Generations, Distribution and Transmission activities. Assets and liabilities relating to the distribution activities were transferred to the 8 Distribution Companies (DISCOs) on 01 July 1998 while assets and liabilities relating to generation (other than hydel generation activities) and transmission facilities were transferred to the 4 Generation Companies (GENCOs) and National Transmission and Despatch Company (NTDC) on 01 March 1999 respectively.

NEPRA has issued Generation License # GL(Hydel) /05/2004 to WAPDA on 03 November 2004 valid for Thirty (30) years for its Hydel power stations. As modified-II vide letter date 20 June 2011 issued by NEPRA, currently WAPDA is generating power from following hydel power stations:

- | | |
|----------------|----------------|
| + Tarbela | + Nandipur |
| + Ghazi Brotha | + Shadiwal |
| + Mangla | + Chichoki |
| + Warsak | + Kuram Garhi |
| + Chashma | + Renala Khurd |
| + Rasul | + Chitral |
| + Khan Khawar | + Allai Khawar |
| + Gomal Zam | + Jinnah |
| + Dubair Khwar | + Jabban |
| + Dargai | |

The management of Hydroelectric has prepared accounts under NEPRA (Uniform System of Accounts) Rules, 2009 and decided to segregate the operation & development of Hydel activities (regulated) from non core activities (non-regulated). The Regulated business comprises activities purely from the Hydel activities (Generation & Development of hydel electricity).

1.1 EXTRACTS FROM "WAPDA ACT 1958"

As laid down in Section 22 of WAPDA Act 1958, the Hydroelectric -NEPRA regulated business Funds shall consist of:

- Grants made by the Governments,
- Loans obtained from the Governments,
- Grants made by the local bodies as required by the Governments,
- Sale proceeds of bonds, debenture, commercial paper or other securities issued by the Hydroelectric - NEPRA regulated business and dividends,
- Loans obtained by the Hydroelectric - NEPRA regulated business with special or general sanction of the Government,
- Foreign aid and loans obtained from the International Bank for Reconstruction and Development or otherwise, with the sanction and under guarantee of [the and such terms and conditions as may be approved by the Government] and,
- All other sums received by the Hydroelectric - NEPRA regulated business.

Regarding fixing rate for sale of power, Section 25 of the WAPDA Act, 1958 provides that:

The rate at which the Hydroelectric - NEPRA regulated business shall sell power be so fixed as to provide for meeting the operating cost, interest charges and depreciation of assets, the redemption at due time of loans other than those covered by depreciation, the payment of any taxes and a reasonable return on investment.

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

As provided in Section 26 of WAPDA Act, 1958 the Hydroelectric-NEPRA regulated business shall maintain complete and accurate books of accounts in such form as may be prescribed by it, provided that separate accounts shall be maintained for all schemes and transactions relating to power.

1.2 REFERENCE FROM "CONSTITUTION OF PAKISTAN 1973"

The Article 161(2) of the Constitution 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 # 3 of June 1991, from the bulk generation of power at a hydro-electric station shall be paid to the Province on which the hydro-electric station is situated.

For the purpose of this clause "net profits" shall be computed by deducting from the revenues accruing from the bulk supply of power from the bus-bar of a hydro-electric station at a rate to be determined by the Council of Common Interest. Operating expenses of the station which shall include any sums payable as taxes, duties, interest or return on investment, and depreciations and element of obsolescence, and over-heads, and provision for reserves.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Pakistan (ICAP), Islamic Financial Accounting Standards issued by ICAP and directives issued by National Electric Power Regulatory Authority (NEPRA) and WAPDA.

3 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME EFFECTIVE

3.1 The hydroelectric - NEPRA regulatory business has adopted following new and amended IFRS and IFRIC interpretations which became effective during the year:

- IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
- IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

3.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual)
IFRS 10 – Consolidated financial statements	01-Jan-15
IFRS 11 – Joint Arrangements	01-Jan-15
IFRS 12 – Disclosure of Interests in other entities	01-Jan-15
IFRS 13 – Fair Value Measurement	01-Jan-15
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation	01-Jan-16
IAS 16 & 41 – Agriculture: Bearer Plants	01-Jul-14
IAS 19 - Employee Contributions	01-Jan-14
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01-Jan-14
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01-Jan-14
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01-Jan-14
IFRIC 21 – Levies	01-Jan-14

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

<u>Standard or Interpretation</u>	Effective date (annual)
IFRS 9 – Financial instruments: classification and measurement	01-Jan-18
IFRS 14 – Regulatory Deferral Accounts	01-Jan-16
IFRS 15 – Revenue from Contracts with Customers	01-Jan-17

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Judgments made by the management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

4.1 Useful lives of property, plant and equipment and their impairment

The Hydroelectric - NEPRA regulated business reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

5 ACCOUNTING CONVENTION

These financial statements have been prepared under historical cost convention except for certain assets/liabilities carried at their fair values.

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

Initial recognition

Property, plant and equipment except freehold land and certain assets disposed off and leased back during previous years are stated at cost or revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Hydroelectric-NEPRA regulated business and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income statement during the period in which they are incurred.

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PAKISTAN WAPDA **POWER WING**
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
OF THE HYDROELECTRIC - NEPRA REGULATED BUSINESS

Derecognition

An item of property, plant and equipment 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 income statement in the year the asset is derecognized.

Impairment

The carrying amounts of the Hydroelectric-NEPRA regulated business's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in income statement. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in income statement.

Revaluation surplus

Surplus arising on revaluation of power generation plant assets is credited to surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to reserves.

Depreciation

Depreciation is charged to income statement on straight-line method so as to write off the cost of property, plant and equipment over their estimated remaining useful lives at the rates specified in note 18. 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 property, plant and equipment 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 based on economic useful life of individual assets. Depreciation at full rate is charged in the month of purchase/completion and no depreciation is charged in the month of disposal. No depreciation is to be charged when an asset is fully depreciated.

Following depreciation rates are applied:

S. No.	Description of Assets	Depreciation
1	Civil Works/buildings	2%
	Dams & Reservoirs	2%
2	Generation Plant & Equipments	
	a. Turbines	2.285%
	b. Generators (Class - F Insulation)	2.820%
	c. Generators (Class - B Insulation)	3.30%
	d. GIS Swith Gear	1.99%
	e. Switchyard equipment	3.96%
	f. MV/LV Swith gear Control & Protection	3.96%
	g. Telecommunication and SCADA Equipment	4.987%
	h. Cranes	3.30%
	i. Trash Rack and Cleaning Machines	3.30%
	j. Truck Trailer	4.95%
	k. HV Circuit Breaker Air Blast Type	3.96%
	l. HV Circuit Breaker SF-6 Type	3.30%
l. Transmission line equipment	3.96%	
3	Mobile Plant & Equipments	20%
4	Other Equipments (All others except computer accessories)	10%
5	Computer Accessories	25%
6	Vehicles	20%

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
2013-14

Changes in estimates

During the year, the management separate transmission equipment from power generating plants and assets keeping in view the wear and tear and expected revised useful life. This change in accounting estimate has no material impact on the depreciation.

6.1.1 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 formations of the Hydroelectric - NEPRA regulated business, when 100% progress is certified by the consultants and verified by the Hydroelectric - NEPRA regulated business's own engineers.

6.2 Stores, spare parts and loose tools

Stores are valued at moving average cost method, except items in transit which are stated at cost comprising invoice value plus incidental charges thereon.

Stores in transit are valued at invoice value plus other charges incurred thereon.

6.3 Trade debts

Trade debts and other receivables are carried at original invoice amount less an estimate for doubtful trade debts and other receivable based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

6.4 Cash and cash equivalents

For the purpose of statement of cash flow and cash equivalents comprise of cash in hand, cash at bank and short term highly liquid investment, that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

6.5 Reserve for development works

Reserve for development works is recognized in accordance with the provisions available in The Constitution of the Islamic Republic of Pakistan and NEPRA tariff petition. This reserve would be used for the construction of new/ongoing hydel power development projects through Annual Development Plans of the Government of Pakistan. Such reserves are created from retained earnings.

6.6 Grants

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Hydroelectric-NEPRA regulated business receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

6.7 Staff retirement benefits

Defined benefit plans

The Hydroelectric - NEPRA regulated business operates its own pension, post retirement free electricity and medical benefits scheme for its employees. The liabilities have been determined by consulting the actuaries on the basis of actuarial valuation. Contributions towards the liabilities are made on the basis of actuarial valuation and are presently charged to income statement. The principal assumptions used in this valuation are as under:

	Free electricity benefits	Free medical benefits	Pension
- Expected rate for discounting liabilities	12%	12%	12%
- Expected rate for increase in pensionable salary	-	-	11%
- Expected rate for increase in cost of pensioners	-	-	7%
- Expected rate for increase in medical cost	-	11%	-
- Expected rate for increase in electricity cost	11%	-	-
- Average expected remaining working life	9 years	9 years	9 years

6.7.1 Change in accounting policy

Until 30 June 2013, the Company's policy with regard to actuarial gains/(losses) was to follow minimum recommended approach under IAS 19 (Revised 2000) "Employee Benefits".

During the year, the Company has adopted Revised IAS 19-'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in the other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other charges in the net defined benefit asset (liability) are recognized in the other comprehensive income with no subsequent recycling to income statement.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses over and above the corridor limit were amortized in the income statement over the expected remaining working lives of the employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost (vested and non-vested) is now recognized immediately in the income statement upon changes in the benefit plans. Previously, only vested past service cost was recognized immediately in income statement and non vested cost was amortised to profit and loss account over the vesting period. The impact of the said changes on the financial statements is as under:

	2013	2012
	----- PKR '000 -----	
Impact on balance sheet		
Increase in deferred liabilities	10,593,365	10,511,429
Decrease in unappropriated profits	2,300,773	(10,511,429)
		30 June 2013
		'000
Decrease in other comprehensive income		2,382,709
Increase in cost of electricity		2,300,773

6.8 General provident fund and WAPDA welfare fund

WAPDA operates self contributed General Provident Fund and WAPDA Welfare Fund for its employees. Deductions are made from the salaries of the employees and remitted to the funds and afterward utilized as per SOPs approved by WAPDA.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR END 31/12/2014

6.9 Foreign currencies

Foreign currency transactions are recorded using the rate of conversion applicable on the date of transaction. All monetary assets and liabilities in foreign currencies are translated at exchange rates prevailing at the statement of financial position date except in the case of foreign currency loans covered by the State Bank of Pakistan's Exchange Risk Coverage Scheme which are translated at the rates provided under the scheme. Exchange differences for the period up to the date of commissioning of assets financed out of foreign currency loans are capitalized to the extent they are eligible for capitalization. All other exchange differences are charged to income statement.

6.10 Revenue recognition

Revenue from the sale of electricity is recognized on transmission of electricity to the power infrastructure (transmission system) of the National Transmission and Dispatch Company Limited (NTDCL).

Profit on bank deposit is recognized using effective interest method.

6.11 Hydel levies

Hydel levies including net hydel profit paid to the Government of Khyber Pakhtunkhwa as recommended by National Finance Commission (NFC) and is charged to income statement.

6.12 Taxation

Any income of the Pakistan Water & Power Development Authority (WAPDA) established under the Pakistan Water & Power Development Authority Act 1958 is exempt from income tax under clause-66(xvi) of the Second Schedule of (Part-I) to the Income Tax Ordinance, 2001.

6.13 Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets as appropriate. The Hydroelectric - NEPRA regulated business determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Hydroelectric - NEPRA regulated business's financial assets include cash and cash equivalents, held-to-maturity investments, and loans and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through income statement are carried in the statement of financial position at fair value with gains or losses recognized in the income statement.

The Hydroelectric - NEPRA regulated business has neither designated any financial assets nor currently has any financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Hydroelectric-NEPRA regulated business has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

6.14 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Hydroelectric-NEPRA regulated business determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Hydroelectric - NEPRA regulated business that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

Financial liabilities at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities:

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Hydroelectric-NEPRA regulated business has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously. Corresponding income on assets and charge on liability are reported at net amount.

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

7 PROPERTY, PLANT AND EQUIPMENT	Note	2014	2013
		----- PKR '000 -----	
Operating fixed assets	(7.1)	231,943,892	216,126,281
Capital work in progress	(7.2)	<u>60,004,434</u>	<u>52,411,658</u>
		<u><u>291,948,326</u></u>	<u><u>268,537,939</u></u>

7.1 Operating fixed assets

Particulars	2014								Book values as at 30 June 2014	Rate %
	Cost			Depreciation						
	As at 30 June 2013	Additions/ * (Deletions)	As at 30 June 2014	As at 30 June 2013	For the year	*Deletions	As at 30 June 2014			
----- PKR '000 -----										
Owened:										
Land	5,225,854	28,228 (14,358)	5,239,724	-	-	-	-	5,239,724	-	
Buildings and civil works	46,952,329	4,240,673 (51,250)	51,141,752	10,469,200	895,413	200	11,364,813	39,776,939	2%	
Power generation plant assets	210,123,139	7,226,272 (36,059,103)	181,290,308	125,447,554	4,648,750	(25,826,334)	104,269,970	77,020,338	1.99%-7%	
Transmission line Equipment	5,005,053	3,314,937	8,319,990	183,018	210,447	-	393,465	7,926,525	3.96%	
Dams and reservoir	99,657,725	18,290,747	117,948,472	15,719,835	1,924,574	(42)	17,644,367	100,304,105	2%	
General / plant assets	1,331,510	802,073 (302)	2,133,281	632,289	79,443	134,415	846,147	1,287,134	10%	
Office equipment	47,177	25,759 (157)	72,779	35,505	3,657	4,130	43,292	29,487	10%/25%	
Furniture and fixture	601,472	7,843 (17)	609,298	564,373	1,147	1,287	566,807	42,491	10%	
Transportation equipment	1,674,683	175,158 (12,107)	1,837,734	1,440,887	44,612	35,066	1,520,585	317,149	20%	
2014	370,618,942	34,111,690 (36,137,294)	368,593,338	154,492,661	7,808,043	(25,651,258)	136,649,446	231,943,892		
2013	333,875,017	44,882,366 (8,138,441)	370,618,942	146,881,299	7,931,617	(320,255)	154,492,861	216,126,281		

7.1.1 The Hydroelectric has opted Islamic Financial Accounting Standard-IFAS-2 "IJARAH" which is effective from 01 July 2007 and accordingly assets under Ijarah financing in respect of Sukuk-II & Sukuk III (Tarbela) have been transferred to WAPDA Second Sukuk Company Limited and WAPDA Third Sukuk Company Limited respectively.

* This includes carrying value of Rs. 10,240 million of one turbine and other assets of Tarbela which has been transferred to WAPDA Third Sukuk Company Limited.

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PAKISTAN WAPDA **POWER WING**
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

7.1.2 Operating fixed assets by Power Station

Power Station	2014							Book values as at 30 June 2014
	Cost			Depreciation				
	As at 30 June 2013	Additions/ (Deletions)	As at 30 June 2014	As at 30 June 2013	For the year	Deletions/ Adjustments	As at 30 June 2014	
	PKR '000							
Tarbela	135,443,360	250,601 (36,063,672)	99,630,269	100,581,632	1,551,283	(25,364,561)	76,768,354	22,861,935
Ghazi Brotha	129,869,080	134,641 (12,297)	129,991,424	35,381,835	2,974,703	-	38,356,538	91,634,666
Mangla	30,233,831	230,859 (1,493)	30,463,197	6,577,218	963,452	(1,605)	7,539,065	22,924,132
Warsak	1,273,038	86,725 (7,987)	1,351,776	695,952	42,469	272	738,693	613,083
Chashma	25,605,755	60,915 (178)	25,666,492	9,328,467	670,493	-	9,998,960	15,667,532
Rasul	232,999	115,328	348,327	67,732	9,514	-	77,246	271,081
Dargai	347,303	26,769 (395)	373,677	305,338	4,662	(1,758)	308,242	65,435
Nandipur	103,533	19,610 (18,905)	106,238	69,810	868	-	70,678	35,560
Shadiwal	128,984	6,529	135,513	99,868	845	-	100,713	34,800
Chichoki	206,163	10,314	216,477	192,236	244	-	192,480	23,997
Kuram Garhi	67,594	-	67,594	61,155	169	-	61,324	6,270
Renala Khurd	32,298	6,686	38,984	19,790	3,894	(5,872)	17,812	21,172
Chitral	50,166	2,829	52,995	24,495	884	-	25,379	27,616
Khan Khwar	10,402,472	118,658 (31,723)	10,489,407	541,672	558,309	(276,113)	823,868	9,665,539
Allai Khwar	16,057,803	197,803	16,255,606	106,454	426,357	-	532,811	15,722,795
Gomal Zam	8,050,548	18,547	8,069,095	16,109	194,943	-	211,052	7,858,043
Jinnah	12,288,707	4,778,674	17,067,381	300,816	305,154	-	605,970	16,461,411
Jabbar	-	3,983,307	3,983,307	-	10,788	-	10,788	3,972,519
Dubair Khwar	-	24,004,031	24,004,031	-	48,139	-	48,139	23,955,892
Others	225,308	55,808 (180)	280,936	122,082	40,873	(2,213)	160,742	120,194
2014	370,618,942	34,111,690 (36,137,294)	368,593,338	154,492,661	7,808,043	(25,651,258)	136,649,446	231,943,892
2013	333,875,017	44,882,366 (8,138,441)	370,618,942	146,881,299	7,931,617	(320,253)	154,492,662	216,126,281

* This includes cost amounting to Rs. 30,995 million which has been transferred from CWIP.

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PAKISTAN WAPDA POWER WING
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7.1.3 Power generation plant assets of NEPRA regulated business were revalued during the year ended 30 June 2012 by an independent valuer M/s Iqbal A. Nanjee & Company (Pvt.) Limited resulting in a surplus of Rs. 58,259 million over the written down value of Rs. 20,950 million on the basis of replacement cost of these power generation plant assets. The carrying values of power generation plant assets are being depreciated over the remaining useful lives (Note) of the assets from the date of revaluation. Had the power generation plant assets not been revalued, the carrying amount of these assets would have been as mentioned in Note 7.1.4.3.

7.1.4 Carrying value of revaluation surplus on power generation plant assets has been arrived as follows:	Note	2014 PKR '000	2013 PKR '000
Replacement cost / Revalued Written down value	(7.1.4.2)	55,783,889	69,724,006
Less: Net operating / written down value at purchase price	(7.1.4.3)	16,727,470	18,648,590
Revaluation surplus		<u>39,056,259</u>	<u>51,075,416</u>

7.1.4.1 Difference in yearly depreciation charge of revalued assets

Depreciation on the basis of revaluation price of assets	(7.1.4.2)	3,708,030	4,157,077
Depreciation on the basis of historical cost of assets	(7.1.4.3)	858,010	950,080
Transfer to Third Sukuk Co.Ltd.		9,175,146	-
Difference in depreciation charge for revalued assets		<u>12,019,143</u>	<u>3,206,997</u>

7.1.4.2 Power generation plant assets at revalued price

Power Stations	Revalued cost as at 1 July 2013	Additions / (Disposals)	Revalued cost as at 30 June 2014	Revalued accumulated depreciation as at 1 July 2013	Additions / (Disposals)	Depreciation charge for the year 2013-14	Revalued accumulated depreciation as at 30 June 2013	Book value as at 30 June 2014
-----PKR '000-----								
Tarbela	124,818,758	(36,063,670)	88,755,088	94,059,972	(25,823,550)	1,679,790	69,916,212	18,838,876
Ghazi Brotha	50,487,374	-	50,487,374	20,073,937	-	1,553,672	21,627,609	28,859,765
Mangla	-	-	-	-	-	-	-	-
Warsak	479,146	-	479,146	235,948	-	7,829	243,777	235,369
Chashma	14,333,843	-	14,333,843	6,063,950	-	465,736	6,529,686	7,804,157
Rasul	28,980	5,484	34,464	20,232	42	464	20,738	13,726
Dargai	275,360	-	275,360	268,750	-	-	268,750	6,610
Nandipur	37,894	-	37,894	29,475	-	293	29,768	8,126
Shadiwal	83,281	-	83,281	75,935	-	204	76,139	7,142
Chichoki	177,210	-	177,210	170,169	-	-	170,169	7,041
Kuram Garhi	55,072	-	55,072	54,521	-	-	54,521	551
Renala Khurd	15,145	-	15,145	15,050	(2,431)	-	12,619	2,526
Chitral	2,350	-	2,350	2,468	(160)	42	2,350	-
Total	190,794,413	(36,058,186)	154,736,227	121,070,407	(25,826,099)	3,708,030	98,952,338	55,783,889

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

7.1.4.3 Power generation plant assets at purchase price

Power Stations	Cost as at 1 July 2013	Additions / (Disposals)	Cost as at 30 June 2014	Accumulated depreciation as at 1 July 2013	Additions / (Disposals)	Depreciation charge for the year	Accumulated depreciation as at 30 June 2013	Book value as at 30 June 2014
-----PKR '000-----								
Tarbeta	12,183,186	(3,520,067)	8,663,119	9,069,314	(2,454,957)	79,490	6,693,847	1,969,272
Ghazi Brotha	15,965,893	-	15,965,893	6,506,579	-	479,276	6,985,855	8,980,038
Mangla	-	-	-	-	-	-	-	-
Warsak	1,563,409	-	1,563,409	742,741	-	-	742,741	820,668
Chashma	9,187,118	-	9,187,118	3,958,540	-	296,664	4,255,204	4,931,914
Rasul	27,452	-	27,452	15,124	-	436	15,560	11,892
Dargai	11,169	-	11,169	10,610	-	-	10,610	559
Nandipur	15,182	-	15,182	11,829	-	108	11,937	3,245
Shadiwal	14,538	-	14,538	12,950	-	36	12,986	1,552
Chichoki	8,088	-	8,088	7,675	-	-	7,675	413
Kuram Garhi	3,728	-	3,728	3,542	-	-	3,542	186
Renala Khurd	1,454	-	1,454	1,381	-	-	1,381	73
Chitral	29,777	-	29,777	22,119	-	-	22,119	7,658
Total	39,010,994	(3,520,067)	35,490,927	20,362,404	(2,454,957)	856,010	18,763,457	16,727,470

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

7.2	Capital work in progress	Note	2014 ----- PKR '000 -----	2013 -----
	Bhasha Dam Project		31,491,450	13,765,931
	Terbela 4th Extension Hydro Project		11,277,769	1,296,391
	Golan Gol Hydro Power Project		7,669,661	4,177,132
	Bunji Hydro Power Project		2,094,838	-
	Dasu Hydro Power Project		1,655,641	-
	Kheyal Khwar Hydro Power Project		1,360,266	747,090
	Dubair Khawar Project		230,206	19,824,599
	Jinnah Hydro Power Project		237,755	4,057,311
	Jabban Hydro Power Project		-	2,516,631
	Mangla Upgradation Project		645,821	-
	Other projects under construction		3,341,027	6,026,573
			60,004,434	52,411,658
7.2.1	Capital work in progress - Movement during the year			
	Opening balance		52,411,658	64,860,553
	Additions during the year	(7.2.1.1)	38,587,707	17,705,499
	Transferred to operating fixed assets		(30,994,930)	(30,154,394)
	Closing balance		60,004,435	52,411,658
7.2.1.1	This includes finance cost amounting to Rs 5,211 million (2013: Rs. 4,900 million) capitalized during the year.			
8.	LONG TERM ADVANCES AND RECEIVABLES			
	Long term advances to employees - considered good	(8.1)	409,636	296,457
8.1	Long term loans for purchase of plot, house, car, motorcycle etc. are given to regular employees of the Hydroelectric. The said loans are provided at mark up rate of EP Fund applicable to the employees. It is recovered in 120 instalments in respect of purchase of plot and house and in 60 installments for purchase of car, motorcycle etc. These advances are unsecured and considered good by the management of the Hydroelectric.			
9.	STORES, SPARES AND LOOSE TOOLS			
	Stores and spares		2,966,728	2,669,781
	Loose tools		573,839	13
	Stores in transit		103,154	226,393
			3,643,721	2,896,187
9.1	Stores and spares includes few items which can be capitalized but are not distinguishable from other stores and spares.			
10.	TRADE DEBTS			
	Receivable from NTDC (CPPA) - related party	(10.1)	17,806,100	6,337,770
10.1	This represents unsecured receivable balance and are considered good by the management.			

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 PKR '000	2013
10.2 Aging of trade debts			
Not yet due		10,567,551	3,416,027
Past due:			
0 - 30 days		3,738,549	2,921,743
More than 60 days		3,500,000	-
		<u>17,806,100</u>	<u>6,337,770</u>
11. ADVANCES AND OTHER RECEIVABLES			
Advance to suppliers, contractors & consultants		3,080,738	5,448,825
Prepayments	(11.1)	984,969	315,967
General sales tax receivable		257,746	431,881
Advance to employees		70,320	62,513
Accrued interest		61,633	6,624
Advance from GoP against debt service liability		-	14,111,406
Bridge Financing (Neelum-Jhelum)	(11.2)	-	9,088,422
Miscellaneous receivables		304,267	83,786
		<u>4,759,673</u>	<u>29,549,424</u>

11.1 This includes prepayments of Rs.787 million to CRRK for import of material.

11.2 This represents bridge financing loan given to Neelum Jhelum Hydro Power Company and carries mark up @ 12.64%.

12. SHORT TERM INVESTMENTS - Held to maturity

Held to maturity - Unquoted

Innovative Investment Bank Limited
Less: Impairment charged during the year

261,000	261,000
(261,000)	-
<u>-</u>	<u>261,000</u>

12.1 This represented investment made in Innovative Investment Bank (Formerly Crescent Standard Investment Bank). On maturity the balance remained unpaid, hence the case was lodged with the Judicial Department of Lahore High Court for the recovery of the said amount. The Honorable High Court decided the case in favour of the Hydroelectric and attached the property with forced sale value of Rs. 220 million and appointed Court Auctioneers for recovery of this amount. However, impairment has been recognized in these financial statements (note 26).

13. CASH AND BANK BALANCES

Cash in hand		3,566	235,605
Balance with the banks:			
- current accounts	(13.1)	2,200,360	995,933
- deposit accounts	(13.2) & (13.3)	24,945,443	2,523,549
		<u>27,145,803</u>	<u>3,519,482</u>
		<u>27,149,369</u>	<u>3,755,087</u>

13.1 This includes Rs. 1,002 million (2013: 923 million) which represents unutilized balance of IDA loan (Note 17.1.7) relating to 4th Extension of Tarbela Project's Assignment Account.

13.2 Deposit accounts carry interest at the rate ranging from 7 % to 09.50% (2013: 6% to 10.90%) per annum.

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PAKISTAN WAPDA POWER WING
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13.3 This includes Redemption Sinking Fund which was created in March 2013 with HBL WAPDA house branch for the payment of SUKUK-II Ijarah rentals due in January and July each year till July 2017, and JPH supplier credit due in February and August each year till August 2020. The profit is accrued on daily product basis for monthly credited of the same at one month KIBOR+15bps. The KIBOR is revised on 1st working day of each calendar month. Sinking fund created for SUKUK-I has been settled during the year.

14. RESERVES	Note	2014 ----- PKR '000 -----	2013 -----
Reserve for development works	(14.1) & (14.2)	<u>86,839,646</u>	<u>70,514,220</u>

14.1 Provision for reserve for development works has been created in accordance with policy stated in note 6.1. The GoP has allowed to plough back/invest these reserves in the construction of new/ongoing Hydel power development projects through Annual Development Plans of the Government of Pakistan.

14.2 Power sale tariff of the Hydroelectric is fixed to estimate reasonable return on investment made in the shape of loans and GoP equity for financing of the Hydroelectric projects. The Article 161 (2) of the Constitution of Pakistan allows to deduct return on investment and provision for reserve from the revenue of the Hydel Power Stations. The above transfer have accordingly been made to prepare financial statements of the Hydroelectric in line with provisions of the constitution.

15. GOVERNMENT OF PAKISTAN'S INVESTMENT	<u>72,522,716</u>	<u>72,522,716</u>
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This represent investment funds provided by the GoP for Diamir Basha, Mangla Dam raising, Gomal Zam Hydel Power and other Power Projects from time to time. This also includes Capital investment by WAPDA from its other source of income.

16. REVALUATION SURPLUS		2014	2013
Revaluation surplus - opening		51,075,402	54,282,399
Incremental depreciation due to revaluation		<u>(12,019,143)</u>	<u>(3,206,997)</u>
		<u>39,056,259</u>	<u>51,075,402</u>

17. LOANS AND BORROWINGS - INTEREST BEARING		2014	2013
Foreign Currency Loans :			
Foreign relent loans	(17.1)	40,863,592	35,121,518
Foreign direct loans - Exim Bank China	(17.2)	7,267,336	8,575,298
Other Loans- local currency:			
Cash development loans	(17.3)	<u>52,364,751</u>	<u>25,070,917</u>
		<u>100,495,679</u>	<u>68,767,733</u>
Less: Current portion shown under current liabilities			
Foreign relent loans		<u>4,638,967</u>	<u>4,366,939</u>
Foreign direct loans - Exim Bank China		<u>1,217,457</u>	<u>1,277,749</u>
Cash development loans		<u>231,710</u>	<u>206,166</u>
		<u>6,088,134</u>	<u>5,850,854</u>
		<u>94,407,545</u>	<u>62,916,879</u>

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PAKISTAN WAPDA POWER WING
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17.1 Foreign relented loans

Loan No.	Note	Rate of interest per annum	Installments outstanding as on 30 June 2014	Repayment commencement / Maturity	2014	2013
----- PKR '000 -----						
ADB-1143-PAK		14.00%	3	1997/2017	270,486	360,647
ADB-1144-PAK		14.00%	3	1997/2017	326,037	434,713
ADB-1424-PAK		14.00%	7	2001/2021	3,295,699	3,766,514
FRENCH BANK CREDIT		11.00%	5	1999/2019	151,111	181,334
FRENCH STATE CREDIT		11.00%	5	1999/2019	138,277	165,924
KFW-9566316		14.00%	9	2003/2023	2,676,123	2,973,470
CITI Bank of Japan	17.1.1	11.00%	11	2005/2025	1,164,770	1,270,658
JAXIUM BANK LOAN		11.00%	1	1995/2015	860	1,720
Pk-P-47		17.00%	6	2005/2020	3,416,547	3,985,973
EIB		11.00%	2	2001/2016	243,124	364,704
IBRD-3107-PAK		11.00%	2	1996/2016	7,822	11,733
IBRD-3965-PAK		3.64%	2	2001/2016	2,265,388	3,398,082
IDB-PAK-0117	17.1.2	17.00%	12	2008/2026	11,107,835	12,340,988
AFD Credit Facility	17.1.3	15.00%	14	2011/2028	3,029,635	1,902,373
Kuwait Fund Loan No. 742	17.1.4	15.00%	11	2011/2025	545,676	265,789
Saudi Fund Loan No. 10/479	17.1.5	15.00%	11	2011/2025	1,975,604	1,425,302
KFW-320517	17.1.6	15.00%	40	2012/2031	427,701	220,829
IDA CREDIT No. 5079-PK	17.1.7	15.00%	11	2013/2035	7,108,483	1,959,604
IBRD 8144-PK	17.1.8	15.00%	11	2013/2035	2,395,731	91,161
Saudi Fund Loan No. 14/609	17.1.9	15.00%	30	2014/2034	316,683	-
					40,863,592	35,121,518

17.1.1 These loans are obtained from foreign financial institutions by the Government of Pakistan and are re-lent to the Hydroelectric-NEPRA Regulated Business and are secured by way of Government Guarantee in favour of those institutions. Further, the Hydroelectric-NEPRA Regulated Business is responsible for repayment to Government of Pakistan.

17.1.2 This represent Islamic Development Bank loan of US \$ 150.200 million under Istisna's Financing Agreement dated 1st Dec 2008 for Khan, Allai and Dubair Khwar Hydro Projects taken by the Government of Pakistan (Borrower). The borrower has relented the loan to WAPDA Hydroelectric being executing agency of Khwar Projects. The loan will be repaid in 15 years after the end 3 years gestation period.

17.1.3 This represent French Development Agency (AFD) loan of Euro 26.500 million under Subsidiary Loan Agreement dated 13 Dec 2010 for Jabban Power Station taken by the Government of Pakistan (Borrower). The borrower has relented the loan to WAPDA Hydroelectric being executing agency for the project. The loan will be repaid in 18 years after the grace period of 3 years.

17.1.4 This represent Kuwait Fund loan of Kuwaiti Dinar 11.00 million under Subsidiary Loan Agreement dated 5th Sep 2008 for Golen Gole Hydro Power Project taken by the Government of Pakistan (Borrower). The borrower has relented the loan to WAPDA Hydroelectric being executing agency for the project. The tenor of the loan is 15 years including 2 years of grace period.



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17.1.5 This represent Saudi Fund loan of Saudi Riyals 150.00 million under Subsidiary Loan Agreement dated 5 th Sep 2008 for Golen Gole Hydro Power Project taken by the Government of Pakistan (Borrower). The borrower has relent the loan to WAPDA Hydroelectric being executing agency for the project. The tenor of the loan is 15 years including 2 years of grace period.

17.1.6 This represent Frankfurt am Main (KfW) loan of Euro 97.080 million in total, to be disbursed in two trenches. Under Trench - 1 Euro 4.415 million will be disbursed which will be repaid in 38 years after 10 years grace period. Under trench - 2, Euro 92.66 million will be disbursed that will be repaid in 30 years after grace period of 10 years. The loan taken by the Government of Pakistan (Borrower) has been relent under Subsidiary Loan Agreement dated 27 Dec 2011 for Keyal Khwar Hydro Power Project .

17.1.7 This represent International Development Association (IDA) loan of \$ 440.00 million under Subsidiary Loan Agreement dated 12 April 2012 for Tarbela 4th Extension Hydro Power Project taken by the Government of Pakistan (Borrower). The borrower has relent the loan to WAPDA Hydroelectric being executing agency for the project. The loan will be repaid in 25 years including 5 years of grace period.

Loan Utilization	2014	2013	2014	2013
	----- PKR '000 -----			
	For the year		Cumulative	
Opening Balance	923,168	-	923,168	-
Withdrawal of loan during the year	5,148,879	1,959,604	7,108,483	1,959,604
	6,072,047	1,959,604	8,031,651	1,959,604
Less: Utilization of funds	(5,070,187)	(1,036,436)	(6,106,623)	(1,036,436)
Closing balance	1,001,860	923,168	1,925,028	923,168

17.1.8 This represent International Bank for Reconstruction and Development (IBRD) loan of \$ 400.00 million under Subsidiary Loan Agreement dated 12 April 2012 for Tarbela 4th Extension Hydro Power Project taken by the Government of Pakistan (Borrower). The borrower has relent the loan to WAPDA Hydroelectric being executing agency for the project. The tenor of the loan is 18.5 years including 7.5 years of grace period.

Loan Utilization	2014	2013	2014	2013
	----- PKR '000 -----			
	For the year		Cumulative	
Opening balance	-	-	-	-
Withdrawal of loan during the year	2,304,569	91,161	2,395,730	91,161
	2,304,569	91,161	2,395,730	91,161
Less: Utilization of funds	(2,304,569)	(91,161)	(2,395,730)	(91,161)
Closing balance	-	-	-	-

17.1.9 This represent Saudi Fund loan of Saudi Riyals 216.750 million under Hydropower project between Pakistan and Saudi Fund for development (SFD) dated 17 Feb 2014 for Golen Gole Hydro Power Project taken by the Government of Pakistan (Borrower). The borrower has relent the loan to WAPDA Hydroelectric being executing agency for the project. The tenor of the loan is 20 years including 5 years of grace period. The effective date of loan is from 16 March 2014. The loan is to be repaid in 30 semi annual installment commencing on 30 April 2019 and ending on 31 Oct 2033.

17.2 Foreign direct loans - Exim Bank China

This represents supplier's credit facility for the construction of Jinnah Hydro Power Project, a turn key project against the sanctioned limit of US \$ 108.8 million (2012: US \$ 108.8 million). The loan is repayable in fourteen years inclusive of four years grace period, in 20 semi annually installments starting from 18 August 2010. Rate of mark-up is 5% annually with no floor and no cap (2012: 5% annually). The loan is secured through stand by letter of credit to back issuance of 20 promissory notes issued at the time of commencement of the project in 2006.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

17.3 Cash development loans

Year of Disbursement	Note	Rate of interest per annum	Installments outstanding as on 30 June 2014	Repayment commencement / Maturity	2014	2013
					----- PKR '000 -----	
1997-98		17.50%	9	1997/2023	850,568	889,319
1998-99		17.50%	10	1998/2024	460,667	477,751
2005-06		9.79%	17	2005/2031	6,189,219	6,330,988
2006-07		11.78%	18	2006/2032	154,933	157,476
2007-08	17.3.1	10.14%	18	2007/2033	344,362	350,383
2008-09		13.65%	18	2008/2034	87,500	87,500
2009-10		13.17%	18	2010/2035	1,292,500	1,292,500
2011-12		12.64%	18	2011/2037	11,700,000	11,700,000
2012-13		10.65%	23	2013/2038	3,785,000	3,785,000
2013-14		11.79%	25	2014/2039	27,500,000	-
					<u>52,364,749</u>	<u>25,070,917</u>

17.3.1 These Loans have been obtained from Federal Government for land acquisitions, feasibility studies of Hydel development projects and payment of net Hydel profit to provincial Government of Khyber Pakhtunkhwa. The loan term is of 25 years with 5 years as grace period for principal repayment.

	Note	2014	2013
		----- PKR '000 -----	
18. DEFERRED GRANTS			
Balance as on 01 July		3,550,311	596,152
USAID Grant under FARA Agreement - for Terbela Power Station	(18.1)	-	297,964
USAID Grant for Gomal Zam Dam	(18.2)	-	2,792,503
Grants amortized during the year		(228,459)	(136,308)
Closing balance		<u>3,321,852</u>	<u>3,550,311</u>

18.1 This represented grant received for the replacement of stator windings of unit no 4 at Tarbela Power Station under the USAID agreement. It has been amortized against the repair and maintenance cost incurred on the said replacement appearing in the cost of electricity.

18.2 This represented grant received for construction of Gomal Zam Project is to be amortized over 30 years economic useful life of plant and equipment of the project.

	Note	2014	2013
		----- PKR '000 -----	
19. DEFERRED LIABILITIES			Restated
WAPDA Second Sukuk Company Limited	(19.1)	855,273	1,196,078
Employee benefits	(19.2)	25,431,301	24,099,902
		<u>26,286,574</u>	<u>25,295,980</u>

19.1 This represents ijarah rental payable to WAPDA Second Sukuk Company Limited and WAPDA Third Sukuk Company Limited against ijarah agreement dated 2 July 2007 and dated 14 October 2013 in respect of certain Tarbela Dam power generation machines. The rental is payable in bi-annual installments and will be fully retired at 13 July 2017 and at 14 October 2021 respectively.


 PAKISTAN WAPDA POWER WING
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19.2

Particulars	2014			
	Post employment benefits			
	Free medical facility	Free electricity facility	Pension	Total

-----PKR '000 -----

Liability recognized in the statement of financial position

	4,835,721	2,300,154	18,295,427	25,431,302
--	-----------	-----------	------------	------------

Changes in the present value of defined benefit obligation:

Opening defined benefit obligation	4,322,373	2,191,671	17,585,858	24,099,902
Service cost	237,702	65,806	395,654	699,162
Interest cost	561,908	284,917	2,286,162	3,132,987
Benefits paid	(184,133)	(93,244)	(1,800,458)	(2,077,835)
Actuarial (gains)/ losses	(102,129)	(148,996)	(171,789)	(422,914)
Closing defined benefit obligation	4,835,721	2,300,154	18,295,427	25,431,302

Particulars	2014			
	Post employment benefits			
	Free medical facility	Free electricity facility	Pension	Total

-----PKR '000 -----

Charge for the year:

Current service cost	237,702	65,806	395,654	699,162
Interest cost	561,908	284,917	2,286,162	3,132,987
	799,610	350,723	2,681,816	3,832,149

Re-measurements of net defined benefit liability:

Actuarial(gains)/losses due to change in demographic assumptions	(43,533)	5,248	(121,071)	(159,356)
Actuarial(gains)/losses due to experience adjustments	(58,596)	(154,244)	(50,718)	(263,558)
Amount chargeable to OCI	(102,129)	(148,996)	(171,789)	(422,914)

Particulars	2013			
	Post employment benefits			
	Free medical facility	Free electricity facility	Pension	Total

-----PKR '000 -----

Liability recognized in the statement of financial position

	4,322,373	2,191,671	17,585,858	24,099,902
--	-----------	-----------	------------	------------

Changes in the present value of defined benefit obligation:

Opening defined benefit obligation	3,502,623	1,819,746	14,931,968	20,254,337
Service cost	134,511	64,060	426,052	624,623
Interest cost	520,032	270,647	1,898,298	2,688,977
Benefits paid	(255,994)	(167,460)	(1,427,290)	(1,850,744)
Actuarial (gains)/ losses	421,201	204,678	1,756,830	2,382,709
Closing defined benefit obligation	4,322,373	2,191,671	17,585,858	24,099,902

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

Particulars	2013			
	Post employment benefits			
	Free medical facility	Free electricity facility	Pension	Total
	-----PKR '000 -----			
Charge for the year:				
Current service cost	134,511	64,060	426,052	624,623
Interest cost	520,032	270,647	1,898,298	2,688,977
	<u>654,543</u>	<u>334,707</u>	<u>2,324,350</u>	<u>3,313,600</u>
Re-measurements of net defined benefit liability:				
Actuarial(gains)/losses due to experience adjustments	421,201	204,678	1,756,830	2,382,709
Amount chargeable to OCI	<u>421,201</u>	<u>204,678</u>	<u>1,756,830</u>	<u>2,382,709</u>

		2014	2013
	Note	----- PKR '000 -----	
20. TRADE CREDITOR AND OTHER PAYABLES			
Trade creditors		4,198,434	2,755,891
Due to other formations/ wings of Authority	(20.1)	1,205,501	2,696,340
Security deposits		1,313,271	1,052,036
Accrued liabilities		419,710	282,918
Net hydel profit payable to Khyber Pakhtunkhwa	(14.1 & 14.2)	5,400,000	7,000,000
Water usage charges payable to A.J.K Government		100,087	134,470
Water Management Charges payable to IRSA		37,455	34,624
Taxes payable		204,241	48,209
Retention on contract payments		247,635	16,579
Bridge financing water wing		230,570	-
Projects clearing accounts		5,851	4,633
Other liabilities		1,589,332	4,059,402
		<u>14,952,087</u>	<u>18,085,102</u>
20.1 Due to other formations/ wings of Authority			
Coordination Wing (HOC)		1,072,599	575,292
Water wing		132,902	2,121,048
		<u>1,205,501</u>	<u>2,696,340</u>
21. ACCRUED INTEREST			
		<u>1,520,566</u>	<u>631,306</u>
This represents interest of long term loans and borrowings note 17.			
22. OTHER CURRENT LIABILITIES			
Payable to Provinces	(22.1)	17,315	17,059
Other liabilities		705,645	1,175,962
		<u>722,960</u>	<u>1,193,021</u>

22.1 This represents amount payable to Governments of Punjab, Khyber Pakhtunkhwa and Sindh for 4% return on assets transferred to WAPDA from these provinces at the time of unbundling of WAPDA. *Ju.*



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- 23.1.1** During the year ended June 30,2009 WFSC was defrauded by a forged transfer of Sukuk Certificates valuing Rs. 180 million belonging to NFC to a ghost company, Swift Engineering Solutions (SES); the certificates were transacted a number of times and now the searepartly held by Meezan Bank Limited (MBL), Soneri Bank Limited (SBL) and Bank Islami Pakistan Limited (BIPL).
- 23.1.2** WFSC lodged a case of fraud with the Federal Investigation Agency (FIA). On the basis of an inquiry report dated 5 Aug 2009, FIA registered an FIR bearing No. 28/2009 and recovered from the accomplices of the principal accused a publicly declared absconder who has fled the country:
- Rs. 13,477,000 in the form of hard cash, and prize bonds of Rs. 1,775,000;
 - a house in Khyber block, Allama Iqbal Town Lahore valuing Rs.6,500,000;
 - an under construction Floor Mills in the name and style of 'Hussain Floor Mills' at Ferozewala District, Sheikhpura having land measuring 8 Kanals 13 marlas with a value of Rs. 6,300,000 with building constructed thereon of Rs. 6,500,000; and
 - Land measuring 1 kanal 1 marla at Ferozewala District, Sheikhpura.
- 23.1.3** On 8 Mar 2010, FIA submitted a challan u/s 173 Cr PC in the court of Special Judge (Central) Lahore against twelve (12) accused out of which two including the principal accused are public absconders who are presently outside Pakistan. The case of extradition of the absconders is being pursued with different agencies/courts in and outside Pakistan. The Civil Court appointed WFSC as custodian of cash, prize bonds and Hussain Floor Mills whereas the house in Khyber block, Allama Iqbal Town Lahore was returned to the occupant on the condition that pending the final decision of the case, the houseshall not be disposed off in any manner.
- 23.1.4** On 30 Sep 2013, the Court gave its verdict and out of the twelve accused, acquitted six and declared the two main accused who have fled the country as public absconders, while the remaining have been sentenced to various periods of imprisonment and fine; the Court has further adjudicated that all the recoveries as stated at Note 23.1.2 are confiscated in favor of WFSC (the complainant).
- 23.1.5** WFSC has invested the recovered cash of Rs. 13,477,000 in saving account on the directions of the Civil Court.
- 23.1.6** On 12 Dec 2009 WFSC Filed Interpleader suit u/s 88 CPC in the Civil Court of Lahore for deciding the lawful ownership of defrauded Sukuk Certificates and deposited the 8th and 9th Ijarah rental amount with the Civil Court. Mean while, WFSC filed an appeal in the Lahore High Court against the order dated 21 May 2010 of the Civil Judge, Lahore and the honourable High Court (LHC) ordered to continue to deposit the Ijarah rental against the defrauded Sukuk Certificates with the Civil Court and further directed the Civil Court to deposit the same in a profit bearing scheme in a scheduled bank. Accordingly, 10th, 11th, 12th, 13th & 14th (final) Ijarah rentals and the principal amount of Rs. 180 million payable against the demised Sukuk Certificates were deposited in the scheduled bank by the Civil Court. The chances of the appeal being accepted are favourable whereupon the original interpleader suit will stand revived and the Civil Court will then decide the true ownership of the demised Sukuk Certificates.
- 23.1.7** Meanwhile, MBL, SBL, and BIPL being the affectees' / plaintiffs' filed separate suits against the Company (WFSC) asserting the validity of their purchase transactions. However, in the case of MBL the Honourable Sindh High Court, Karachi vide order dated 31 May 2012 decided that MBL's suit is not maintainable under the Financial Institutions (Recovery of Finance) Ordinance 2001. Accordingly, the suit will be registered / fixed as a fresh ordinary case and written statements/replies will be filed by defendants and plaintiffs.



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

23.2 Commitments

23.2.1 Capital commitments contracted for but not incurred as at 30 June 2014 (through forward cost) amounted to Rs. 3,355,598 million (2013: Rs. 1,320,559 million).

23.2.2 Commitments under letter of credit amounts to Rs.1,990 million. (2013: Rs.4,245 million).

23.2.3 Commitments under Stand by letter of credit (SBLC) in favour of supplier for construction of Jinnah Hydro Project amounting to Rs. US\$ 83 million (2013: US\$ 102 million).

23.2.4 The commitments in respect of Ijarah rentals payable to WAPDA Second Sukuk Company Limited and WAPDA Third Sukuk Company Limited are explained below:-

	2014	2013
Note	----- PKR '000 -----	-----
Break up of future Ijarah rentals payable (Skukuk II & III)		
With in one year	4,236,685	1,501,848
With in one to five years	13,466,071	4,559,035
Over five years	1,548,997	-
	<u>19,251,753</u>	<u>6,060,883</u>

24. REVENUE

Variable charges	(24.1) 2,573,519	2,147,111
Fixed charges	49,517,562	40,746,264
	<u>52,091,081</u>	<u>42,893,375</u>

24.1 The amount is net of sales tax amounting to Rs. 437 million (2013: 344 million)

25. COST OF ELECTRICITY

		Restated
Salaries, wages and benefits	(25.1) 2,979,413	2,798,814
Retirement benefits	(25.2) 3,832,149	3,313,602
Dams inspection and monitoring cost	502,007	469,633
Consultancy charges	331,967	593,112
Power, gas and water	267,685	259,017
Fuel charges	21,142	10,693
Repairs and maintenance	969,086	1,024,435
Depreciation	(7.1) 7,808,039	7,931,617
NEPRA fees	75,919	69,285
Insurance	(25.3) 49,809	35,429
Return on assets to provinces	12,972	12,972
Ijarah rental -Sukuk-II & III	2,327,208	1,505,963
Sundry expenses	200	286
	<u>19,177,596</u>	<u>18,024,858</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
Note	----- PKR '000 -----	-----
25.1 Salaries, wages and benefits		
Pay and allowances	2,569,192	2,505,623
Other benefits	410,221	293,191
	<u>2,979,413</u>	<u>2,798,814</u>
25.2 Retirement benefits		
Pension	2,681,816	2,324,350
Free Electricity	350,723	334,707
Free Medical	799,610	654,545
	<u>3,832,149</u>	<u>3,313,602</u>
25.3	As per WAPDA Equipment Protection Scheme (WEPS), WAPDA equipments of power houses have been given insurance coverage based on written down value of equipments.	
26. OPERATING EXPENSES		
Authority overheads	495,535	371,146
Vehicle running expenses	237,003	194,920
Outside services employed	70,246	72,798
Advertisement and periodicals	23,105	45,037
Travelling expenses	47,107	27,661
Office expenses	16,341	13,189
Rent, rates and taxes	27,758	7,795
Communication	7,362	5,839
Legal and professional charges	8,201	7,159
Impairment on short term investment	(12) 261,000	-
Loss on sale of asset for Sukuk III	240,103	-
Other expenses	16,629	1,801
	<u>1,450,390</u>	<u>747,345</u>
27. OTHER INCOME		
27.1 Income from financial assets		
Profit on bank balances	422,009	182,412
Interest income- Investments	98,892	318,853
	520,901	501,265
27.2 Income from assets other than financial assets		
Amortization of grant	228,459	136,308
Miscellaneous income	105,768	139,844
Other liabilities written back	-	128,570
Income from non-utility operation	4,885	1,742
Interest income-advance to staff	1,676	835
Income from lease of other property	64,005	59,344
Sale of scrap	6,538	80,378
Sale of stores	1,488	225
	<u>412,819</u>	<u>547,246</u>
	<u>933,720</u>	<u>1,048,511</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

28. HYDEL LEVIES	Note	2014	2013
		----- PKR '000 -----	
Net hydel profit	(28.1)	6,000,000	6,000,000
Water usage charges	(28.2)	858,818	686,482
IRSA Charges	(28.3)	156,419	144,863
		<u>7,015,237</u>	<u>6,831,345</u>

28.1 At present, the Hydroelectric is making payment of Rs. 6,000 million per annum on account of Net Hydel Profit (NHP) to the Government of Khyber Pakhtunkhwa, as an interim arrangement on the directions of Government of Pakistan (GoP). This arrangement is expected to continue till such time, the GoP gives revised directions after the determination of revenue rate (NHP margin) by the Council of Common Interest, in respect of each Hydroelectric power station in operation. In past, the GoP has agreed to settle NHP arrears assessed by the Arbitral Tribunal for the period from FY 1991-92 to 2004-5. It is expected that arbitrary arrears, if any, agreed/assessed by the GoP for the subsequent period would be settled by the GoP itself with the provinces at its own in line with the previous practice.

28.2 Water usage charges @ Rs.0.15 per unit generated at Mangla Power House is being paid to Azad Jammu & Kashmir Government as per Memorandum of Understanding signed in 2003.

28.3 IRSA charges are levied by IRSA vide letter no. A-II-6/10/2010-IRSA dated 25 August 2011 w.e.f. 01 July 2011 @ Rs.0.005/kWh for hydro power generation.

29. FINANCE COST	Note	2014	2013
		----- PKR '000 -----	
Interest on relent foreign loans		3,069,970	2,731,052
Interest on cash development loans (CDL)		859,041	879,998
Ijarah rental charges		-	502,233
Foreign currency losses		-	810
Bank charges		1,387	958
		<u>3,930,398</u>	<u>4,115,051</u>

29.1 This include exchange risk coverage fee amounting to Rs. 1,845 million (2013: 1,375 million).

30 FINANCIAL RISK MANAGEMENT

30.1 Financial risk factors

The Hydroelectric's financial liabilities comprise of interest bearing loans and borrowings, liability against assets subject to ijarah, other payables, accrued interest, short term borrowings and short term liabilities. The main purpose of these financial liabilities is to raise finances for the Hydroelectric's operations. The Hydroelectric has trade debts, advances, deposits, other receivables and cash and short term deposits that arrive directly from its operations. The Hydroelectric also holds long term investments, accounts / notes receivables and long term advances and deposits.

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

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

Risk management is carried out by management of the Hydroelectric. The management 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.

30.1.1 Market risk

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

(a) Foreign currency risk management

Pak Rupee (PKR) is the functional currency and presentational currency of the Hydroelectric and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Hydroelectric's potential currency exposure comprises of:

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Hydroelectric are periodically restated to PKR equivalent, and the associated gain or loss is taken to the income statement account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure

Certain operating and capital expenditure is incurred by the Hydroelectric in currencies other than the functional currency. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

The Hydroelectric's exposure to foreign currency risk was as follows based on notional amounts:

	2014	2013
	----- US \$ '000-----	
Long term loans	73,858	96,785

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PAKISTAN WAPDA POWER WING
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WAPDA - WATER AND POWER DEVELOPMENT AUTHORITY
 100, F-7/1, Islamabad

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid spot rate	
	2014	2013	2014	2013
US \$	<u>102.88</u>	<u>97.45</u>	<u>98.80</u>	<u>100.4</u>

Sensitivity analysis

A ten percent strengthening of the Pak Rupee against the US \$ at 30 June 2014 would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 30 June 2013.

	2014	2013
	----- PKR '000 -----	
(Increase) / Decrease in profit or loss before reserves	<u>729,717</u>	<u>971,721</u>

A 10 percent weakening of the Pak Rupee against the US \$ at 30 June 2014 would have equal but opposite effect on US \$ to the amounts shown above, on the basis that all other variables remain constant.

(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 mismatches of financial assets and liabilities that mature in a given period.

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

At the statement of financial position date the interest rate profile of the Hydroelectric's interest bearing financial instruments is:

	2014	2013	2014	2013
	----- % -----		----- PKR '000 -----	
Fixed rate instruments				
Financial liabilities:				
Loans and borrowings	3.84 % to 17.5 %	3.84 % to 17.5 %	100,495,679	68,767,733

Fair value sensitivity analysis for fixed rate instruments

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

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PAKISTAN WAPDA POWER WING
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31/12/2014

	2014	2013	2014	2013
	----- % -----		-----	-----
			PKR '000	
Floating rate instruments				
Financial assets:				
Bank balances	5 % to 11.5 %	5 % to 11.5 %	24,945,443	2,523,549

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Hydroelectric's profit before tax (through the impact on floating rate borrowings).

	Increase / (Decrease) in basis points	Effect on profit before tax
	%	PKR '000
2014		
Financial assets:		
Bank balances	1	138,538
		138,538
2013		
Financial assets:		
Bank balances	1	16,098
		16,098

30.1.1.1 The Hydroelectric has transferred interest on these loans to Ministry of Finance (MoF). This interest is appearing in these financial statements as receivable from MoF. Accordingly, there would be no impact on income statement of change in interest rate applicable on such borrowing. Previously this amount was receivable from National Transmission and Dispatch Company (NTDC).

30.1.2 Sensitivity analysis of 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 an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014	2013
	-----	-----
	PKR '000	PKR '000
Long term advances	409,636	296,457
Long term security deposit	1,514	1,927
Trade debts	17,806,100	6,337,770
Advances and other receivables	4,759,673	29,549,424
Short term investments	-	261000
Bank balances	27,145,803	3,519,482
	50,122,726	39,966,060

Credit risk related to trade debts is managed by established procedures and controls relating to customer's credit risk management. Outstanding receivables are regularly monitored.

The maximum credit risk exposure at reporting date is carrying value of financial assets stated above.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances held with some major counterparties at the statement of financial position date.

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PAKISTAN WAPDA POWER WING
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2014

Rating			2014	2013
Short term	Long term	Agency	----- PKR '000 -----	
A-1+	AAA	JCR - VIS	6,633,314	1,505,741
A1+	AA+	PACRA	6,269,705	4,531
A-1+	AA+	JCR - VIS	255,821	1,445,440
A-1+	AAA	JCR - VIS	2,554,133	13,407
A1+	AAA	PACRA	758,123	35,527
A1+	AA	PACRA	-	313
P-1	A2	MOODY'S	-	352
A1+	AAA	PACRA	2,781	2,096
A1+	AA -	PACRA	1,412,533	101,662
A1+	AA	PACRA	6,370,769	66
A1+	AA	PACRA	1,079,252	399,013
A1+	AA -	PACRA	750,339	1,380
A1+	AA+	PACRA	1,021,650	9,861
A1+	AA+	PACRA	37,383	93
			<u>27,145,803</u>	<u>3,519,482</u>

At 30 June 2014 the Hydroelectric has only customer National Transmission and Despatch Company Limited (NTDC) that owed Hydroelectric balance of Rs.17,806 million (2013: Rs.6,338 million.)

Due to Hydroelectric's long standing business relationship with NTDC and also its related party of the Hydroelectric and after giving due consideration to their strong financial standing, management does not expect to the provision against receivables. Accordingly the credit risk is minimal.

30.1.3 Liquidity risk

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

The Hydroelectric's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The table below analyses the Hydroelectric's financial liabilities into relevant maturity grouping based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2014				
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- PKR '000 -----					
30 June 2014					
Long term loans	94,407,545	94,407,545	-	27,229,502	67,178,042
Other payables	14,952,087	14,952,087	14,952,087	-	-
Accrued interest	1,520,566	1,520,566	1,520,566	-	-
Short term liabilities	722,960	79,526	79,526	-	-
	<u>111,603,158</u>	<u>110,959,724</u>	<u>16,552,179</u>	<u>27,229,502</u>	<u>67,178,042</u>

34.



PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

2013				
Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years

----- PKR '000 -----

30 June 2013

Long term loans	62,916,879	62,916,879	5,850,854	45,900,402	11,165,623
Other payables	18,085,102	18,085,102	18,085,102	-	-
Accrued interest	631,306	631,306	631,306	-	-
Short term liabilities	1,193,021	1,324,253	1,324,253	-	-
	82,826,308	82,957,540	25,891,515	45,900,402	11,165,623

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark up have been disclosed in respective notes to the financial statements.

Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Financial instruments by categories

2014			
Cash and cash equivalent	Loans and advances	Held to maturity	Total

----- PKR '000 -----

Assets as per statement of financial position

Long term advances and receivables	-	409,636	-	409,636
Long term security deposit	-	1,514	-	1,514
Trade debts	-	17,806,100	-	17,806,100
Advances and other receivables	-	4,759,673	-	4,759,673
Short term investments	-	261,000	-	261,000
Cash and bank balances	27,145,803	-	-	27,145,803
	27,145,803	23,237,923	-	50,383,726

2013			
Cash and cash equivalent	Loans and advances	Held to maturity	Total

----- PKR '000 -----

Assets as per statement of financial position

Long term advances and receivables	-	296,457	-	296,457
Long term security deposit	-	1,927	-	1,927
Trade debts	-	6,337,770	-	6,337,770
Advances and other receivables	-	29,549,424	-	29,549,424
Short term investments	-	261,000	-	261,000
Cash and bank balances	3,519,482	-	-	3,519,482
	3,519,482	36,446,578	-	39,966,060

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	2014
	At Amortised Cost
	PKR '000
Financial Liabilities as per statement of financial position	
Long term loans	100,495,679
Other payables	14,952,087
Accrued interest	1,520,566
WAPDA Second Sukuk Company Limited	855,273
Short term liabilities	722,960
	<u>118,546,565</u>
	2013
	At Amortised Cost
	PKR '000
Financial Liabilities as per statement of financial position	
Long term loans	68,767,733
Other payables	18,085,102
Accrued interest	631,306
WAPDA Second Sukuk Company Limited	1,196,078
Short term liabilities	1,193,021
	<u>89,873,240</u>

30.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value hierarchy

The Hydroelectric uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2014, the Hydroelectric did not hold any financial instruments carried at fair value.

31. NUMBER OF EMPLOYEES

The Hydroelectric as at 30 June 2014 has 7,950 (2013: 8,006) active employees all of whom are entitled to post employment benefits and 8,031 (2013: 7,364) pensioners to whom post employment benefits payments are disbursed.

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PAKISTAN WAPDA POWER WING
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2014

	2014	2013
	----- PKR '000 -----	
32. INSTALLED CAPACITY AND NET ELECTRIC OUTPUT		
Installed Capacity (MW)	6,902	6,612
Net Electric Output (GWh)	31,306	29,339

33. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, subsidiaries, undertakings with common control, Government of Pakistan (GoP) and key management personnel.

Transactions between the Hydroelectric and related parties:

Statement of financial position items:

Long term loans - Additions	35,826,969	13,035,126
- Repayments	4,099,023	4,492,075
Receivable from NJHPC against GoP CDL		
Other payables	1,205,501	2,696,340
Capital inducted by GoP	-	1,616,080

Income statement items:

Sales	52,091,081	42,893,375
1% Authority overhead	289,977	167,513
Insurance premium	49,809	35,429
Ijarah (finance cost)	-	502,233
Ijarah rentals	2,327,208	1,505,963
Hydel levies	6,000,000	6,000,000
Water usage charges	858,818	686,482
IRSA Charges	156,419	144,863

34. PROVISION FOR TAXATION

Income of the Hydroelectric is exempt from income tax as per provisions of Clause 66 (x v i) Part-I of Second Schedule to the Income Tax Ordinance, 2001. Interest income under section(u/s) 151, property income u/s 155, and cash withdrawals from bank u/s 231A of the Income Tax Ordinance, 2001 is also exempt and in this connection exemption certificates are issued by Commissioner Income Tax on yearly basis.

35. DATE OF AUTHORIZATION OF ISSUE

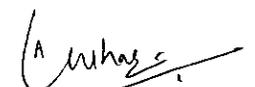
These financial statements were authorized for issue on **17th December, 2014.**

36. GENERAL

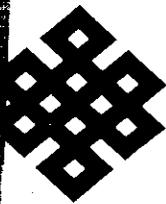
36.1 Figures have been rounded off to the nearest thousand, unless otherwise stated.

36.2 Corresponding figures have been rearranged/reclassified, wherever necessary, for better and fair presentation. However, no significant rearrangement/reclassification has been made in the financial statements.

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MEMBER (FINANCE)


MEMBER (POWER)



TRT

ASSOCIATES

Actuaries & Management Consultants

Ref. No. 000155/14

July 21, 2014

Mr. Anwar-ul-Haq

General Manager Finance (HQ) Power

Office of the General Manager Finance (P)

Pakistan Water & Power Development Authority (WAPDA)

322, WAPDA House

LAHORESubject: Report on IAS -19 Disclosures as at 30.06.2014

Dear Sir,

Please find attached Valuation Report containing IAS-19 disclosures (based on the revised version of IAS-19) for the Pension Scheme of WAPDA Hydroelectric for the year 2013-14 (and comparative disclosures for the year 2012-13).

Please, do not hesitate in contacting us if you have any queries regarding the Report.

Yours faithfully,

TANVEER ALAM

Associate of the Society of Actuaries, USA

Associate of Pakistan Society of Actuaries

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July 21, 2014

VALUATION REPORT

WAPDA HYDROELECTRIC PENSION SCHEME - DISCLOSURES AS PER THE REQUIREMENTS OF THE REVISED VERSION OF INTERNATIONAL ACCOUNTING STANDARD - 19 AS AT 30.06.2014

Not to be distributed to third parties, except auditors, without the prior written approval of TRT-
Assessment Services & Management Consultants

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Executive Summary

1. Purpose of the Report

The Actuarial Report provides accounting entries/disclosures in respect of the Pension benefits provided by WAPDA Hydroelectric. The disclosures are prepared in accordance with the requirements of the revised version of International Accounting Standard 19 (IAS-19).

The objective of the Report is to assist the Entity in preparing its annual accounts. Therefore, the figures in this report should be used for reporting purposes only and not for the funding of benefits.

2. Restatement of Disclosures of Previous Financial Year

According to the requirements of the revised version of IAS-19, comparative disclosures for the previous financial year are also prepared on its first time adoption.

Consequently, Statement of Financial Position (i.e. Balance Sheet Liability), P&L charge and other relevant disclosures under IAS-19 for the previous financial year may need to be restated.

3. Amount to be Recognised in Profit or Loss Account for the Current Year

	PKR 000's
Amount to be recognized as expense during the year 2013-14	2,687,876

4. Amount to be Recognised in Other Comprehensive Income (OCI)

	PKR 000's
Amount to be recognized in OCI during the year 2013-14	(171,789)

5. Statement of Financial Position as at the End of Year

	PKR 000's
Amount to be recognised as Net Defined Benefit (i.e. Pension) Liability as at June 30, 2014	18,295,427

6. Reconciliation of Liability

Net Defined Benefit Liability as at 30 th June 2013	17,585,858
Expense Chargeable to P&L during the year	2,681,816
Amount Chargeable to OCI during the year	(171,789)
Benefit paid during the year	(1,800,458)
Net Defined Benefit Liability as at 30th June 2014	18,295,427

Category	Liability
Active employees	8,249,454
Pensioners	10,045,973
Total Net Defined Benefit Liability as at 30th June 2014	18,295,427

7. Split of P&I Charge and Liability

Formations/Offices	P&I Charge - FY 2013-14		
	Pensioners	Actives	Total
ARE RENALA KHURD	882	5,081	5,963
CE CJL CHASHIMA	60,086	54,789	1,14,875
CE HHHI PS BESHAM	5,651	29,547	35,198
CE MDO MANGLA	142,935	101,076	2,44,011
CE POWER TARBELA	50,912	239,745	2,90,657
CE PS BAROTHA	9,168	71,353	80,521
CE WARSAK	106,245	57,087	1,63,332
CE&PD JINNAH HPS	3,648	14,099	17,747
GM FINANCE POWER LAHORE	118,992	55,317	1,74,309
GM GBEP	80,555	101,685	1,82,240
GM HYDRO-PLANNING	72,887	60,527	1,33,414
GM TDP	427,553	239,137	6,66,690
PD WATER-SHED MANAGEMENT	734	8,619	9,353
RE CHHOKI HPS JOYIANWALA	6,174	15,441	21,615
RE HPS GOMAL ZAM DAM	189	6,222	6,411
RE HPS RASUL	3,129	18,626	21,755
RE HSP NANDIPUR	4,287	19,159	23,446
RE KURRAM GARHI BANNU	129	18,425	18,554
RE PS CHASHIMA	11,688	44,252	55,940
RE PS CHITRAL	294	27,754	28,048
RE PS DARGAI	3,460	24,715	28,175
RE PS MANGLA	61,366	106,126	1,67,492
RE PS SHADIWAL GUJRAT	1,283	13,964	15,247
SE SHPS MANGLA	43,677	9,723	53,400
GM HYDEL LAHORE	47,573	51,690	99,263
RE TPS KOF ADDU	7,386	-	7,386
DUBER KHIWAR HPP	-	3,040	3,040
JABBAN HPP	-	19,312	19,312
Total	1,270,883	1,410,933	2,681,816

PKR 000's

BS Liability - FY 2013-14			
Formations/Offices	Pensioners	Actives	Total
ART RENALA KHURD	6,970	34,970	41,940
CE CH CHASHIMA	474,965	318,005	792,970
CE HHS PS BESHAM	44,668	119,520	164,188
CE MIDO MANGLA	1,129,860	608,653	1,738,513
CE POWER TARBELA	402,445	1,401,743	1,804,188
CE PS BAROTHA	72,469	417,653	490,122
CE WARSAK	839,840	333,754	1,173,594
CE PSD JINNAH HPS	28,839	82,431	111,270
CE FINANCE POWER LAHORE	940,597	323,390	1,263,987
CE MCHP	636,768	594,534	1,231,302
CE MCHDRO PLANNING	576,150	353,851	930,001
CE MCHDP	3,379,690	1,398,455	4,778,145
CE WATER-SHED MANAGEMENT	5,800	50,365	56,165
CE WATER SUPPLY JOYLANWALA	48,801	90,280	139,081
CE WATER SUPPLY ZAMDAM	1,497	36,379	37,876
CE WATER SUPPLY	24,754	108,903	133,637
CE WATER SUPPLY ANDIPUR	33,888	113,772	147,660
CE WATER SUPPLY GARHI BANNU	1,022	107,727	108,749
CE WATER SUPPLY CHASHIMA	92,383	258,733	351,122
CE WATER SUPPLY CHIRRAL	2,324	162,273	164,597
CE WATER SUPPLY MASOAM	27,350	142,163	169,513
CE WATER SUPPLY MANGLA	485,077	620,493	1,105,572
CE WATER SUPPLY WAI GUERAT	10,139	81,644	91,783
CE WATER SUPPLY MANGLA	345,253	56,850	402,105
CE WATER SUPPLY LAHORE	376,052	302,222	678,274
CE WATER SUPPLY ADEBU	58,584	-	58,584
CE WATER SUPPLY KAR HPP	-	17,777	17,777
CE WATER SUPPLY KAR HPP	-	12,912	12,912
Total	10,045,973	8,249,454	18,295,427

Main Report

Key Information

Date of Valuation

The valuation is conducted, using the prescribed Actuarial Method, as at June 30, 2014.

Pension Benefits

A summary of the Pension Benefits provided by WAPDA Hydroelectric is given in Appendix-II of the Report.

Risks Associated with the Pension Scheme

- The Entity 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 benefit. The Pension benefit liability reflected in the Entity's Accounts provides a reasonable security of the accrued rights because it is likely that the accrued Pension benefits could be considered as high priority debt in case of insolvency of the sponsor.
- 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.

Valuation Data

The data used for the valuation has been checked for any inaccuracies. However, no audit of the data has been conducted. The details are as follows:

	Number of Members	Pensionable Salary
Active Employees	7,156	Rs.95,097,528

	Number of Members	Monthly Pension
Pensioners	8,031	Rs.76,633,606

Formation-wise breakup of Active Employees:

SX	Sy (Office)	Formation	No. of Employees	Pensionable Salary
1	GM (PD)	GM (HYDRO-PLANNING)	171	3,540,570
2	GM (POWER)	DE (HYDEL DEVELOPMENT)	32	635,320
3		GM (POWER)	137	2,734,980
3	GM (HYDEL)	GM (PD) GBHP HATHAN	714	8,292,479
4		ARE HPS RINATA KHURD	29	378,340
5		CE (HHP) BESHAM	115	1,684,630
6		CE (POWER) GHAZI BAROTHA	388	5,555,913
7		CE (POWER) WAPDA TARBELA	876	13,988,893
8		CE (PD) CHENK WAPDA CHASHMA	328	3,666,191
9		CE (PD) PENNA HHP	169	1,681,240
10		GENERAL P STATION	180	1,856,670
11		DARGAL P STATION	125	1,526,880
12		DUBER KHWAR HPP	18	252,808
13		GM (PD)	1,191	15,200,325
14		CABAN PROJECT	274	2,393,340
15		KARRAM GARHP STATION BANNU	97	1,120,770
16		MANAGLY WATER SHED MANAGEMENT	31	510,350
17		MIDJ MANGLA	765	7,946,924
18		MEHR DEPT AMORI	132	2,940,284
19		RE (GOV) AL ZAM HPS	23	387,820
20		RE (HPS) CHASHMA	325	3,851,880
21		RE (HPS) CHICHOKI	71	909,060
22		RE (HPS) NANDIPUR	100	1,211,030
23		RE (HPS) RASUL	104	1,193,570
24		RE (HPS) SHADIVALE	83	968,560
25		RE (HPS) WAFDA MANGLA	412	6,832,260
26		RE (HPS) MANGLA	28	523,330
27		WARSAH P STATION	204	3,312,911
			7,156	95,097,328

LRO-wise breakup of Pensioners:

SNO	Sup Office	LRO	Pensioners	Rs.
1	DF(HID)	GM HYDRO-PANNING	207	27,77,779
2	GME(POWER)	GM FINANCE POWER LAHORE	27	2,70,000
3		RE PS KOT ADDU	27	2,70,000
4	MF(HYDEL)	ARE RENALA KHURD	27	2,70,000
5		CE CH CHASHIMA	52	5,20,000
6		CE IIII PS BESHAM	1	1,00,000
7		CE MDO MANGLA	104	9,60,000
8		CE POWER TARBELA	23	2,30,000
9		CE PS BAROCHA	1	1,00,000
10		CE WARSAK	860	8,60,000
11		CE&PD JINNAH HPS	17	1,70,000
12		GM GBHP	37	3,70,000
13		GM HYDEL LAHORE	140	1,40,000
14		GM TDP	3,076	28,70,000
15		PD GOLEN GOL HP CHITRAL	1	1,00,000
16		PD WATER-SHED MANAGEMENT	1	1,00,000
17		RE CHICHOKI HPS JOYLANWALA	51	5,10,000
18		RE HPS GOMAL ZAM DAM	1	1,00,000
19		RE HPS RASUL	50	5,00,000
20		RE HPS NANDIPUR	29	2,90,000
21		RE KURRAM GARIB BANNU	1	1,00,000
22		RE PS CHASHIMA	47	4,70,000
23		RE PS CHITRAL	2	2,00,000
24		RE PS DARGAI	35	3,50,000
25		RE PS MANGLA	355	3,55,000
26		RE PS SHADIWAL GUJRAT	17	1,70,000
27		SE SHPS MANGLA	321	3,21,000
	Grand Total		8,031	76,635,606

Method & Assumptions

Valuation Method Used

IAS-19 mandates Projected Unit Credit (PUC) Method (which is an Actuarial Technique) to determine the present value of defined benefit obligations, current service cost and past service cost. The same method is used in the underlying valuation.

Assumptions

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. In general, the duration of Pension liabilities is significantly long. Government bonds of similar duration are not available. It may be appropriate to assume same reinvestment interest rate as can be derived from the currently available government bonds. Thus the discount rate used for the valuation is 12% per annum which reflects yield on 10-year government bonds.

Rate of Increase in Salary

Pensionable Salary includes Basic Pay, Special Pay, Qualification Pay and Senior Post Allowance. In view of the market expectations and long-term monetary policy of the State Bank of Pakistan, it has been assumed that the average rate of long-term future Salary increase will be 7% per annum.

Rate of Increase in Pension

Keeping in view assumptions regarding future interest rate (discount rate), inflation and rate of salary increase, it has been assumed that the monthly pension will increase at an average rate of 7% per annum in future.

Mortality, Terminal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The mortality rate for disability was based on EFU (61-66) Mortality Table.

The mortality rates used for Pensioners are adjusted to reflect mortality improvements over the previous time. Future mortality improvements have been taken into account.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry/country experience. These rates are given in the Appendix-1.

Comparison of Assumptions with previous Financial Year

The change in assumptions for discount rate, salary growth rate and pension increase rate is as follows:

	2013-14	2012-13
Discount rate	12%	13%
Expected rate of salary increase in future years	11%	12%
Expected rate of future pension increases	7%	8%

The gaps between economic assumptions are critical for the actuarial valuation of Pension benefits. The most important differences in this respect are between:

- discount rate and salary increase rate
- discount rate and pension increase rate

Any changes in these gaps can generate significant gain/loss during the inter-valuation period.

	2013-14	2012-13
Difference between Discount rate & Salary increase rate	1%	1%
Difference between Discount rate & Pension increase rate	5%	5%

The critical gap between discount rate and salary increase rate as at 30.06.2014 is one percentage point (1%) which is consistent with previous year assumptions.

The critical gap between discount rate and pension increase rate as at 30.06.2014 is five percentage points (5%) which is consistent with previous year assumptions.

Since the critical gaps between economic assumptions are same as used in the previous year, therefore, there will be no significant actuarial gain/loss as at 30.06.2014 due to changes in economic assumptions.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of the revised version of IAS-19.

The revised version of IAS-19 is effective on financial year starting from January 1, 2013. However, its earlier adoption is allowed.

Comparative Disclosures

Comparative disclosures for the previous year have been prepared according to the requirements of the revised version of IAS-19.

Keeping in line with the current (local and international) market practice, comparative disclosures for 2012-13 have been prepared assuming that the effect of restatement will be considered as at the beginning of previous financial year. Therefore, it has been assumed that unrecognised actuarial losses of Rs.4,297,387 thousand, unrecognised transition liability of Rs.3,104,548 thousand and unrecognised gross past service cost of Rs.554,651 thousand at the beginning of the previous year are charged to Other Comprehensive Income and retained earnings.

IAS-19 Disclosures

All figures given in this section are in Pak Rupees and in 000's.

Statement of Financial Position as at Beginning of the Year (BoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June	17,585,858	14,931,968
Less Fair Value of Plan Assets	-	-
Defined Benefit Liability as at 30th June BoY	17,585,858	14,931,968

Reconciliation of Present Value of Defined Benefit Obligations

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June BoY	17,585,858	14,931,968
Service Cost (Current Service Cost) - (Less) Service Cost - (Gains) Losses on Settlements	395,354	-426,052
Interest on Defined Benefit Obligation	2,286,360	1,898,298
Benefits Paid during the Year	(1,800,352)	(1,427,290)
Actuarial (Gains)/Losses	(171,789)	1,756,830
Present Value of Defined Benefit Obligations as at 30th June EoY	18,295,427	17,585,858

Amount Chargeable to Profit or Loss for the current Year

	2013-14	2012-13
Service Cost	395,354	426,052
Net Interest on Net Defined Benefit Liability (Asset)	2,286,360	1,898,298
Total Amount Chargeable to P&L Account	2,681,714	2,324,350

Remeasurements of Net Defined Benefit Liability

	2013-14	2012-13
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	(121,071)	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to experience adjustments	(50,718)	1,756,830
Return on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income (OCI)	(171,789)	1,756,830

Statement of Financial Position as at End of the Year (EoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June EoY	18,295,427	17,585,858
Less: Fair Value of Plan Assets	-	-
Net Defined Benefit Liability as at 30th June EoY	18,295,427	17,585,858

Expenses Chargeable to Profit or Loss for the Next Year

	2014-15	2013-14
Service Cost, Cost of Service Cost, Past Service Cost, Gains/Losses on Settlements	375,440	395,654
Net Interest Cost on Net Defined Benefit Liability	2,195,451	2,286,162
Total Expense Chargeable to P&L Account for the Next Year	2,570,891	2,681,816

Reconciliation of Net Defined Benefit Liability

	2013-14	2012-13
Defined Benefit Liability as at BoY	17,585,858	14,931,968
Expenses Chargeable to P&L during the Year	2,681,816	2,324,350
Contributions by COP	(171,789)	1,756,830
Benefits Paid during the Year	(1,890,458)	(1,427,290)
Net Defined Benefit Liability as at EoY	18,295,427	17,585,858

	2013-14
Assumed Expected Remaining Working Lifetime of Members	9 Years
Duration of the liabilities (actives + pensioners)	27 Years

Sensitivity Analysis as at 30.06.2014

	Discount Rate - 1%	Discount Rate - 1%	Salary Increase - 1%	Salary Increase - 1%
Net Defined Benefit Liability	18,722,585	20,105,168	18,866,359	17,781,886

TANVEER ALAM
Associate of the Society of
Actuaries, U.S.A

Appendix-I

Age	Death Rate	Withdrawal Rate	Ill-health Rate	Age	Death Rate	Withdrawal Rate	Ill-health Rate
20	0.000958	0.11334	0.00000	53	0.008244	0.00596	0.00132
21	0.000975	0.11388	0.00000	54	0.009150	0.00596	0.00185
22	0.000991	0.11431	0.00000	55	0.010135	0.00596	0.00210
23	0.001011	0.11475	0.00000	56	0.011198	0.00596	0.00238
24	0.001032	0.10519	0.00000	57	0.012336	0.00596	0.00268
25	0.001057	0.09563	0.00000	58	0.013544	0.00596	0.00300
26	0.001084	0.08944	0.00000	59	0.014813	0.00596	0.00335
27	0.001115	0.08438	0.00000	60	0.000000	0.00000	0.00000
28	0.001150	0.07819	0.00000				
29	0.001190	0.07256	0.00000				
30	0.001235	0.06694	0.00003				
31	0.001287	0.06188	0.00005				
32	0.001345	0.05738	0.00008				
33	0.001413	0.05288	0.00010				
34	0.001489	0.04781	0.00013				
35	0.001577	0.04275	0.00015				
36	0.001678	0.03881	0.00018				
37	0.001793	0.03431	0.00020				
38	0.001924	0.03038	0.00023				
39	0.002075	0.02588	0.00026				
40	0.002248	0.02138	0.00030				
41	0.002445	0.01913	0.00034				
42	0.002671	0.01744	0.00039				
43	0.002928	0.01519	0.00045				
44	0.003221	0.01294	0.00051				
45	0.003554	0.01069	0.00058				
46	0.003932	0.00956	0.00066				
47	0.004360	0.00900	0.00074				
48	0.004842	0.00788	0.00084				
49	0.005384	0.00675	0.00095				
50	0.005991	0.00619	0.00109				
51	0.006668	0.00563	0.00124				
52	0.007418	0.00563	0.00142				

Appendix-II

Summary of the Benefit Structure of WAPDA Hydroelectric Pension Scheme

The Pension Scheme Members of WAPDA Hydroelectric are entitled to the following pension benefits on normal and early retirement, death and disability as at the valuation date:

Normal Retirement Pension

The normal retirement age is 60 years.

If service is less than 5 years:

- No gratuity is payable.

If service is more than 5 and less than 10 years:

- Full pension gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = 12 \times \text{Last Drawn Pensionable Salary} \times \text{Pensionable Service}$$

If service is more than 10 years:

The rate of pension at normal retirement age is 7/300 of the last drawn pensionable salary for each year of service subject to a maximum service period of 30 years. The maximum pension amount is thus limited to 70% of the last drawn pensionable salary.

All employees can surrender up to a maximum of 35% of the gross pension in lieu of lump-sum-commuted value. The commuted value at age 60 shall be calculated as per the following formula:

$$\text{Commuted Value} = 12.3719 \times (\text{amount of pension surrendered} \times 12)$$

Early Retirement Pension

Early retirement is applicable on the completion of 25 years of continuous service.

- The rate of pension at early retirement age is 7/300 of the last drawn pensionable salary for each year of service subject to a maximum service period of 30 years. The maximum pension amount is thus limited to 70% of the last drawn pensionable salary.

All employees can surrender up to a maximum of 35% of the gross pension in lieu of lump-sum-commuted value.

Death in Service

If service is less than 5 years:

- Nil

If service is greater than 5 and less than 10 years:

- A lump sum gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = 1.5 \times \text{Last Drawn Pensionable Salary} \times \text{Service}$$

If service is greater than 10 years:

- The basic pension shall be 7/300 of the last drawn pensionable salary for each year of service subject to a maximum service period of 30 years

$$\text{Widow's Pension} = 75\% \times \text{basic pension}$$

Widow's pension is paid to eligible children in case of death of the widow. Eligible children are defined as legal male child under the age of 21 years and legal unmarried daughter.

In addition to the above, the widow is entitled to 25% of the remaining portion of gross pension. The age based commutation factors are set out in the table below (in this Appendix).

Death after Retirement

In case of death after retirement, the widow is entitled to receive 75% of the pension being received by the retiree.

Widow's pension is paid to eligible children in case of death of the widow. Eligible children are defined as legal male child under the age of 21 years and legal unmarried daughter. In the absence of widow and eligible children, the pension is payable to the dependants (such as parents, widow, daughter etc.) for the remaining guaranteed period only.

Ill-health Pension

If service is less than 5 years:

- Nil

If service is greater than 5 and less than 10 years:

- A lump sum gratuity is payable. The rate of gratuity is calculated as per the following formula:

$$\text{Gratuity} = 1.5 \times \text{Last Drawn Pensionable Salary} \times \text{Service}$$

If service is greater than 10 years:

- The basic pension is 7/300 of the last drawn pensionable salary for each year of service subject to a maximum service period of 30 years.

Employees can surrender up to a maximum of 35% of the gross pension in lieu of lump-sum-commuted value.

Commutation Table

The following is the age – based commutation table showing commutation factors at ages 36 to 60.

Age	Commutation Factors	Age	Commutation Factors	Age	Commutation Factors
36	40.5043	36	28.3362	52	17.0050
37	39.7341	37	27.5908	53	16.3710
38	38.9653	38	26.8482	54	15.7517
39	38.1974	39	26.1009	55	15.1478
40	37.4307	40	25.3728	56	14.5602
41	36.6651	41	24.6466	57	13.9888
42	35.9006	42	23.9126	58	13.4330
43	35.1372	43	23.1810	59	12.8953
44	34.3750	44	22.4713	60	12.3719
45	33.6143	45	21.7592		
46	32.8571	46	21.0538		
47	32.0974	47	20.3555		
48	31.3412	48	19.6653		
49	30.5869	49	18.9811		
50	29.8343	50	18.3129		
51	29.0817	51	17.6526		



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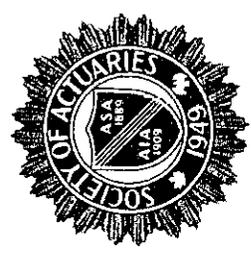
THIS IS TO CERTIFY THAT

Tanzeer Alam

HAS SUCCESSFULLY COMPLETED THE EXAMINATIONS AND
OTHER REQUIREMENTS AS PRESCRIBED BY THE BOARD OF
DIRECTORS OF THE SOCIETY AND IS HEREBY ENROLLED AS AN

ASSOCIATE OF THE SOCIETY OF ACTUARIES

IN WITNESS WHEREOF THIS CERTIFICATE HAS BEEN ISSUED UNDER THE SEAL OF
THE SOCIETY OF ACTUARIES AS OF THE 25th DAY OF July, 2008

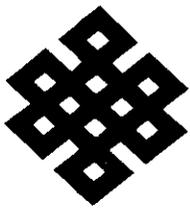


Bruce D. Schell

PRESIDENT

AMW

SECRETARY



TRT

ASSOCIATES

Actuaries & Management Consultants

Ref. No. 000160/14

July 23, 2014

Mr. Anwar-ul-Haq

General Manager Finance (HQ) Power

Office of the General Manager Finance (P)

Pakistan Water & Power Development Authority (WAPDA)

322, WAPDA House

LAHORE

Subject: Report on IAS-19 Disclosures as at 30.06.2014

Dear Sir,

Please find attached Valuation Report containing IAS-19 disclosures (based on the revised version of IAS-19) for the Post-Retirement Medical Benefit Scheme of WAPDA Hydroelectric for the year 2013-14 (and comparative disclosures for the year 2012-13).

Please, do not hesitate in contacting us if you have any queries regarding the Report.

Yours faithfully,

TANVEER ALAM

Associate of the Society of Actuaries, USA

Associate of Pakistan Society of Actuaries

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July 23, 2014

VALUATION REPORT

WAPDA HYDROELECTRIC POST-RETIREMENT MEDICAL BENEFIT SCHEME - DISCLOSURES AS PER THE REQUIREMENTS OF THE REVISED VERSION OF INTERNATIONAL ACCOUNTING STANDARD - 19 AS AT 30.06.2014

Not to be distributed to third parties, except auditors, without the prior written approval of TRT-
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Executive Summary

1. Purpose of the Report

The Actuarial Report provides accounting entries/disclosures in respect of the Post-Retirement Medical Benefits provided by WAPDA Hydroelectric. The disclosures are prepared in accordance with the requirements of the revised version of International Accounting Standard 19 (IAS-19).

The objective of the Report is to assist the Entity in preparing its annual accounts. Therefore, the figures in this report should be used for reporting purposes only and not for the funding of benefits.

2. Restatement of Disclosures of Previous Financial Year

According to the requirements of the revised version of IAS-19, comparative disclosures for the previous financial year are also prepared on its first time adoption.

Consequently, Statement of Financial Position (i.e. Balance Sheet Liability), P&L Charge and other relevant disclosures under IAS-19 for the previous financial year may need to be restated.

3. Amount to be Recognised in Profit or Loss Account for the Current Year

	PKR 000's
Amount to be recognized as expense during the year 2013-14	799,610

4. Amount to be Recognised in Other Comprehensive Income (OCI)

	PKR 000's
Amount to be recognized in OCI during the year 2013-14	(102,129)

5. Statement of Financial Position as at the End of Year

	PKR 000's
Amount to be recognised as Net Defined Benefit (i.e. Post-Retirement Medical Benefits) Liability as at June 30, 2014	4,835,720

6. Reconciliation of Liability

Net Defined Benefit Liability as at 30 th June 2013	4,322,373
Expense Chargeable to P&L during the year	799,610
Amount Chargeable to OCI during the year	(102,129)
Benefit paid during the year	(184,134)
Net Defined Benefit Liability as at 30th June 2014	4,835,720

Category	Liability
Active Employees	2,552,688
Pensioners	2,283,032
Total	4,835,720

7. Split of P&L Charge and Liability

PKR 000's

Formations/Offices	P&L Charge - FY 2013-14		
	Pensioners	Actives	Total
ARE RENALA KHURD	202	2,166	2,368
CE CJL CHASHMA	17,260	24,174	41,434
CE HHH PS BESHAM	679	9,804	10,483
CE MDO MANGLA	32,097	54,775	86,872
CE POWER TARBELA	9,847	71,613	81,460
CE PS BAROTHA	1,033	30,061	31,094
CE WARSAK	26,152	16,326	42,478
CE&PD JINNAH HPS	546	9,473	10,019
GM FINANCE POWER LAHORE	14,540	13,500	28,040
GM GBHP	15,323	46,575	61,898
GM HYDRO-PLANNING	9,975	13,666	23,641
GM TDP	102,902	89,783	192,685
PD WATER-SHED MANAGEMENT	88	2,463	2,551
RE CHICHOKI HPS JOYIANWALA	1,378	5,921	7,299
RE HPS GOMAL ZAM DAM	19	1,789	1,808
RE HPS RASUL	982	8,092	9,074
RE HSP NANDIPUR	920	7,577	8,497
RE KURRAM GARHI BANNU	39	7,722	7,761
RE PS CHASHMA	1,999	22,152	24,151
RE PS CHITRAL	95	14,722	14,817
RE PS DARGAI	920	9,175	10,095
RE PS MANGLA	11,222	35,920	47,142
RE PS SHADIWAL GUJRAT	363	6,828	7,191
SE SHPS MANGLA	10,873	2,282	13,155
GM HYDEL LAHORE	4,731	11,031	15,762
RE TPS KOT ADDU	1,103	-	1,103
DUBER KHWAR HPP	-	1,416	1,416
JABBAN HPP	-	15,316	15,316
Total	265,288	534,322	799,610

PKR 000's

Formations/Offices	BS Liability - FY 2013-14		
	Pensioners	Actives	Total
ARE RENALA KHURD	1,734	10,348	12,082
CE CJL CHASHMA	148,537	115,491	264,028
CE HHH PS BESHAM	5,841	46,836	52,677
CE MDO MANGLA	276,227	261,683	537,910
CE POWER TARBELA	84,744	342,126	426,870
CE PS BAROTHA	8,886	143,616	152,502
CE WARSAK	225,058	77,997	303,055
CE&PD JINNAH HPS	4,701	45,258	49,959
GM FINANCE POWER LAHORE	125,126	64,497	189,623
GM CBIIP	131,865	222,509	354,374
GM HYDRO-PLANNING	85,844	65,288	151,132
GM TDP	885,565	428,929	1,314,494
PD WATER-SHED MANAGEMENT	756	11,768	12,524
RE CHICHOKI HPS JOYIANWALA	11,857	28,287	40,144
RE HPS GOMAL ZAM DAM	167	8,549	8,716
RE HPS RASUL	8,447	38,658	47,105
RE HSP NANDIPUR	7,921	36,198	44,119
RE KURRAM GARHI BANNU	333	36,891	37,224
RE PS CHASHMA	17,204	105,831	123,035
RE PS CHITRAL	816	70,335	71,151
RE PS DARGAI	7,920	43,835	51,755
RE PS MANGLA	96,577	171,607	268,184
RE PS SHADIWAL GUJRAT	3,127	32,621	35,748
SE SHPS MANGLA	93,572	10,901	104,473
GM HYDEL LAHORE	40,711	52,698	93,409
RE IPS KOT ADDU	9,496	-	9,496
DUBLER KHWAR HPP	-	6,763	6,763
JABBAN HPP	-	73,168	73,168
Total	2,283,032	2,552,688	4,835,720

Main Report

Key Information

Date of Valuation

The valuation is conducted, using the prescribed Actuarial Method, as at June 30, 2014.

Post-Retirement Medical Benefits

A summary of the benefit structure of Post-Retirement Medical Benefit provided by WAPDA Hydroelectric is given in Appendix-II of the Report.

Risks Associated with the Post-Retirement Medical Benefit Scheme

- The Entity 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 Benefits liability reflected in the Entity's Accounts provides a reasonable security of the accrued rights.
- The Post-Retirement Medical Benefit Scheme is categorised 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.

Valuation Data

The data used for the valuation has been checked for any inaccuracies. However, no audit of the data has been conducted. The details are as follows:

	Number of Members
Active Employees	7,156
Pensioners	8,031

Formation-wise breakup of Active Employees:

SN	Sup Office	Formation	No. of Employees
1	DF(HID)	GM HYDRO-PLANNING	171
2	GMF(POWER)	DF(HYDEL DEVELOPMENT)	32
3		GMF(POWER)	137
3	MF(HYDEL)	GM/PD GBHP HATTIAN	714
4		A R E HPS RENALA KHURD	29
5		CE BHHP BESHAM	115
6		CE POWER GHAZI BAROTHA	388
7		CE POWER WAPDA TARBELA	876
8		CE/PD CLINK WAPDA CHASHMA	328
9		CE/PD JINNAH HPP	169
10		CHITRAL P/STATION	180
11		DARGAI P/STATION	123
12		DUBER KHIWAR HPP	18
13		G M TDP	1,194
14		JABBAN PROJECT	274
15		KURRAM GARIH P/STATION BANNU	97
16		MANAGLA WATER SHED MANAGEMENT	31
17		MDO MANGLA	765
18		MF(HYDEL) LAHORE	132
19		RE GOMAL ZAM HPS	23
20		RE HPS CHASHMA	325
21		RE HPS CHICHOKI	74
22		RE HPS NANDIPUR	100
23		RE HPS RASUL	104
24		RE HPS SHADIWAL	83
25		RE HPS WAPDA MANGLA	442
26		SE SHPS MANGLA	28
27		WARSAK P/STATION	204
	Total		7,156

LRO-wise breakup of Pensioners:

SNO	Sup Office	LRO	No. of Pensioners
1	DF(HD)	GM HYDRO-PLANNING	295
2	GMF(POWER)	GM FINANCE POWER LAHORE	478
3		RE TPS KOT ADDU	43
4	MF(HYDEL)	ARE RENALA KHURD	5
5		CE CJL CHASHMA	521
6		CE HHH PS BESHAM	17
7		CE MDO MANGLA	1,047
8		CE POWER TARBELA	234
9		CE PS BAROTHA	22
10		CE WARSAK	809
11		CE&PD JINNAH HPS	13
12		GM GBHP	359
13		GM HYDEL LAHORE	130
14		GM TDP	3,078
15		PD WATER-SHED MANAGEMENT	5
16		RE CHICHOKI HPS JOYIANWALA	55
17		RE HPS GOMAL ZAM DAM	1
18		RE HPS RASUL	50
19		RE HSP NANDIPUR	39
20		RE KURRAM GARHI BANNU	1
21		RE PS CHASHMA	47
22		RE PS CHITRAL	2
23		RE PS DARGAI	35
24		RE PS MANGLA	355
25		RE PS SHADIWAL GUJRAT	17
26		SE SHPS MANGLA	321
	Grand Total		8,031

Method & Assumptions

Valuation Method Used

IAS-19 mandates Projected Unit Credit (PUC) Method (which is an Actuarial Technique) to determine the present value of defined benefit obligations, current service cost and past service cost. The same method is used in the underlying valuation.

Assumptions

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. In general, the duration of Post-Retirement Medical Benefit liabilities is significantly long. Government bonds of similar duration are not available. It may be appropriate to assume same reinvestment interest rate as can be earned at the currently available government bonds. Thus the discount rate used for the valuation is 12% per annum which reflects yield on 10-year government bonds.

Rate of Growth in Post-Retirement Medical Cost

Cost of Post-Retirement Medical Benefits for a retiree/beneficiary increases both with his/her age and due to inflation. It has been deemed appropriate to assume that the average rate of growth in Post-Retirement Medical cost due to increase in age and inflation (combined) will be 11% per annum.

Post-Retirement Medical Cost

Detailed following data (gathered over a long period) is generally required related to pensioners to develop sickness rates and estimate medical costs:

- medical costs incurred by a sick retiree/beneficiary (along with their ages) in a year
- cost incurred by each retiree/beneficiary per Hospital/Dispensaries visit
- number of visits by each retiree/beneficiary to Hospital/Dispensaries in a year
- number of retirees/beneficiaries (along with their ages) utilizing medical facility in a year

In the absence of relevant information, an appropriate approach would be to take average medical cost (by dividing total retirees' medical cost by the total number of

retirees/beneficiaries) to determine Post-Retirement Medical Benefit liability for actives and pensioners. This method assumes that every retiree/beneficiary utilises medical facility at the average cost. The same approach is adopted in this report.

The total Medical Cost incurred by the retirees/beneficiaries during 2013-14 is Rs.184,133,758. The average Medical Cost works out to Rs.22,928. This average cost was Rs.17,838 during 2011-12.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The previous actuarial valuation was based on EFU (61-66) Mortality Table.

The mortality rates used for Pensioners are adjusted to reflect mortality improvements occurred. However, no future mortality improvements have been taken into account.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry/country experience. These rates are given in the Appendix-I.

Comparison of Assumptions with previous Financial Year

The change in economic assumptions as compared with previous year's basis is as follows:

	2013-14	2012-13
Discount rate	12%	13%
Expected rate of increase in Post-Retirement Medical cost in future years	11%	12%

The gaps between economic assumptions are critical for the actuarial valuation of Post-Retirement Medical Benefits. The most important difference in this respect is between Discount Rate and the rate of increase in Post-Retirement Medical Benefits cost. Any changes in this gap can generate significant gain/loss during the inter-valuation period.

The critical gap between discount rate and Post-Retirement Medical Benefits increase rate as at 30.06.2014 is one percentage point (1%) which is consistent with previous year assumptions.

Since the critical gap between economic assumptions is same as used in the previous year, therefore, there will be no significant actuarial gain/loss as at 30.06.2014 due to changes in economic assumptions.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of the revised version of IAS-19.

Comparative Disclosures

Comparative disclosures for the previous year have been prepared according to the requirements of the revised version of IAS-19.

Keeping in view the current (local and international) market practice, comparative disclosures for 2012-13 have been prepared assuming that the effect of restatement will be considered as at the beginning of previous financial year. Therefore, it has been assumed that unrecognised actuarial losses of Rs.678,604 thousand and unrecognised transition liability of Rs.792,211 thousand at the beginning of the previous year are charged to Other Comprehensive Income (or retained earnings).

IAS-19 Disclosures

All figures given in this section are in Pak Rupees and in 000's:

Statement of Financial Position as at Beginning of the Year (BoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June	4,322,373	3,502,623
Less Fair Value of Plan Assets	-	-
Defined Benefit Liability as at 30th June BoY	4,322,373	3,502,623

Reconciliation of Present Value of Defined Benefit Obligations

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June BoY	4,322,373	3,502,623
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	237,702	134,511
Interest on Defined Benefit Obligation	561,908	520,032
Benefits Paid during the Year	(184,134)	(255,994)
Actuarial (Gains)/Losses	(102,129)	421,201
Present Value of Defined Benefit Obligations as at 30th June EoY	4,835,720	4,322,373

Amount Chargeable to Profit or Loss for the current Year

	2013-14	2012-13
Service Cost	237,702	134,511
Net Interest on Net Defined Benefit Liability (Asset)	561,908	520,032
Total Amount Chargeable to P&L Account	799,610	654,543

Remeasurements of Net Defined Benefit Liability

	2013-14	2012-13
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	(43,533)	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to experience adjustments	(58,596)	421,201
Return on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income (OCI)	(102,129)	421,201

Statement of Financial Position as at End of the Year (EoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June EoY	4,835,720	4,322,373
Less Fair Value of Plan Assets	-	-
Net Defined Benefit Liability as at 30th June EoY	4,835,720	4,322,373

Expense Chargeable to Profit or Loss for the Next Year

	2014-15	2013-14
Service Cost (Current Service Cost + Past Service Cost - Gains/Losses on Settlements)	310,228	237,702
Net Interest Cost on Net Defined Benefit Liability	580,286	561,908
Total Amount Chargeable to P&L Account for the Next Year	890,514	799,610

Reconciliation of Net Defined Benefit Liability

	2013-14	2012-13
Net Defined Benefit Liability as at BoY	4,322,373	3,502,623
Cost Chargeable to P&L during the Year	799,610	654,543
Cost Chargeable to OCI	(102,129)	421,201
Benefit Paid during the Year	(184,134)	(255,994)
Net Defined Benefit Liability as at EoY	4,835,720	4,322,373

	2013-14
Average Expected Remaining Working Lifetime of Members	9 Years
Average duration of the liabilities (actives + pensioners)	27 Years

Sensitivity analysis as at 30.06.2014

	Discount Rate + 1%	Discount Rate - 1%
PV(DBO)	4,181,982	5,677,846

	Medical Cost Increase Rate + 1%	Medical Cost Increase Rate - 1%
PV(DBO)	5,677,846	4,179,462

TANVEER ALAM
Associate of the Society of
Actuaries, USA

Appendix-I

Age	Death Rate	Withdrawal Rate	Ill-health Rate	Age	Death Rate	Withdrawal Rate	Ill-health Rate
20	0.000958	0.14344	0.00000	53	0.008244	0.00506	0.00162
21	0.000974	0.13388	0.00000	54	0.009150	0.00506	0.00185
22	0.000991	0.12431	0.00000	55	0.010135	0.00506	0.00210
23	0.001011	0.11475	0.00000	56	0.011198	0.00506	0.00238
24	0.001032	0.10519	0.00000	57	0.012336	0.00506	0.00268
25	0.001057	0.09563	0.00000	58	0.013544	0.00506	0.00300
26	0.001084	0.08944	0.00000	59	0.014813	0.00506	0.00335
27	0.001115	0.08438	0.00000	60	0.000000	0.00000	0.00000
28	0.001150	0.07819	0.00000				
29	0.001190	0.07256	0.00000				
30	0.001235	0.06694	0.00003				
31	0.001287	0.06188	0.00005				
32	0.001345	0.05738	0.00008				
33	0.001413	0.05288	0.00010				
34	0.001489	0.04781	0.00013				
35	0.001577	0.04275	0.00015				
36	0.001678	0.03881	0.00018				
37	0.001793	0.03431	0.00020				
38	0.001924	0.03038	0.00023				
39	0.002075	0.02588	0.00026				
40	0.002248	0.02138	0.00030				
41	0.002445	0.01913	0.00034				
42	0.002671	0.01744	0.00039				
43	0.002928	0.01519	0.00045				
44	0.003221	0.01294	0.00051				
45	0.003554	0.01069	0.00058				
46	0.003932	0.00956	0.00066				
47	0.004360	0.00900	0.00074				
48	0.004842	0.00788	0.00084				
49	0.005384	0.00675	0.00095				
50	0.005991	0.00619	0.00109				
51	0.006668	0.00563	0.00124				
52	0.007418	0.00563	0.00142				

Appendix-II

Summary of the Benefit Structure of WAPDA Hydroelectric Post-Retirement Medical Benefit Scheme

WAPDA Hydroelectric provides Free Medical benefits to its pensioners.

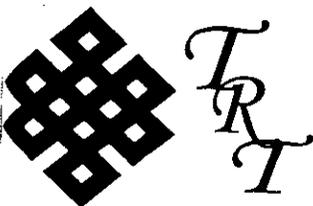
The level of Post-Retirement Medical Benefit for a retiree (or beneficiaries) depends on whether the retiree opted for Cash Medical Allowance during service or not. Pensioners eligible for full medical benefits are allowed to use all medical and surgical facilities available at WAPDA Hospitals and Dispensaries. Specialist consultation is also provided if considered necessary by WAPDA Medical Officer.

Employees with BPS 1 to 15 can opt to take Cash Medical Allowance (CMA).

Retirees who opted CMA are entitled to the following benefits only:

- In-door hospital treatment in case of acute illness or accident
- Consultation from WAPDA Medical Officer (or a Specialist if considered necessary by WAPDA Medical Officer)
- X-rays and Pathological tests
- Dental treatment

Employees having disease requiring prolonged treatment may revise CMA, subject to the approval by Medical Board, and become entitled to full Post-Retirement Medical benefits.



ASSOCIATES Actuaries & Management Consultants

SOCIETY OF ACTUARIES

SUCCESSOR TO THE ACTUARIAL SOCIETY OF AMERICA FOUNDED 1889
AND AMERICAN INSTITUTE OF ACTUARIES FOUNDED 1909

"THE WORK OF SCIENCE IS TO SUBSTITUTE FACTS FOR APPEARANCES AND DEMONSTRATIONS FOR IMPRESSIONS."
RUSKIN

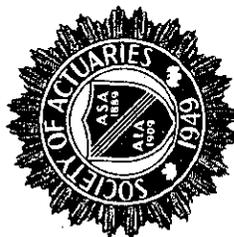
THIS IS TO CERTIFY THAT

Tanzeer Alam

HAS SUCCESSFULLY COMPLETED THE EXAMINATIONS AND
OTHER REQUIREMENTS AS PRESCRIBED BY THE BOARD OF
DIRECTORS OF THE SOCIETY AND IS HEREBY ENROLLED AS AN

ASSOCIATE OF THE SOCIETY OF ACTUARIES

IN WITNESS WHEREOF THIS CERTIFICATE HAS BEEN ISSUED UNDER THE SEAL OF
THE SOCIETY OF ACTUARIES AS OF THE 25th DAY OF July, 2008

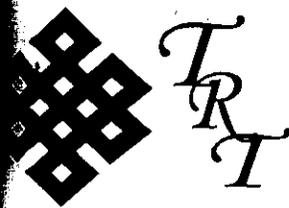


Bruce D. Schell

PRESIDENT

DMWylsh

SECRETARY



ASSOCIATES Actuaries & Management Consultants

Ref. No. 000161/14

July 23, 2014

Mr. Anwar-ul-Haq
General Manager Finance (HQ) Power
Office of the General Manager Finance (P)
Pakistan Water & Power Development Authority (WAPDA)
322, WAPDA House
LAHORE

Subject: Report on IAS -19 Disclosures as at 30.06.2014

Dear Sir,

Please find attached Valuation Report containing IAS-19 disclosures (based on the revised version of IAS-19) for the Post-Retirement Free Electricity Scheme of WAPDA Hydroelectric for the year 2013-14 (and comparative disclosures for the year 2012-13).

Please, do not hesitate in contacting us if you have any queries regarding the Report.

Yours faithfully,

TANVEER ALAM

Associate of the Society of Actuaries, USA
Associate of Pakistan Society of Actuaries
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July 23, 2014

VALUATION REPORT

**WAPDA HYDROELECTRIC
POST-RETIREMENT FREE ELECTRICITY SCHEME -
DISCLOSURES AS PER THE REQUIREMENTS OF THE REVISED
VERSION OF INTERNATIONAL ACCOUNTING STANDARD - 19 AS
AT 30.06.2014**

Not to be distributed to third parties, except auditors, without the prior written approval of TRT-
Associates, Actuaries & Management Consultants

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Executive Summary

1. Purpose of the Report

The Actuarial Report provides accounting entries/disclosures in respect of the Post-Retirement Free Electricity provided by WAPDA Hydroelectric. The disclosures are prepared in accordance with the requirements of the revised version of International Accounting Standard 19 (IAS-19).

The objective of the Report is to assist the Entity in preparing its annual accounts. Therefore, the figures in this report should be used for reporting purposes only and not for the funding of benefits.

2. Restatement of Disclosures of Previous Financial Year

According to the requirements of the revised version of IAS-19, comparative disclosures for the previous financial year are also prepared on its first time adoption.

Consequently, Statement of Financial Position (i.e. Balance Sheet Liability), P&L Charge and other relevant disclosures under IAS-19 for the previous financial year may need to be restated.

3. Amount to be Recognised in Profit or Loss Account for the Current Year

	PKR 000's
Amount to be recognized as expense during the year 2013-14	350,723

4. Amount to be Recognised in Other Comprehensive Income (OCI)

	PKR 000's
Amount to be recognized in OCI during the year 2013-14	(148,996)

5. Statement of Financial Position as at the End of Year

	PKR 000's
Amount to be recognised as Net Defined Benefit (i.e. Post-Retirement Free Electricity) Liability as at June 30, 2014	2,300,154

6. Reconciliation of Liability

Net Defined Benefit Liability as at 30 th June 2013	2,191,671
Expense Chargeable to P&L during the year	350,723
Amount Chargeable to OCI during the year	(148,996)
Benefit paid during the year	(93,244)
Net Defined Benefit Liability as at 30th June 2014	2,300,154

Category	Liability
Active Employees	935,722
Pensioners	1,364,432
Total	2,300,154

7. Split of P&L Charge and Liability

Formations/Offices	PKR 000's		
	P&L Charge - FY 2013-14		
	Pensioners	Actives	Total
ARE RENALA KHURD	128	851	979
CE CJL CHASHMA	10,996	8,286	19,282
CE HHH PS BESHAM	432	2,167	2,599
CE MDO MANGLA	20,449	19,851	40,300
CE POWER TARBELA	6,274	26,714	32,988
CE PS BAROTHA	658	8,124	8,782
CE WARSAK	16,661	5,990	22,651
CE&PD JINNAH HPS	348	2,895	3,243
GM FINANCE POWER LAHORE	9,263	4,825	14,088
GM GBHP	9,762	14,764	24,526
GM HYDRO-PLANNING	6,355	5,196	11,551
GM TDP	65,557	31,704	97,261
PD WATER-SHED MANAGEMENT	56	887	943
RE CHICHOKI HPS JOYIANWALA	878	2,289	3,167
RE HPS GOMAL ZAM DAM	12	606	618
RE HPS RASUL	625	2,889	3,514
RE HSP NANDIPUR	586	2,939	3,525
RE KURRAM GARHI BANNU	25	2,631	2,656
RE PS CHASHMA	1,274	6,220	7,494
RE PS CHITRAL	60	4,552	4,612
RE PS DARGAI	586	3,432	4,018
RE PS MANGLA	7,149	11,587	18,736
RE PS SHADIWAL GUJRAT	231	2,050	2,281
SE SHPS MANGLA	6,927	883	7,810
GM HYDEL LAHORE	3,014	3,972	6,986
RE TPS KOT ADDU	703	-	703
DUBER KHWAR HPP	-	248	248
JABBAN HPP	-	5,162	5,162
Total	169,009	181,714	350,723

PKR 000's

Formations/Offices	BS Liability - FY 2013-14		
	Pensioners	Actives	Total
ARE RENALA KHURD	1,037	4,383	5,420
CE CJL CHASHMA	88,771	42,671	131,442
CE HHH PS BESHAM	3,491	11,158	14,649
CE MDO MANGLA	165,085	102,222	267,307
CE POWER TARBELA	50,647	137,561	188,208
CE PS BAROTHA	5,310	41,836	47,146
CE WARSAK	134,504	30,845	165,349
CE&PD JINNAH HPS	2,810	14,905	17,715
GM FINANCE POWER LAHORE	74,780	24,846	99,626
GM GBHP	78,808	76,024	154,832
GM HYDRO-PLANNING	51,303	26,755	78,058
GM TDP	529,249	163,258	692,507
PD WATER-SHED MANAGEMENT	452	4,566	5,018
RE CHICHOKI HPS JOYIANWALA	7,086	11,789	18,875
RE HPS GOMAL ZAM DAM	100	3,121	3,221
RE HPS RASUL	5,049	14,877	19,926
RE HSP NANDIPUR	4,734	15,134	19,868
RE KURRAM GARHI BANNU	199	13,547	13,746
RE PS CHASHMA	10,282	32,031	42,313
RE PS CHITRAL	488	23,442	23,930
RE PS DARGAI	4,733	17,673	22,406
RE PS MANGLA	57,718	59,665	117,383
RE PS SHADIWAL GUJRAT	1,869	10,559	12,428
SE SHPS MANGLA	55,922	4,548	60,470
GM HYDEL LAHORE	24,330	20,455	44,785
RE TPS KOT ADDU	5,675	-	5,675
DUBER KHWAR HPP	-	1,278	1,278
JABBAN HPP	-	26,573	26,573
Total	1,364,432	935,722	2,300,154

Main Report

Key Information

Date of Valuation

The valuation is conducted, using the prescribed Actuarial Method, as at June 30, 2014.

Post-Retirement Free Electricity

A summary of the benefit structure of Post-Retirement Free Electricity provided by WAPDA Hydroelectric is given in Appendix-II of the Report.

Risks Associated with the Post-Retirement Free Electricity Scheme

- The Entity 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 on providing this benefit is not paid from any Fund.
- The Post-Retirement Free Electricity liability reflected in the Entity's Accounts provides a reasonable security of the accrued rights.
- The Post-Retirement Free Electricity Scheme is categorised 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.

Valuation Data

The data used for the valuation has been checked for any inaccuracies. However, no audit of the data has been conducted. The details are as follows:

	Number of Members
Active Employees	7,156
Pensioners	8,031

Formation-wise breakup of Active Employees:

SN	Sup Office	Formation	No. of Employees
1	DF(HD)	GM HYDRO-PLANNING	171
2	GMF(POWER)	DF(HYDEL DEVELOPMENT)	32
3		GMF(POWER)	137
3	MF(HYDEL)	GM/PD GBIP HATTIAN	714
4		A R E HPS RENALA KHURD	29
5		CE 3HHP BESHAM	115
6		CE POWER GHAZI BAROTHA	388
7		CE POWER WAPDA TARBELA	876
8		CE/PD CILINK WAPDA CHASHMA	328
9		CE/PD JINNAH HP	169
10		CHITRAL P/STATION	180
11		DARGAI P/STATION	123
12		DUBER KHWAR HPP	18
13		G M TDP	1,194
14		JABBAN PROJECT	274
15		KURRAM GARHI P/STATION BANNU	97
16		MANAGLA WATER SHED MANAGEMENT	31
17		MDO MANGLA	765
18		MF(HYDEL) LAHORE	132
19		RE GOMAL ZAM HPS	23
20		RE HPS CHASHMA	325
21		RE HPS CHICHOKI	74
22		RE HPS NANDIPUR	100
23		RE HPS RASUL	104
24		RE HPS SHADIWAL	83
25		RE HPS WAPDA MANGLA	442
26		SE SHPS MANGLA	28
27		WARSAK P/STATION	204
	Total		7,156

LRO-wise breakup of Pensioners:

SNO	Sup Office	LRO	No. of Pensioners
1	DF(HID)	GM HYDRO-PLANNING	295
2	GMF(POWER)	GM FINANCE POWER LAHORE	478
3		RE TPS KOT ADDU	43
4	MF(HYDEL)	ARE RENALA KHURD	5
5		CE CJL CHASHMA	521
6		CE HHH PS BESHAM	15
7		CE MDO MANGLA	1,044
8		CE POWER TARBELA	234
9		CE PS BAROTHA	22
10		CE WARSAK	860
11		CE&PD JINNAH HPS	11
12		GM GBHP	359
13		GM HYDEL LAHORE	140
14		GM TDP	3,078
15		PD WATER-SHED MANAGEMENT	3
16		RE CHICHOKI IIPS JOYIANWALA	55
17		RE HPS GOMAL ZAM DAM	1
18		RE IIPS RASUL	50
19		RE IISP NANDIPUR	39
20		RE KURRAM GARIH BANNU	1
21		RE PS CHASHMA	47
22		RE PS CHITRAL	2
23		RE PS DARGAI	35
24		RE PS MANGLA	355
25		RE PS SHADIWAL GUJRAT	17
26		SE SHIPS MANGLA	321
	Grand Total		8,031

Method & Assumptions

Valuation Method Used

IAS-19 mandates Projected Unit Credit (PUC) Method (which is an Actuarial Technique) to determine the present value of defined benefit obligations, current service cost and past service cost. The same method is used in the underlying valuation.

Assumptions

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS-19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount Rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. In general, the duration of Post-Retirement Free Electricity liabilities is significantly long. Government bonds of similar duration are not available. It may be appropriate to assume same reinvestment interest rate as can be earned at the currently available government bonds. Thus the discount rate used for the valuation is 12% per annum which reflects yield on 10-year government bonds.

Rate of Growth in Electricity Cost

Cost of Post-Retirement Free Electricity for a retiree/beneficiary is expected to increase in excess of inflation growth and general salary increases. It has been deemed appropriate to assume that the average rate of growth in Post-Retirement Electricity cost will be 11% per annum.

Post-Retirement Free Electricity Cost

The retirees and their dependants are entitled to 50% of the free electricity facility as compared to the active employees.

The total Electricity Cost incurred by the retirees/beneficiaries during 2013-14 is Rs.93,243,810. The average Post-Retirement Free Electricity provision Cost works out to Rs.11,610. This average cost was Rs.10,100 during 2011-12.

Mortality, Withdrawal, Disability Retirement Rates

The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The previous actuarial valuation was based on EFU (61-66) Mortality Table.

The mortality rates used for Pensioners are adjusted to reflect mortality improvements occurred. However, no future mortality improvements have been taken into account.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry/country experience. These rates are given in the Appendix-I.

Comparison of Assumptions with previous Financial Year

The change in economic assumptions as compared with previous year's basis is as follows:

	2013-14	2012-13
Discount rate	12%	13%
Expected rate of increase in Post-Retirement Free Electricity cost in future years	11%	12%

The gaps between economic assumptions are critical for the actuarial valuation of Post-Retirement Free Electricity benefits. The most important difference in this respect is between Discount Rate and the rate of increase in Post-Retirement Free Electricity cost. Any changes in this gap can generate significant gain/loss during the inter-valuation period.

The critical gap between discount rate and Post-Retirement Free Electricity cost increase rate as at 30.06.2014 is one percentage point (1%) which is consistent with previous year assumptions.

Since the critical gap between economic assumptions is same as used in the previous year, therefore, there will be no significant actuarial gain/loss as at 30.06.2014 due to changes in economic assumptions.

Actuarial Gain/Loss Recognition

The amount of gains/losses has been charged immediately to Other Comprehensive Income as per the provisions of the revised version of IAS-19.

Comparative Disclosures

Comparative disclosures for the previous year have been prepared according to the requirements of the revised version of IAS-19.

Keeping in view the current (local and international) market practice, comparative disclosures for 2012-13 have been prepared assuming that the effect of restatement will be considered as at the beginning of previous financial year. Therefore, it has been assumed that unrecognised actuarial losses of Rs.778,552 thousand and unrecognised transition liability of Rs.305,474 thousand at the beginning of the previous year are charged to Other Comprehensive Income (or retained earnings).

IAS-19 Disclosures

All figures given in this section are in Pak Rupees and in 000's:

Statement of Financial Position as at Beginning of the Year (BoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June	2,191,671	1,819,746
Less Fair Value of Plan Assets	-	-
Defined Benefit Liability as at 30th June BoY	2,191,671	1,819,746

Reconciliation of Present Value of Defined Benefit Obligations

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June BoY	2,191,671	1,819,746
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	65,806	64,060
Interest on Defined Benefit Obligation	284,917	270,647
Benefits Paid during the Year	(93,244)	(167,460)
Actuarial (Gains)/Losses	(148,996)	204,678
Present Value of Defined Benefit Obligations as at 30th June EoY	2,300,154	2,191,671

Amount Chargeable to Profit or Loss for the current Year

	2013-14	2012-13
Service Cost	65,806	64,060
Net Interest on Net Defined Benefit Liability (Asset)	284,917	270,647
Total Amount Chargeable to P&L Account	350,723	334,707

Remeasurements of Net Defined Benefit Liability

	2013-14	2012-13
Actuarial (Gains)/Losses due to changes in Demographic Assumptions	5,248	-
Actuarial (Gains)/Losses due to changes in Financial Assumptions	-	-
Actuarial (Gains)/Losses due to experience adjustments	(154,244)	204,678
Return on Plan Assets	-	-
Effect of Changes in Asset Ceiling	-	-
Amount Chargeable to Other Comprehensive Income (OCI)	(148,996)	204,678

Statement of Financial Position as at End of the Year (EoY)

	2013-14	2012-13
Present Value of Defined Benefit Obligations as at 30 th June EoY	2,300,154	2,191,671
Less Fair Value of Plan Assets	-	-
Net Defined Benefit Liability as at 30th June EoY	2,300,154	2,191,671

Expense Chargeable to Profit or Loss for the Next Year

	2014-15	2013-14
Service Cost (Current Service Cost + Past Service Cost + Gains/Losses on Settlements)	73,945	65,806
Net Interest Cost on Net Defined Benefit Liability	276,018	284,917
Total Amount Chargeable to P&L Account for the Next Year	349,963	350,723

Reconciliation of Net Defined Benefit Liability

	2013-14	2012-13
Net Defined Benefit Liability as at BoY	2,191,671	1,819,746
Cost Chargeable to P&L during the Year	350,723	334,707
Cost Chargeable to OCI	(148,996)	204,678
Benefit Paid during the Year	(93,244)	(167,460)
Net Defined Benefit Liability as at EoY	2,300,154	2,191,671

	2013-14
Average Expected Remaining Working Lifetime of Members	9 Years
Average duration of liabilities (actives + pensioners)	27 Years

Sensitivity Analysis as at 30.06.2014

	Discount Rate + 1%	Discount Rate - 1%
PVDBO	2,030,800	2,635,824

	Electricity Cost Increase Rate + 1%	Electricity Cost Increase Rate - 1%
PVDBO	2,635,824	2,029,853

TANVEER ALAM
Associate of the Society of
Actuaries, USA

Appendix-I

Age	Death Rate	Withdrawal Rate	Ill-health Rate	Age	Death Rate	Withdrawal Rate	Ill-health Rate
20	0.000958	0.14344	0.00000	53	0.008244	0.00506	0.00162
21	0.000974	0.13388	0.00000	54	0.009150	0.00506	0.00185
22	0.000991	0.12431	0.00000	55	0.010135	0.00506	0.00210
23	0.001011	0.11475	0.00000	56	0.011198	0.00506	0.00238
24	0.001032	0.10519	0.00000	57	0.012336	0.00506	0.00268
25	0.001057	0.09563	0.00000	58	0.013544	0.00506	0.00300
26	0.001084	0.08944	0.00000	59	0.014813	0.00506	0.00335
27	0.001115	0.08438	0.00000	60	0.000000	0.00000	0.00000
28	0.001150	0.07819	0.00000				
29	0.001190	0.07256	0.00000				
30	0.001235	0.06694	0.00003				
31	0.001287	0.06188	0.00005				
32	0.001345	0.05738	0.00008				
33	0.001413	0.05288	0.00010				
34	0.001489	0.04781	0.00013				
35	0.001577	0.04275	0.00015				
36	0.001678	0.03881	0.00018				
37	0.001793	0.03431	0.00020				
38	0.001924	0.03038	0.00023				
39	0.002075	0.02588	0.00026				
40	0.002248	0.02138	0.00030				
41	0.002445	0.01913	0.00034				
42	0.002671	0.01744	0.00039				
43	0.002928	0.01519	0.00045				
44	0.003221	0.01294	0.00051				
45	0.003554	0.01069	0.00058				
46	0.003932	0.00956	0.00066				
47	0.004360	0.00900	0.00074				
48	0.004842	0.00788	0.00084				
49	0.005384	0.00675	0.00095				
50	0.005991	0.00619	0.00109				
51	0.006668	0.00563	0.00124				
52	0.007418	0.00563	0.00142				

Appendix-II

Summary of the Benefit Structure of WAPDA Hydroelectric Post-Retirement Free Electricity Scheme

WAPDA Hydroelectric provides Free Electricity benefits to its pensioners.

The free electricity to which a retired employee (or his /her spouse) is entitled depends upon the employee's basic pay scale (BPS) at the time of leaving entity's service.

The rate of the benefit is 50% of the number of units to which he/she was entitled during active service, the following table shows the BPS wise number of units allowed per month for a retiree:

BPS at Retirement	Free Electricity Units Allowed Per Month
1-4	50
5-10	75
11-15	100
16	150
17	225
18	300
19	440
20	550
21	650
22	650

SOCIETY OF ACTUARIES

SUCCESSOR TO THE ACTUARIAL SOCIETY OF AMERICA FOUNDED 1889
AND AMERICAN INSTITUTE OF ACTUARIES FOUNDED 1909

"THE WORK OF SCIENCE IS TO SUBSTITUTE FACTS FOR APPEARANCES AND DEMONSTRATIONS FOR IMPRESSIONS."
RUSKIN

THIS IS TO CERTIFY THAT

Tanveer Alam

HAS SUCCESSFULLY COMPLETED THE EXAMINATIONS AND
OTHER REQUIREMENTS AS PRESCRIBED BY THE BOARD OF
DIRECTORS OF THE SOCIETY AND IS HEREBY ENROLLED AS AN

ASSOCIATE OF THE SOCIETY OF ACTUARIES

IN WITNESS WHEREOF THIS CERTIFICATE HAS BEEN ISSUED UNDER THE SEAL OF
THE SOCIETY OF ACTUARIES AS OF THE 25th DAY OF July, 2008



Bruce D. Schobel

PRESIDENT

DMWyl

SECRETARY



ASSOCIATES

Actuaries & Management Consultants



13.3 **Key Facts of the Case**

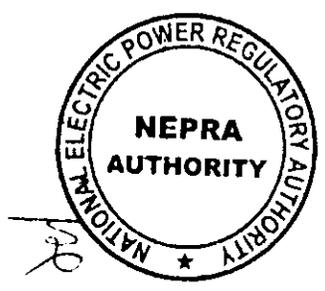
The Key Facts of the case are as below:

- That as per the 'Restructuring Reforms and Privatization of WAPDA- Executive Order' 24th October, 1998, WAPDA would only be in charge of water wing and the shares in the companies being set up to control WAPDA's power assets would be in the name of the President of Pakistan. Thus, WAPDA won't be having any interest in the XWDISCOs in the form of investment, once they are privatized.
- That upon unbundling of WAPDA, all the assets were transferred to DISCOs alongwith all related liabilities with the exception of post retirement benefit liability. The Accounting standard relevant to this liability, i.e., IAS-19, was not being implemented by WAPDA at the time of unbundling and its financial statements did not reflect any related obligation. Nevertheless, at the time of unbundling, an actuarial valuation was conducted to determine this post retirement liability of employees. The obligation related to existing WAPDA employees was transferred to XWDISCOs, however, the obligation related to retired employees was missed out and not shown in the financial statements of any XWDISCOs or WAPDA (Hydel).

13.3.1 Based on the principles of natural justice and on the fact that had WAPDA adopted IAS-19 at the time of unbundling, the liability of the retired employees would have been transferred to the XWDISCOs as the referred retired employees have served in the formations that are currently part of XWDISCOs. Further, in future WAPDA won't be having any interest in the form of investments, from where it would be generating any additional revenues. In view thereof, it can be fairly concluded that this cost needs to be borne by XWDISCOs.

13.3.2 Here it is pertinent to mention that since XWDISCOs has not booked the said cost in their financial statements. [REDACTED]

13.3.3 While assessing the Salaries, wages & other benefits (including post retirement benefits as discussed above), the GOP's recent announcement of 10% increase as adhoc allowance, the impact of replacement hiring carried out during FY 2009-10 and onwards (as discussed above), 5% annual increment, increase in Medical Allowance by 20% for employees in BPS 1-15 and the increase in Conveyance Allowance by 5% for employees in BPS 1-15, along with its effect on other benefits like inflationary increase on free electricity supply to employees has been accounted for.



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G.M.F. (P)

Summary of Repair & Maintenance during last five years

Sr. No.	Projects	Mln Rs					
		2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
1	TARBELA	258.918	365.415	1,015.884	416.502	197.319	205.908
2	GHAZI BAROTHA	141.754	133.947	73.286	64.382	83.201	95.319
3	MANGLA	246.275	236.958	333.196	71.905	73.558	131.014
4	CHASHMA	180.335	290.556	197.544	89.084	34.629	65.780
5	RASUL	8.261	9.305	5.232	4.122	4.003	3.891
6	WARSAK	455.328	573.576	206.157	63.685	51.829	23.976
7	CHITRAL	7.427	7.420	17.706	5.542	11.125	8.898
8	K. GHARI	6.090	1.847	3.076	1.779	2.136	5.071
9	DARGAI	17.315	14.031	7.198	13.284	11.538	9.743
10	JABBAN	-	-	-	-	-	-
11	JINNAH	18.248	0.768	0.079	-	-	-
12	GOMAL ZAM	0.126	-	-	-	-	-
13	KHAN KHWAR	6.532	14.422	0.346	0.058	-	-
14	ALLIA KHWAR	4.771	-	-	-	-	-
15	DUBAIR KHWAR	-	-	-	-	-	-
16	SHADIWAL	2.439	2.262	2.739	1.520	1.481	1.998
17	NANDIPUR	11.175	8.624	1.828	1.330	5.132	7.344
18	CHICHOKI	2.312	4.447	6.371	1.963	2.539	2.184
19	RENALA	6.267	3.506	1.371	2.310	0.745	1.867

B ✓
G.M.F. (P)

REPAIR & MAINTENANCE OF POWER GENERATION UNITS AND ALLIED EQUIPMENT

- Fault/Problem noticed in the generating unit or in the allied equipment,
- Trouble report prepared and referred to the concerned Maintenance Head
- Maintenance Head checks the equipment and discusses the matter with Resident Engineer/Chief Engineer of Power Station. After taking decision, following necessary steps are taken
 - (i) Immediate/ Instant solution to the problem to avoid generation loss
 - (ii) Planning for permanent remedy of the problem like arrangement of resources including required technical staff, spare parts & other material and finally shut down of the equipment or generating unit.
 - (iii) If spare parts are available in the Warehouse, shutdown is arranged and problem is rectified after replacement of the damaged parts
- The trouble report, methodology of rectification is explained to Chief Engineer in the weekly meeting and in case of satisfactory rectification, Trouble report is cancelled by Resident Engineer.
- If the required spare parts are not available in the Warehouse, procurement is initiated after making due provision in the budget estimates
- Case along with full justification, mentioning the mode of procurement is submitted for administrative approval of the competent authority.[depending upon the cost of the item / material]

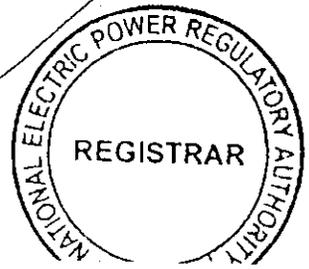
Resident Engineer (SE)----Chief Engineer----General Manager-----Member(Power)---Authority


G.M.F. (P)

Generation Licence
Water & Power Development Authority
(WAPDA)
Wapda House
Lahore

SCHEDULE-II
(Modified/Revised)

Installed/ISO Capacity (MW), De-Rated Capacity at Mean Site Conditions (MW), Auxiliary Consumption (MW) and the Net Capacity at Mean Site Conditions (MW) of the Generation Facilities of Licensee is given in this Schedule.

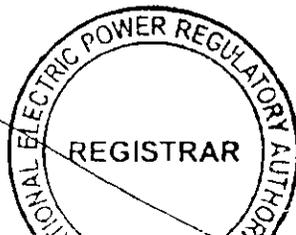


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G.M.F. (P)

SCHEDULE-II
(Modified/Revised)

Sr. No.	Power Station	Installed Capacity (MW)	Auxiliary Consumption (MW)	Net Capacity (MW)
1.	Hydel Power Station Tarbela	3478	1.3	3,476.70
2.	Hydel Power Station Mangla	1000	1.1	998.90
3.	Hydel Power Station Warsak	242.96	0.8	242.16
4.	Hydel Power Station Ghazi Brotha	1450	1.1	1,448.90
5.	Hydel Power Station Chashma	184	0.8	183.20
6.	Hydel Power Station Renala	1.1	0.1	1.00
7.	Hydel Power Station Chichoki	13.2	0.2	13.00
8.	Hydel Power Station Nandipur	13.8	0.2	13.60
9.	Hydel Power Station Shadiwal	13.5	0.2	13.30
10.	Hydel Power Station Rasul	22	0.2	21.80
11.	Hydel Power Station Dargai	20	0.2	19.80
12.	Hydel Power Station Chitral	1	0.1	0.90
13.	Hydel Power Station Kurram Garhi	4	0.1	3.90
14.	Hydel Power Station Gomal Zam	17.40	0.3	17.10



15.	Hydel Power Station Jinnah Hydel	96	0.5	95.50
16.	Hydel Power Station Allai Khwar	121	0.3	120.70
17.	Hydel Power Station Duber Khwar	130	0.3	129.70
18.	Hydel Power Station Khan Khwar	72	0.3	71.70
19.	Hydel Power Station Tarbela, 4 th Extension	1410 ✓	0.8	1,409.20
20.	Hydel Power Station Keyal Khwar	122 ✓	0.3	121.70
21.	Hydel Power Station Golen Gol	106 ✓	0.3	105.70
22.	Hydel Power Station Jabban	22	0.2	21.80
23.	Hydel Power Station Diamer Basha	4500 ✓	2	4,498.00
24.	Hydel Power Station Dasu	4320 ✓	2	4,318.00
Grand Total		17359.96	13.7	17346.26





Subject: Petition for Revision in Tariff for FY 2015-16 for Bulk Supply of Power from WAPDA Hydel Power Stations.

WAPDA-Hydroelectric is operating under the Generation License granted by NEPRA for 30 years in 2004. Being the generation licensee, WAPDA Hydroelectric is bound to get its Bulk Supply Tariff determined by NEPRA under Section 17(3) of NEPRA standard Procedures and Rules 1998 on yearly basis to cater with the increase in O&M Cost due to inflation and other factors and increase in its Assets Base due to continuing development work.

2- The Revenue Requirement for FY 2015-16 has been worked out as Rs.120,156 Mln as compared to Rs.55,165 Mln determined by NEPRA for FY 2013-14. This requires considerable increase in the tariff which will bring average tariff to Rs.3.78 per unit from the presently determined average tariff of Rs.1.74 per unit. The main reason to file tariff revision petition are as under:

- 1) Increase in Regulatory Assets Base from Rs.221,783 Mln to Rs.381,506 Mln due to more capital investment in the ongoing projects.
- 2) O&M Cost for FY 2015-16 increase to Rs.12,750 Mln including provision for post retirement benefits of serving employees as against Rs.8,591 Mln determined by NEPRA for FY 2013-14.
- 3) Increase in Net Hydel Profit & Water Usage Charges from NEPRA determined Rs.6,000 Mln and Rs.840 Mln respectively for FY 2013-14 to Rs 34,927 Mln for FY 2015-16.
- 4) Other Income from NEPRA regulated business activities has been projected as Rs.431 Mln for FY 2015-16 against Rs.1,049 Mln determined by NEPRA for FY 2013-14.
- 5) Debt/Equity ratio for FY 2015-16 works out as 18:82 for Hydel Power Stations and 81:19 for Hydel Power Projects as against average of 45:55 adopted in tariff determination for FY 2013-14.
- 6) Weighted Average Cost of Capital (WACC) for FY 2015-16 works out to 16.374% for for Hydel Power Stations and 11.969% for Hydel Power Projects as against average of 15.215% determined by NEPRA for FY 2013-14.
- 7) Regulatory Revenue Gap of Rs.11,206 Mln (Rs.9,192 Mln for FY 2013-14, and Rs. 2,014 Mln for FY 2014-15) has arisen due to allowing inadequate revenue requirement based upon estimates and delayed determination and notification of tariff.

3- The Authority is requested to Authorize:

- 1) GM Finance (P) to file tariff petition for FY 2015-16.
- 2) Following officers of WAPDA to submit and sign individually or jointly, the document necessary in support of this petition and appear before NEPRA and represent WAPDA.
 - i. GM Finance (Power)
 - ii. GM (Hydel Operation)
 - iii. GM (Hydro Planning)
 - iv. Director Legal

[Signature]
Director (CP) 24/4/15

4- GMF (Power)
Member Finance

[Signature]

5- Member Power

[Signature] 24/04/15

6- Member Water

[Signature] 24/4/15

7- Chairman WAPDA

G.M.F. (P)
[Signature] 24/4

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GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(CF. WING)

No. F.1(11)CF-V/2011-12/398 Islamabad, the 16th March, 2013

Subject: NHP ISSUES RAISED BY KHYBER PAKHTUNKHWA

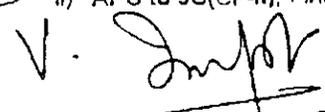
I am directed to enclose herewith minutes of the meeting on the subject held under the chairmanship of Finance Minister on 14th March, 2013 at Conference Room of Finance Division, Islamabad for information/necessary action.


(Bashir Ahmad)
Section Officer (CF-I)
Ph: 051-9205976

Secretary Finance,
Finance Department,
Government of Khyber Pakhtunkhwa,
Peshawar.

11/07
14/3/13

- Co:-
i) PS to Advisor, Finance Division, Islamabad.
ii) APS to JS(CF-II), Finance Division, Islamabad.

V. Jaffer

JS NFC

For record

Secretary Finance
Khyber Pakhtunkhwa
Diary No. 3529
Date 18/03/2013

h
16-03-13

18/3
Bo (NFC-I)
S.A
18/3

G.M.F. (P)

Record Note of the Discourse

Held at the sidelines of 8th NFC Meeting on 14.03.2013

1. After the conclusion of the agenda for 3rd NFC Meeting, held under the Chairmanship of the Federal Finance Minister, the Member from Khyber Pakhtunkhwa requested the worthy Minister to look into the matter of NHP disputes, that were almost settled at the Sub-Committee level under the chairmanship of the then Special Secretary Finance decision whereof were also endorsed and agreed in principle by the then Finance Secretary Mr. Wajid Rana but the formal notification got delayed at the Minister Finance level. The Minister was also briefed about the decisions made in a series of meetings duly participated by the:

- a. Secretary, Ministry of Water & Power and his representatives,
- b. Chairman WAPDA, GM Finance and other teams members,
- c. Technical Representatives from NEPRA,
- d. Joint Secretary and Reps from Corporate Finance Section, Finance Division,
- e. Reps from PEPCO,
- f. Reps from Government of Khyber Pakhtunkhwa

2. With the assistance of Advisor, Finance Division, the Minister was also informed that during the deliberations a number of issues were addressed and got resolved, requiring the Provincial Government to agree to many suggestions requiring exhibition of a continued sense of accommodation and conceding decades old demands to a great extent. It was further explained that the Sub-Committee has given definitive decisions, as follows:

- a. Uncapping
Khyber Pakhtunkhwa demand

Uncapping of existing amount of NHP and payment of future NHP @ Rs 33.5
4 billion on the basis of Award indexation or Rs. 67 billion per annum on the
basis of KCM

G.M.F. (P)

Committee decided on 14-12-2011

Rate of NHP shall be Rs. 1.10 per KWH to be approved w.e.f. next financial year. This rate shall however index @5.5% per annum with a review on indexation ever five years.

b. Markup on unpaid Award Amount

Khyber Pakhtunkhwa demanded Markup on Award amount of PKR 110.101 billion on two separate counts:

- Markup payable up until 15.09 2009
- Markup payable post payment schedule

While elaborating their demand, the Provincial representatives stressed that the formula for markup is given in the award and the payable amount comes to a total of PKR 56.59 Billion

Committee decided on 20.12.2011

While acknowledging the sacrosanct nature of the Award and while respecting the request of the Government of Khyber Pakhtunkhwa that they will in no case agree to reopen the decision of the Arbitration Tribunal dated 09.10 2006, the Committee agreed that payment of PKR 56.59 billion may be paid to Government of Khyber Pakhtunkhwa

c. NHP post award period (Principal + Markup)

Khyber Pakhtunkhwa Demand as on 26.12.2011

Payment of Principal NHP from FY 2005-06 to FY 2011-12 on 10% annual incremental basis, as adopted by Arbitration together with markup on unpaid amount (Deducting payments already made) amounting to PKR 252.007 Billion.

G.M.F. (P)

Annex - 17

**WAPDA Hydro-electric
Loan wise Debt Service Liability
FY 2013-14 (Audited)**

Loan Name	Project Name	Tenor Taken-Retire	Intt Rate	BALANCE 30-06-2013	ADDIYON 2023-24	REPAY- MENT 2023-14	TRANSFERRED IN / (OUT) 2013-14	BALANCE 30-06-2024	INTEREST 2023-24
HYDEL OPERATION LOANS									
CASH DEVELOPMENT LOANS									
CDL 2009-10 (Power)	JABBAN	2009-10 to 2034-35	12.59%	98	-	-	-	98	12
CDL 2007-08 (Power)	JABBAN	2007-08 to 2032-33	10.14%	31	-	1	-	31	3
CDL 1997-98 NHP	TARBELA	1997-98 to 2022-23	17.50%	889	-	39	-	851	156
CDL 1998-99 NHP	TARBELA	1998-99 to 2023-24	17.50%	478	-	17	-	461	84
CDL 2005-06 (Power)	GH/BAROTHA	2005-06 to 2030-31	9.79%	6,331	-	142	-	6,189	620
CDL TOTAL				7,827	-	198	-	7,629	874
FOREIGN RELENT LOANS									
IDB-0117 (OKP)	DUBER KHWAR	2008-09 to 2022-23	17.00%	-	-	600	5,404	5,404	995
AFD CPK 1006	JABBAN	2010-11 to 2028-29	15.00%	-	-	127	3,030	3,030	412
IDB-0117 (AKP)	ALLAI KHWAR	2008-09 to 2022-23	17.00%	4,049	-	405	-	3,644	671
IDB-0117 (KKP)	KHAN KHWAR	2008-09 to 2022-23	17.00%	2,288	-	228	-	2,060	379
CITIBANK LOAN	CHASHMA	2005-06 to 2024-25	11.00%	1,271	-	106	-	1,165	137
ADB 1143 PAK	CHASHMA	1997-98 to 2016-27	14.00%	361	-	90	-	270	47
ADB 1144 PAK	CHASHMA	1997-98 to 2016-17	14.00%	435	-	109	-	326	57
FRENCH STATE CREDIT	CHASHMA	1999-00 to 2018-19	11.00%	166	-	28	-	138	17
FRENCH BANK CREDIT	CHASHMA	1999-00 to 2018-19	11.00%	181	-	30	-	152	19
ADB 1424 PAK	GH/BAROTHA	2001-02 to 2020-21	14.00%	3,767	-	471	-	3,296	512
KFW 9566316	GH/BAROTHA	2003-04 to 2022-23	14.00%	2,973	-	297	-	2,676	406
EUROPIAN INVESTMENT BANK	GH/BAROTHA	2002-02 to 2015-16	11.00%	365	-	122	-	243	57
PK-P-47	GH/BAROTHA	2005-06 to 2019-20	17.00%	3,986	-	569	-	3,417	653
IBRD 3965	GH/BAROTHA	2001-02 to 2015-16	3.64%	3,398	-	1,133	-	2,265	113
JAXIUM BANK LOAN	H/OPERATION	1995-96 to 2014-15	11.00%	2	-	1	-	1	0
IBRD 3107 PAK	H/OPERATION	1996-97 to 2015-16	11.00%	12	-	4	-	8	1
FRL TOTAL				23,252	-	4,319	8,434	28,094	4,477
FOREIGN DIRECT LOANS									
Chinese Exim Bank Supp. Credit (PKR M) @				6,431	(23)	1,285	2,144	7,267.261	436
F.DIRECT LOAN TOTAL				6,431	(23)	1,285	2,144	7,267	436
A: HYDEL OPERATION TOTAL				37,510	(23)	5,803	10,577	42,990	5,787
AVERAGE DEBT									40,250

HYDEL DEVELOPMENT LOANS

CASH DEVELOPMENT LOANS

CDL 2007-08 (Power)	BHASHA	2007-08 to 2032-33	10.14%	303	-	5	-	297	31
CDL 2009-10 (Power)	BHASHA	2009-10 to 2034-35	12.59%	2,000	-	-	-	1,000	126
CDL 2011-12 (Power)	BHASHA	2011-12 to 2031-32	12.64%	11,700	-	-	-	11,700	1,018
CDL 2012-13 (Power)	BHASHA	2012-13 to 2032-33	10.65%	3,785	-	-	-	3,785	218
CDL 2013-24 (Power)	BHASHA	2013-14 to 2033-34	11.79%	-	27,500	-	-	27,500	-
CDL 2007-08 (Power)	BASHO	2007-08 to 2032-33	10.14%	17	-	0	-	16	2
CDL 2009-10 (Power)	BASHO	2009-10 to 2034-35	12.59%	26	-	-	-	26	3
CDL 2006-07 (Power)	KOHALA	2005-06 to 2030-31	11.78%	157	-	3	-	155	19
CDL 2008-09 (Power)	KOHALA	2008-09 to 2033-34	13.80%	88	-	-	-	88	12
CDL 2009-20 (Power)	KOHALA	2009-10 to 2034-35	12.59%	130	-	-	-	130	16
CDL 2009-10 (Power)	HARPO	2009-10 to 2034-35	12.59%	39	-	-	-	39	5
CDL TOTAL				17,244	27,500	8	-	44,736	1,449

FOREIGN RELENT LOANS

IDB-0117 (DKP)	DUBER KHWAR	2008-09 to 2022-23	17.00%	6,005	-	-	(5,404)		
AFD CPK 1006	JABBAN	2010-11 to 2028-29	15.00%	1,902	1,254	-	(3,030)		
KFW 32D517	KEYAL KHWAR	2010-11 to 2025-26	15.00%	221	207	-	-	428	40
IDA 5079-PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	1,960	5,149	-	-	7,108	720
IBRD-8144 PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	91	2,305	-	-	2,396	113
SAUDI FUND 10/479	GOLEN GOL	2010-11 to 2025-26	17.00%	1,425	579	28	-	1,976	118
KUWAIT FUND 742	GOLEN GOL	2010-11 to 2025-26	17.00%	266	302	22	-	546	162
SAUDI FUND 14/609	GOLEN GOL	2013-14 to 2033-34	15.00%	-	317	-	-	317	2
FRL TOTAL				11,870	10,112	51	(8,434)	12,770	1,155

FOREIGN DIRECT LOANS

Chinese Exim Bank Supp. Credit (PKR M)				2,144	-	-	(2,144)	D	-
F.DIRECT LOAN TOTAL				2,144	-	-	(2,144)	0	-
B: HYDEL DEVELOPMENT TOTAL				31,258	37,612	59	(10,577)	57,506	2,605

AVERAGE DEBT

= (20,449 + 33,958) / 2 = 27,203

A+B: GRAND TOTAL				68,768	37,589	5,861	-	100,496	8,392
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Reconciliation of Local / Foreign Loans of Dev. Projects

Closing Balances of Development Projects Loans				31,258				57,506	
Less: Cash in hand Tarbela 4th Ext.	1,002						1,002		
Less: Cash in hand DBD Loans	9,807			10,809			22,546		23,548
Opening Balance Local / Foreign Loans				<u>20,449</u>				<u>33,958</u>	

currency fluctuation for FY 2013-14

6/28/2013	\$	73.86	99.2D70	7,327.26
6/30/2014	\$	73.86	98.9021	7,304.74
EXCHANGE GAIN				<u>22.52</u>

G.M.F. (P)

WAPDA Hydro-electric
Loan wise Debt Service Liability
FY 2014-15 (PROJECTED)

Loan Name	Project Name	Tenor Taken-Retire	Intt Rate	BALANCE 30-06-2014	ADDITION 2014-15	REPAY-MENT 2014-15	BALANCE 30-06-2015	INTEREST 2014-15
HYDEL OPERATION LOANS								
CASH DEVELOPMENT LOANS								
CDL 1997-98 NHP	TARBELA	1997-98 to 2022-23	37.50%	851	-	46	805	349
CDL 1998-99 NHP	TARBELA	1998-99 to 2023-24	37.50%	463	-	20	441	81
CDL 2005-06 (Power)	GH/BAROTHA	2005-06 to 2030-31	9.79%	6,189	-	156	6,034	606
CDL 2007-08 (Power)	JABBAN	2007-08 to 2032-33	30.14%	31	-	1	30	3
CDL 2009-30 (Power)	JABBAN	2009-10 to 2034-35	32.59%	98	-	-	98	12
CDL TOTAL				7,629	-	122	7,407	851
FOREIGN RELENT LOANS								
A08 1143 PAK	CHASHMA	1997-98 to 2036-17	34.00%	270	-	90	360	35
A08 1344 PAK	CHASHMA	1997-98 to 2016-37	34.00%	326	-	309	217	42
CITIBANK LOAN	CHASHMA	2005-06 to 2024-25	33.00%	1,165	-	106	1,059	325
JAXIUM BANK LOAN	H/OPERATION	1995-96 to 2014-35	11.00%	3	-	1	-	0
IBRD 3307 PAK	H/OPERATION	1996-97 to 2015-16	33.00%	8	-	4	4	1
PK P-47	GH/BAROTHA	2005-06 to 2039-20	37.00%	3,427	-	569	2,847	557
IBRD 3965	GH/BAROTHA	2001-02 to 2035-26	3.64%	2,265	-	1,133	1,133	72
AFD CPK 3006	JABBAN	2030-11 to 2028-29	35.00%	3,030	(267)	197	2,565	407
A08 1424 PAK	GH/BAROTHA	2001-02 to 2020-21	14.00%	3,296	-	471	2,825	445
FRENCH STATE CREDIT	CHASHMA	1999-00 to 2018-39	31.00%	138	-	28	113	24
FRENCH BANK CREDIT	CHASHMA	1999-00 to 2038-39	13.00%	353	-	30	123	36
KFW 9566336	GH/BAROTHA	2003-04 to 2022-23	34.00%	2,676	-	297	2,379	364
EUROPIAN INVESTMENT BANK	GH/BAROTHA	2001-02 to 2025-36	33.00%	243	-	122	121	36
IDB-0117 (OKP)	DUBER KHWAR	2008-09 to 2021-23		5,404	-	600	4,804	893
IDB-0117 (KKP)	KHAN KHWAR	2008-09 to 2012-23	37.00%	2,060	-	229	1,831	340
IDB-0317 (AKP)	ALLAI KHWAR	2008-09 to 2022-23		3,644	-	405	3,239	602
FRL TOTAL				28,094	(267)	4,391	23,436	3,950
FOREIGN DIRECT LOANS								
Chinese Exim Bank Supp. Credit (US\$ M)	JINNAH HPP		5.00%	73,858	-	17,310	61,549	3,539
Chinese Exim Bank Supp. Credit (PKR M) @ Add: Exchange Loss added into Markup	182	2030-11 to 2019-20		7,267	-	1,255.59	6,011.74	360.98
F. DIRECT LOAN TOTAL				7,267	-	1,256	6,012	552
A: HYDEL OPERATION TOTAL				42,990	(267)	5,868	36,854	5,352

AVERAGE DEBT

30.822

HYDEL DEVELOPMENT LOANS

Loan Name	Project Name	Tenor Taken-Retire	Intt Rate	BALANCE 30-06-2014	ADDITION 2014-15	REPAY-MENT 2014-15	BALANCE 30-06-2015	INTEREST 2014-15
CASH DEVELOPMENT LOANS								
CDL 2007-08 (Power)	BASHO	2007-08 to 2032-33	10.14%	16	-	D	36	2
CDL 2009-10 (Power)	BASHD	2009-10 to 2034-35	12.59%	26	-	-	26	3
CDL 2006-07 (Power)	KOHALA	1005-06 to 2030-31	13.78%	155	-	-	155	38
CDL 2008-09 (Power)	KOHALA	2008-09 to 2033-34	13.80%	88	-	-	88	12
CDL 2009-10 (Power)	KOHALA	2009-10 to 2034-35	12.59%	238	-	-	330	16
CDL 1009-10 (Power)	HARPO	2009-10 to 2034-35	12.59%	39	-	-	39	5
CDL 2007-08 (Power)	BHASHA	2007-08 to 2032-33	10.14%	297	-	-	297	30
CDL 2009-10 (Power)	BHASHA	2009-10 to 2034-35	12.59%	1,000	-	-	1,000	126
CDL 2012-33 (Power)	BHASHA	2012-13 to 2032-33	10.65%	3,785	-	-	3,785	403
CDL 2011-12 (Power)	BHASHA	2012-12 to 2031-31	12.64%	11,700	-	-	11,700	1,479
CDL 2013-34 (Power)	BHASHA	2013-14 to 2033-34	21.79%	27,500	-	-	27,500	3,242
CDL 1014-15 (Power)	BHASHA	2014-15 to 2034-35	11.79%	-	15,000	-	35,000	-
CDL TOTAL				44,736	15,000	0	59,736	5,337
FOREIGN RELENT LOANS								
KFW 320537	KEYAL KHWAR	2010-11 to 2025-26	15.80%	428	787	-	1,214	123
SAUDI FUNO 20/479	GOLEN GOL	2010-11 to 2025-26	27.00%	3,976	1,456	-	3,432	452
KUWAIT FUNO 742	GOLEN GOL	2030-11 to 2025-26	17.00%	546	1,411	-	1,967	211
SAUDI FUND 24/609	GOLEN GOL	2013-14 to 2033-34	15.80%	317	-	-	317	48
OPEC FUND	GOLEN GOL		15.00%	-	224	-	224	17
IOA 5079-PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	7,200	6,746	-	13,854	506
IBRD-8144 PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	2,396	3,947	-	6,343	296
USAID	MANGLA REF. & UPG		15.00%	-	313	-	313	-
EUAI & AFD	HPTI MANGLA PROJ.		15.00%	-	50	-	50	4
WORLD BANK	OASU HPP	201314 to 2033-34	15.00%	-	5,330	-	5,330	400
FRL TOTAL				12,770	20,294	-	33,063	2,056
COMMERCIAL LDANS								
	Golen Gol			-	2,445	-	2,445	-
	Tarbela 4th Ext			-	2,171	-	2,173	-
	Keyal Khwar			-	121	-	121	-
	O&B Land (A&R)			-	2,426	-	2,416	-
	DBD construction			-	3,361	-	3,361	-
	Dasu			-	357	-	357	-
	Mangla Rehab			-	34	-	34	-
	Warsak Rehab			-	7	-	7	-
	Feasibilities Studies			-	671	-	672	-
TOTAL COMMERCIAL LOANS				-	11,573	-	11,573	-
B: HYDEL DEVELOPMENT TOTAL				57,506	46,867	0	104,372	7,393

AVERAGE DEBT

57.391

A+B: GRAND TOTAL

A+B: GRAND TOTAL				100,496	46,599	5,869	141,227	12,745
Reconciliation of Local / Foreign Loans of Dev. Projects								
Closing Balances of Development Projects Loans				57,506			104,372	
Less: Cash in hand Tarbela 4th Ext				1,002				
Less: Cash in hand O&B Loans				22,546			21,548	
Operating Balance Local / Foreign Loans				<u>33,958</u>			<u>80,824</u>	

AVERAGE DEBT

120,863.34
30.55%

Notes:

currency fluctuation for FY 2014-15

6/30/2014	\$	63,549	98,9021	6,087
6/30/2015	\$	61,549	102,0000	6,278
				(191)

G.M.F. (P)

WAPDA Hydro-electric
Loan wise Debt Service Liability
FY 2015-16 (PROJECTED)

Loan Name	Project Name	Tenor Taken-Retire	Intt Rate	BALANCE 30-06-2015	ADDITION 2015-26	REPAY-MENT 2015-16	BALANCE 30-06-2016	INTEREST 2015-16
HYDEL OPERATION LOANS								
CASH DEVELOPMENT LOANS								
CDL 1997-98 NHP	TARBELA	1997-98 to 2022-23	17.50%	805	-	53	752	141
CDL 1998-99 NHP	TARBELA	1998-99 to 2023-24	17.50%	441	-	24	417	77
CDL 2005-06 (Power)	GH/BAROTHA	2005-06 to 2038-32	9.79%	6,034	-	271	5,863	591
CDI 2007-08 (Power)	JABBAN	2007-08 to 2032-33	10.14%	30	-	1	29	3
CDI 2009-10 (Power)	JABBAN	2009-10 to 2034-35	12.59%	58	-	2	96	12
CDL TOTAL				7,407	-	250	7,157	824
FOREIGN RELENT LOANS								
ADB 1143 PAK	CHASHMA	1997-98 to 2016-17	24.00%	180	-	90	90	22
ADB 1144 PAK	CHASHMA	1997-98 to 2016-17	14.00%	217	-	109	209	27
CITIBANK LOAN	CHASHMA	2005-06 to 2024-25	11.00%	1,059	-	106	953	114
JAXIUM BANK LOAN	H/DPERATIDN	1995-96 to 2014-15	11.00%	-	-	-	-	-
IBRD 3107 PAK	H/DPERATION	1996-97 to 2015-16	11.00%	4	-	4	-	0
PK-P-47	GH/BAROTHA	2005-06 to 2019-20	17.00%	2,847	-	569	2,278	460
IBRD 3965	GH/BAROTHA	2001-02 to 2015-16	3.64%	1,133	-	1,133	-	31
AFD CPK 1006	JABBAN	2010-11 to 2028-29	15.00%	2,565	-	197	2,368	377
ADB 1424 PAK	GH/BARDTHA	2001-02 to 2022-21	14.00%	2,825	-	471	2,354	379
FRENCH STATE CREDIT	CHASHMA	1999-00 to 2018-19	11.00%	131	-	28	83	11
FRENCH BANK CREDIT	CHASHMA	1999-00 to 2018-19	11.00%	121	-	30	91	12
KFW 9566316	GH/BARDTHA	2003-04 to 2022-23	14.00%	2,379	-	197	2,081	323
EUROPIAN INVESTMENT BANK	GH/BAROTHA	2001-02 to 2015-16	11.00%	121	-	121	-	15
IDB-0117 (DKP)	DUBER KHWAR	2008-09 to 2022-23	-	4,804	-	600	4,203	791
IDB-0117 (KIP)	KHAN KHWAR	2008-09 to 2022-23	27.00%	1,831	-	229	1,602	302
IDB-0117 (AKP)	ALLAI KHWAR	2008-09 to 2022-23	-	3,239	-	405	2,834	533
FRL TOTAL				23,436	-	4,390	19,046	3,398
FOREIGN DIRECT LOANS								
Chinese Exim Bank Supp. Credit (US\$ M)	JINNAH HPP		5.00%	61,549	-	12,310	49,239	2,924
Chinese Exim Bank Supp. Credit (PKR M) @ Add: Exchange Loss into Markup	103			6,012	-	1,267.90	4,744	301.13
TOTAL C				6,012	-	1,268	4,744	350
A HYDEL OPERATION TOTAL				36,854	-	5,908	30,947	4,572
AVERAGE DEBT								33,900

HYDEL DEVELOPMENT LOANS								
CASH DEVELOPMENT LOANS								
CDL 2007-00 (Power)	BASHO	2007-08 to 2032-33	10.14%	16	-	-	16	2
CDI 2009-10 (Power)	BASHO	2009-10 to 2034-35	22.59%	26	-	-	26	3
CDL 2006-07 (Power)	KOHALA	2005-06 to 2030-31	21.70%	155	-	-	155	18
CDL 2008-09 (Power)	KOHALA	2008-09 to 2033-34	13.80%	88	-	-	88	12
CDL 2009-10 (Power)	KOHALA	2009-10 to 2034-35	12.59%	130	-	-	130	16
CDI 2009-10 (Power)	HARPO	2009-10 to 2034-35	22.59%	39	-	-	39	5
CDL 2007-08 (Power)	BHASHA	2007-08 to 2032-33	10.14%	297	-	-	297	30
CDL 2009-10 (Power)	BHASHA	2009-10 to 2034-35	12.59%	2,000	-	-	1,000	126
CDL 2012-13 (Power)	BHASHA	2012-13 to 2032-33	10.65%	3,785	-	-	3,785	403
CDL 2011-12 (Power)	BHASHA	2011-12 to 2031-32	12.64%	11,700	-	-	11,700	1,479
CDL 2013-14 (Power)	BHASHA	2013-14 to 2033-34	11.79%	27,500	-	-	27,500	3,242
CDL 2014-15 (Power)	BHASHA	2014-15 to 2034-35	11.79%	15,000	19,000	-	34,000	1,769
CDL TOTAL				59,736	19,000	-	78,736	7,104
FOREIGN RELENT LOANS								
KFW 320517	KEYAL KHWAR	2010-11 to 2025-26	15.00%	1,214	1,040	-	4,254	410
SAUDI FUND 18/479	GOLEN GOL	2010-11 to 2025-26	17.00%	3,432	132	-	3,564	550
KUWAIT FUND 742	GOLEN GOL	2010-11 to 2025-26	17.00%	1,967	2,814	-	4,781	557
SAUDI FUND 14/609	GOLEN GOL	2013-14 to 2033-34	15.00%	317	288	-	605	69
DPEC FUND	GOLEN GOL	2013-14 to 2033-34	15.00%	224	194	-	418	48
IDA 5079-PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	13,854	6,157	-	20,011	462
IBAD-8144 PK	TARBELA 4TH-E	2011-12 to 2025-26	15.00%	6,343	23,978	-	30,321	1,798
USAID	MANGLA REF. & UPG	2011-12 to 2031-32	15.00%	333	2,170	-	2,503	-
EUAIE & AFD	HPTI MANGLA PROJ.	2011-12 to 2031-32	15.00%	50	105	-	155	15
WORLD BANK	DASU HPP	2013-14 to 2033-34	25.00%	5,330	66,193	-	72,523	5,764
FRL TOTAL				33,063	205,072	-	138,135	9,674
COMMERCIAL LOANS								
	Golen Gol			2,445	4,981	-	7,426	-
	Tarbela 4th Ext			2,171	2,078	-	4,249	-
	Keyal Khwar			121	320	-	441	-
	DBO Land (A&R)			2,426	9,006	-	11,432	-
	DBO construction			3,361	-	-	3,361	-
	Dasu			357	5,805	-	6,162	-
	Mangla Rehab			14	1,139	-	1,153	-
	Warsak Rehab			7	84	-	91	-
	feasibilities Studies			672	1,531	-	2,202	-
TOTAL COMMERCIAL LOANS				11,573	24,944	-	36,517	-
TOTAL HYDEL DEVELOPMENT				104,372	149,016	-	253,388	16,778
AVERAGE DEBT								155,332
GRAND TOTAL								
				141,227	149,016	5,908	284,335	21,350

Reconciliation of Local / Foreign Loans of Dev. Projects			
Closing Balances of Development Projects Loans		104,372	253,388
Less: Cash in hand Tarbela 4th Ext	1,002		1,002
Less: Cash in hand DBO Loans	22,548	23,548	22,548
Opening Balance Local / Foreign Loans		80,822	79,838

AVERAGE DEBT				212,781
COST OF DEBT				10.03%
Note: Jinnah HPP Markup and Currency Fluctuation:				
currency fluctuation for FY 2015-16				
6/30/2015	\$49,239	102.00	5,022	
6/30/2016	\$49,239	103.00	5,072	
			(49)	

G.M.F. (IP)

WAPDA HYDROELECTRIC Generation Plan

Sr.No.	Hydel Power Station	Installed Capacity	Net Electrical Output (GWh)					NEPRA Determined
		MW	2011-12 (Actual)	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Provisional)	2015-16 (Budgeted)	2013-14
1	Tarbela	3,478	14,057	14,756	15,138	14,284	14,284	14,981
2	Ghazi Brotha	1,450	6,979	7,083	6,937	6,910	6,910	7,568
3	Mangla	1,000	4,666	4,577	5,725	5,992	5,992	4,945
4	Warsak	243	991	1,034	870	1,021	1,021	1,021
5	Chashma	184	1,067	1,115	1,024	1,055	1,055	1,055
6	Duber Khawar	130	-	-	-	627	627	595
7	Allai Khawar	121	-	-	692	269	269	463
8	Jinnah HPP	96	29	198	291	463	463	344
9	Khan Khawar	72	176	292	257	595	595	269
10	Jabban	22	-	-	73	88	88	122
11	Rasul	22	65	48	51	122	122	76
12	Dargai	20	84	96	89	100	100	96
13	Gomal Zam	17	-	-	26	96	96	91
14	Nandipur	14	41	49	41	40	40	40
15	Shadiwal	14	32	31	30	34	34	34
16	Chichoki	13	32	40	36	33	33	30
17	Kuram Garhi	4	10	14	19	16	16	12
18	Renala Khurd	1	3	3	3	3	3	3
19	Chitral	1	4	4	4	4	4	4
Total		6,902	28,235	29,339	31,306	31,752	31,752	31,752

✓
G.M.F. (P)

Capital Work in Progress FY 2013-14 (Audited)

	(Mln Rs)			
	Opening Balance 01- 07-2013	Addition/ (Deletion)	Transferred to Fixed Assets	Balance as on 30-06-2014
1 Bhasha Dam Project	13,766	17,726	-	31,491
2 Terbel 4th Extnsion	1,296	9,981	-	11,277
3 Golen Gol	4,177	3,493	-	7,670
4 Bunji Hydro Power Project	-	-	-	-
5 Dasu Hydro Power Project	-	1,656	-	1,656
6 Keyal Khawar HPP	747	613	-	1,360
7 Duber Khawar HPP	19,825	4,410	(24,004)	230
8 Jinnah Hydro Power Project	4,057	953	(4,773)	238
9 Jabban Rehabilitation	2,517	1,467	(3,983)	0
10 Mangla Rehabilitation	-	646	-	646
11 Others (at feasibility stage)	6,027	1,065	(1,656)	5,436
Total	52,412	42,008	(34,416)	60,004

Capital Work in Progress FY 2014-15 (Projected)

	(Mln Rs)			
	Opening Balance 01- 07-2014	Addition/ (Deletion)	Transferred to Fixed Assets	Balance as on 30-06-2015
1 Bhasha Dam Project	31,492	20,787	-	52,279
2 Terbel 4th Extnsion	11,277	13,503	-	24,780
3 Golen Gol	7,670	6,158	-	13,828
4 Dasu Hydro Power Project	1,656	5,962	-	7,618
5 Keyal Khawar HPP	1,360	1,373	-	2,733
6 Duber Khawar HPP	230	-	(230)	-
7 Jinnah Hydro Power Project	238	-	(238)	-
8 Mangla Rehabilitation	646	408	-	1,054
9 Warsak Rehabilitation	-	7	-	7
10 Mangla Traning Institute	-	109	-	109
11 Others (at feasibility stage)	5,436	671	(65)	6,042
Total	60,004	48,979	(533)	108,450

Capital Work in Progress FY 2015-16 (Projected)

	(Mln Rs)			
	Opening Balance 01- 07-2015	Addition/ (Deletion)	Transferred to Fixed Assets	Balance as on 30-06-2016
1 Bhasha Dam Project	52,279	33,746	-	86,025
2 Terbel 4th Extnsion	24,780	35,164	-	59,944
3 Golen Gol	13,828	9,691	-	23,519
4 Dasu Hydro Power Project	7,618	77,998	-	85,616
5 Keyal Khawar HPP	2,733	4,075	-	6,808
6 Mangla Rehabilitation	1,054	3,374	-	4,428
7 Warsak Rehabilitation	7	84	-	91
8 Mangla Traning Institute	109	196	-	305
9 Others (at feasibility stage)	6,042	1,531	-	7,573
	108,450	165,859	-	274,309

Operating Fixed Assets 2014-15 (Projected)

Particulars	Cost				Accumulated Depreciation				Book values as at 30 June 2015
	As at July 01 2014	Additions	(Deletions)	As at 30 June 2015	As at July 01 2014	For the year	Addition/ (Deletion)/ adjustments	As at 30 June 2015	
Owned:									
Land	5,240	24	-	5,264	-	-	-	-	5,264
Buildings and civil works	51,142	44	-	51,186	11,365	873	-	12,238	38,948
Power Generation plant assets	181,290	2,941	-	184,231	104,270	4,863	-	109,133	75,099
Transmission Line Equipment	8,320	-	-	8,320	393	195	-	588	7,732
Dams and Reservoir	117,948	5	-	117,953	17,644	1,992	-	19,636	98,317
General / plant assets	2,133	710	-	2,844	846	74	-	920	1,924
Office equipment	73	30	-	103	43	3	-	46	56
Furniture and Fixture	609	19	-	628	567	1	-	568	60
Transportation equipment	1,838	94	-	1,932	1,521	41	-	1,562	371
	-	-	-	-	-	-	-	-	-
2015	368,593	3,868	-	372,461	136,649	8,041	-	144,691	227,770

0.02159

Operating Fixed Assets 2015-16 (Projected)

Particulars	Cost				Accumulated Depreciation				Book values as at 30 June 2014
	As at July 01 2015	Additions	(Deletions)	As at 30 June 2014	As at July 01 2015	For the year	Deletions/ adjustments	As at 30 June 2014	
Owned:									
Land	5,264	27	-	5,291	-	-	-	-	5,291
Buildings and civil works	51,186	49	-	51,235	12,238	874	-	13,112	38,123
Power Generation plant assets	184,231	2,720	-	186,951	109,133	4,866	-	113,999	72,953
Transmission Line Equipment	8,320	-	-	8,320	588	195	-	784	7,536
Dams and Reservoir	117,953	6	-	117,959	19,636	1,993	-	21,630	96,329
General / plant assets	2,844	781	-	3,625	920	74	-	994	2,631
Office equipment	103	33	-	136	46	3	-	49	86
Furniture and Fixture	628	20	-	648	568	1	-	569	80
Transportation equipment	1,932	104	-	2,036	1,562	41	-	1,603	434
	-	-	-	-	-	-	-	-	-
2016	372,461	3,740	-	376,201	144,691	8,048	-	152,739	223,463

Revenue Requirement for FY 2013-14 (Audited)

Sr. No.	Hydel Power Station	Installed Capacity	Net Generation	Avg. Net Fixed Assets	O&M	Post retirement benefits	Depreciation	Ijara Rental	ROI	NHP/WUC	IRSA Charges @.005 Rs/kwh	Total Revenue Requirement	Misc Income	Net Revenue Requirement	Revenue Rate at Bus Bar
		MW	GWh	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.
1	Tarbela	3,478	15,138	6,605	2,263	1,362	221	2,327	1,134	6,000	75.7	13,382	(48)	13,334	0.88
2	Ghazi Brotha	1,450	6,937	72,644	845	389	1,900		11,402		34.7	14,571	(24)	14,547	2.10
3	Mangla	1,000	5,725	23,291	1,176	695	963		3,959	859	28.6	7,681	(4)	7,677	1.34
4	Warsak	243	870	1,177	839	228	42		200		4.4	1,315	(130)	1,185	1.36
5	Chashma	184	1,024	13,016	568	263	501		2,111		5.1	3,448	(25)	3,423	3.34
6	Jinnah HPP	96	291	14,225	88	31	305		1,689		1.5	2,115	(0)	2,115	7.27
7	Khan Khawar	72	257	9,764	88	17	282		1,669		1.3	2,057	-	2,057	8.00
8	Allai Khawar	121	692	15,837	35	23	426		2,709		3.5	3,197	-	3,197	4.62
9	Duber Khawar	130	243	11,978	-	5	48		2,572		1.2	2,626	-	2,626	10.81
10	Gomal Zam	17	26	7,946	35	9	195		1,351		0.1	1,589	-	1,589	61.13
11	Jabban	22	73	1,986	-	40	11		486		0.4	537	(91)	445	6.10
12	Rasul	22	51	219	82	34	9		37		0.3	163	0	164	3.21
13	Dargai	20	89	48	100	42	3		8		0.4	153	6	159	1.79
14	Nandipur	14	41	30	65	36	1		5		0.2	107	0	107	2.61
15	Shadiwal	14	30	26	42	25	1		4		0.2	72	0	72	2.41
16	Chichoki	13	36	12	44	32	0		2		0.2	79	0	79	2.19
17	Kuram Garhi	4	19	6	40	29	0		1		0.1	70	(3)	67	3.54
18	Renala Khurd	1	3	16	23	10	4		3		0.0	40	(2)	38	12.50
19	Chitral	1	4	34	32	47	1		6		0.0	87	0	87	21.68
20	Corporate Offices	-	-	111	296	516	41		19		-	872	(92)	780	0.02
Total		6,902	31,549	178,969	6,661	3,832	4,956	2,327	29,369	6,859	157.7	54,162	(413)	53,749	1.70

Misc income does not include mark-up income on bank deposits

G.M.F. (P)

Working of ROI (Operation) for FY 2013-14 (Audited)

Sr. No.	Hydel Power Station	Net Fixed Assets O/B	Addition/ (Deletion)	Depr for the year	Net Fixed Assets C/B	Avg. Net Fixed Assets	O/S debts O/B	Loan repaymt amount	TRANSFERRED IN / (OUT)			O/S debts C/B	Avg. debts Financing	interest on debt	Avg cost of debt	Avg. Equity Financing	Return on Equity @ 17%	Total ROI	Debt finance ratio	Equity finance ratio	WACC
									Loan	Self Finance	Total										
		Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.
1	Tarbela	7,217	(1,003)	221	5,992	6,605	1,361	61				1,320	1,350	241	17.8%	5,255	693	1,134	20%	80%	17.2%
2	Ghazi Brotha	73,533	122	1,900	71,755	72,644	20,620	2,734				18,066	19,453	2,360	12.1%	53,192	9,043	11,402	27%	73%	15.7%
3	Mangla	23,657	231	963	22,925	23,291	-	-				-	-	-	0.0%	23,291	3,959	3,959	0%	100%	17.0%
4	Warsak	1,155	87	42	1,199	1,177	-	-				-	-	-	0.0%	1,177	200	200	0%	100%	17.0%
5	Chashma	13,236	61	501	12,795	13,016	2,413	362				2,051	2,232	276	12.4%	10,784	1,833	2,111	17%	83%	16.2%
9	Duber Khawar	-	24,004	48	23,956	11,978	-	600	6,005	5,545	11,549	5,404	2,702	995	36.8%	9,276	1,577	2,572	23%	77%	21.5%
6	Jinnah HPP	11,998	4,779	305	16,461	14,225	6,431	1,307	2,144	1,668	3,612	7,268	6,850	436	6.4%	7,375	1,254	1,689	46%	52%	11.9%
11	Jabban	-	3,963	11	3,973	1,986	129	127	3,156	3,156	6,312	3,158	1,643	427	26.0%	343	56	486	33%	17%	24.5%
7	Khan Khawar	9,651	86	262	9,666	9,764	2,288	226				2,060	2,174	379	17.4%	7,580	1,290	1,669	22%	78%	17.1%
8	Atari Khawar	15,951	198	426	15,723	15,837	4,049	405				3,644	3,847	671	17.4%	11,991	2,036	2,709	24%	76%	17.1%
10	Gomal Zam	3,034	-9	195	7,856	7,946	-	-				-	-	-	0.0%	7,946	1,351	1,351	0%	100%	17.0%
12	Rasul	169	10	9	270	219	-	-				-	-	-	0.0%	219	37	37	0%	100%	17.0%
13	Dargaj	36	26	3	59	48	-	-				-	-	-	0.0%	46	6	6	0%	100%	17.0%
14	Nandipur	29	3	1	30	30	-	-				-	-	-	0.0%	30	5	5	0%	100%	17.0%
15	Shadiwal	23	7	1	29	26	-	-				-	-	-	0.0%	26	4	4	0%	100%	17.0%
16	Chichoki	7	0	0	17	12	-	-				-	-	-	0.0%	12	2	2	0%	100%	17.0%
17	Kuram Garhi	6	-	0	6	6	-	-				-	-	-	0.0%	6	1	1	0%	100%	17.0%
16	Renzala Khurd	12	1	4	19	16	-	-				-	-	-	0.0%	16	3	3	0%	100%	17.0%
19	Chitral	33	3	1	35	34	-	-				-	-	-	0.0%	34	6	6	0%	100%	17.0%
20	Corporate Offices	183	56	41	116	111	-	-				-	-	-	0.0%	111	19	19	0%	100%	17.0%
Total		165,061	32,793	4,958	192,888	178,959	37,510	5,825	11,304	10,368	21,673	42,990	40,250	5,767	7.19%	138,719	23,562	29,369	22%	78%	14.8%

Cash inflow/ out flow for FY 2013-14

Sr. No.	Hydel Power Station	Revenue receipts	Cash Disbursements					Revenue surplus
			O&M Expenses	Pension	Loan intrt + Prinpi & rentals	NHP,WUC & IRSA levies	Total Payments	
1	Tarbela	13,334	2,263	1,362	2,629	6,076	1,005	
2	Ghazi Brotha	14,547	845	369	5,094	35	8,185	
3	Mangla	7,677	1,176	695	-	688	4,919	
4	Warsak	1,185	839	228	-	4	113	
5	Chashma	3,423	568	263	640	5	1,946	
6	Jinnah HPP	2,115	88	31	1,743	1	251	
7	Khan Khawar	2,057	88	17	507	1	1,344	
8	Atari Khawar	3,197	35	23	1,076	3	2,060	
9	Duber Khawar	2,626	-	5	1,596	1	1,025	
10	Gomal Zam	1,589	35	9	-	0	1,546	
11	Jabban	445	-	40	554	0	(149)	
12	Rasul	164	32	34	-	0	47	
13	Dargaj	159	100	42	-	0	17	
14	Nandipur	107	65	36	-	0	8	
15	Shadiwal	72	42	25	-	0	5	
16	Chichoki	79	44	32	-	0	3	
17	Kuram Garhi	67	40	29	-	0	(2)	
18	Renzala Khurd	38	23	10	-	0	4	
19	Chitral	87	32	47	-	0	7	
20	Corporate Offices	780	296	516	-	-	(33)	
Total		63,749	6,661	3,932	13,938	7,817	31,448	

2013	CDL	FRL	FDL	TOTAL
H/OP	7,827	23,252	6,431	37,510
H/DEV	17,244	11,670	2,144	31,258
	25,071	35,122	8,575	68,768
MOVEMENT				
H/OP	(198)	(3,582)	(987)	(4,777)
H/DEV	27,492	9,334	(321)	36,505
	27,294	5,742	(1,308)	31,728
TRANSFER IN/OUT				
H/DP	-	6,434	1,622	10,256
H/DEV	-	(8,434)	(1,822)	(10,256)
	-	-	-	-
2014				
H/OP	7,629	26,094	7,267	42,990
H/DEV	44,736	12,770	-	57,506
	52,365	40,864	7,267	100,496
total markup + idc				8,905

G.M.D. (P)

Project cost financing during FY 2013-14

S#	Hydel Power Project	Capital Cost Incurrence (Mln.Rs)			Project Financing (Mln.Rs)									Local/ Foreign Loans C/B	Self Fin C/B	Total Financing	Debt finance ratio %	Equity finance ratio %
		CWIP O/B	Yearly cost		CWIP C/B	Local/ Foreign Loans O/B	Self Fin O/B	Repay- ments of Loan (L/F) to GoP	Yearly New Loans (L/F)	Yearly New Self Fin	TRANSFERRED IN / (OUT)							
			Addition	Transfer							Loan	Self Finance	Total					
1	Golen Gol	4,177	3,493		7,670	1,691	2,486	-	1,147	2,346				2,838	4,832	7,670	38%	62%
2	Tarbela 4th Ext *	1,296	9,981		11,277	1,049	247	-	7,453	2,528				8,502	2,775	11,277	76%	24%
3	Keyal Khwar	747	613		1,360	221	526	-	207	406				428	932	1,360	31%	69%
4	DBD Land (A&R) **	6,981	16,152		23,133	6,981	-	-	14,756	1,397				21,737	1,397	23,133	95%	5%
5	DBD construction	6,785	1,574		8,359	-	6,765	-	1,574	-				-	8,359	8,359	0%	100%
6	Dasu	-	1,656		1,656	-	-	-	1,656	-				-	1,656	1,656	0%	100%
7	Duber Khawar	19,825	4,409	24,004	230	6,005	13,820	-	4,409	-	(6,005)	(5,545)	(11,549)	-	238	230	30%	70%
8	Jinnah HPP	4,057	953	4,772	238	2,144	1,913	-	953	-	(2,144)	(1,668)	(3,812)	-	238	238	50%	50%
9	Jabban HPP	2,517	1,466	3,983	-	1,902	615	-	1,254	212	(3,156)	(3,156)	(6,312)	-	-	-	76%	24%
10	Mangla Rehab	-	646		646	-	-	-	646	-				-	646	646	0%	100%
11	Warsak Rehab	-	-		-	-	-	-	-	-				-	-	-	#DIV/0!	#DIV/0!
12	Mangla Trg Inst	-	-		-	-	-	-	-	-				-	-	-	#DIV/0!	#DIV/0!
13	Feasibilities Studies ***	6,027	1,065	1,656	5,436	457	5,571	-	1,065	-				454	4,979	5,433	8%	92%
	Total	52,412	42,008	34,415	60,006	20,448	31,964	-	24,817	17,191	(11,304)	(10,368)	(21,673)	33,968	26,045	60,003	48%	62%

Note: In yearly Cost, out of Rs. 34,416(M), Rs.32,759(M) has ben transferred to Operation while Rs. 1656(M) were transferred from Feasibilities Studies to Dasu HPP (PC-I)

*****Breakup of Feasibility Studies**

As per Fin. Statement	3,341
Bunji HPP	2,095
Total	5,436

In Notes to Financial Statements 7.2.1, following rectifications are suggested to be made:

	Mln. Rs.	
	Audited	Restated
Opening Balance	52,412	52,412
Additions during the Year	38,588	42,008
Transferred to operating fixe assets	(30,995)	(34,415)
Closing Balance	60,005	60,005

In Notes to Financial Statements 7.1.2, following rectifications are suggested to be made:

Operating Fixed Assets By Power Station:

	Additions / (Deletions)	
	Mln. Rs.	
	Audited	Restated
Jinnah HPP	4,779	4,772

Reconciliation of Local / Foreign Loans of Dev. Projects

	FY 2013	FY 2014
Balance as per Fin. Statement	31,258	57,506
Less: Cash in hand Tarbela 4th Ext.	1,002	1,002
Less: Cash in hand DBD Loans.	9,807	22,546
Opening Balance Local / Foreign Loans	20,449	33,958

3
C.M.P.

S#	Hydel Power Project	Yearly Project cost (Min Rs)					New yearly Loans (Min.Rs)				
		Land (A&R)	Civil works	EMH works	Over heads	IDC	Total yearly Cost	FRL	CDL	Local Bank Loan	Total yearly loans
1	Golen Gol		2,243		617	633	3,493	1,147			1,147
2	Tarbela 4th Ext		1,990		7,042	950	9,981	7,453			7,453
3	Keyal Khwar		132		395	86	613	207			207
4	DBD Land (A&R)	14,760	-		-	1,392	16,152		14,756		14,756
5	DBD construction		1,340		234	-	1,574				-
6	Dasu		-		1,656		1,656				-
7	Duber Khawar		-		-		-				-
8	Jinnah HPP		-		-		-				-
9	Jabban HPP		-		-		-	1,254			1,254
10	Mangla Rehab		-		646		646				-
11	Warsak Rehab		-		-		-				-
12	Mangla Trg Inst		-		-		-				-
13	Feasibilities Studies		-		1,008	57	1,065				-
	Total	14,760	5,705	-	11,596	3,118	35,180	10,061	14,756	-	24,817

Note: Overheads includes PMU cost, Eng & consultancy, AOH etc

Working of ROI on Hydel Power Projects

S#	Hydel Power Project	Avg CWIP cost	Avg Debt financing	Avg Equity financing	Yearly IDC	Avg cost of debt %age	Avg ROE %age	Yearly ROE	WACC %	Yearly ROI
1	Golen Gol	5,923	2,264	3,659	282	12%	17%	622	15%	904
2	Tarbela 4th Ext	6,287	4,775	1,511	833	17%	17%	257	17%	1,090
3	Keyal Khwar	1,054	324	729	40	12%	17%	124	16%	164
4	DBD Land (A&R)	15,057	14,359	698	1,392	10%	17%	119	10%	1,511
5	DBD construction	7,572	-	7,572	-	0%	17%	1,287	17%	1,287
6	Dasu	826	-	826	-	0%	17%	141	17%	141
7	Duber Khawar	10,028	3,002	7,025	-	0%	17%	1,194	12%	1,194
8	Jinnah HPP	2,148	1,072	1,076	-	0%	17%	183	9%	183
9	Jabban HPP	1,259	951	308	-	0%	17%	52	4%	52
10	Mangla Rehab	323	-	323	-	0%	17%	55	17%	55
11	Warsak Rehab	-	-	-	-	0%	17%	-	-	-
12	Mangla Trg Inst	-	-	-	-	0%	17%	-	-	-
13	Feasibilities Studies	5,731	455	5,275	57	12%	17%	697	17%	954
	Total	56,209	27,203	29,004	2,604	10%	17%	4,931	13.41%	7,535

Reconciliation of Yearly IDC

Tarbela 4th Ext.:

Tarbela 4thExt- Actual markup booked in FY 2014
Markup on unspent on balance of RS 1002M
The markup should've been charged in Project

950
(117)
833

Golen Gol: Actual IDC Booked During FY 2013-14
Previous Years
Yearly IDC FY 2013-14

633
351
282

Keyal Khwar: Actual IDC Booked During FY 2013-14
Previous Years
Yearly IDC FY 2013-14

86
46
40

Regulatory revenue gap for FY 2013-14

1	Revenue requirement for Hydel power stations	53,749
2	Revenue requirement for Hydel power projects	7,535
3	Total revenue requirement for the financial year (+2)	61,284
4	Power sale revenue actually billed during the financial year	52,091
4	Regulatory revenue gap for the financial year (3-4)	9,192

	Min. Rs
	53,749
	7,535
Total	61,284
	52,091
	9,192

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M. V. P.

Revenue Requirement for FY 2014-15 (Projected)

Sr.No.	Hydel Power Station	Installed Capacity	Net Generation	Avg. Net Fixed Assets	O&M	Post retirement benefits	Depreciation	Ijara Rental	ROI	NHP/WUC	IRSA Charges @.005 Rs/kwh	Total Revenue Requirement	Misc Income	Net Revenue Requirement	Revenue Rate at Bus Bar
		MW	GWh	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.
1	Tarbela	3,478	14,284	6,015	2,678	1,353	221	3,570	1,034	6,000	71.4	14,928	(48)	14,880	1.04
2	Ghazi Brotha	1,450	6,910	70,929	985	389	1,900		11,297		34.6	14,605	(24)	14,581	2.11
3	Mangla	1,000	5,992	22,599	1,373	692	963		3,842	899	30.0	7,799	(4)	7,795	1.30
4	Warsak	243	1,021	1,523	603	226	42		259		5.1	1,136	(130)	1,006	0.99
5	Chashma	184	1,055	13,134	764	263	501		2,147		5.3	3,681	(34)	3,647	3.46
6	Jinnah HPP	96	463	16,516	142	31	407		2,231		2.3	2,813	(0)	2,813	6.08
7	Khan Khawar	72	595	9,582	109	17	282		1,638		3.0	2,049	-	2,049	3.44
8	Allai Khawar	121	269	15,524	47	23	426		2,656		1.3	3,153	-	3,153	11.72
9	Duber Khawar	130	627	23,843	42	5	481		4,079		3.1	4,610	-	4,610	7.35
10	Gomal Zam	17	96	7,781	33	9	195		1,323		0.5	1,560	-	1,560	16.25
11	Jabban	22	88	3,920	56	41	108		591		0.4	796	(91)	705	8.01
12	Rasul	22	122	298	84	34	9		51		0.6	179	0	180	1.47
13	Dargai	20	100	66	102	42	3		11		0.5	159	6	165	1.65
14	Nandipur	14	40	37	68	36	1		6		0.2	111	0	111	2.78
15	Shadiwal	14	34	35	47	25	1		6		0.2	79	0	79	2.32
16	Chichoki	13	33	24	49	32	0		4		0.2	86	0	86	2.60
17	Kuram Garhi	4	16	8	46	29	0		1		0.1	77	(3)	74	4.60
18	Renala Khurd	1	3	19	20	10	4		3		0.0	37	(2)	35	11.66
19	Chitral	1	4	36	36	48	1		6		0.0	91	0	91	22.66
20	Corporate Offices	-	-	141	326	507	41		24		-	897	(92)	805	0.03
Total		6,902	31,752	192,028	7,609	3,811	5,588	3,570	31,210	6,899	158.8	58,846	(422)	58,424	1.84

Other offices

Misc income does not include mark-up income on bank deposits

G.M.F. (P)

Working of ROI (Operation) for FY 2014-15 (Projected)

Sr.N o.	Hydel Power Station	Net Fixed Assets O/B	Addition/ (Deletion)	Depr for the year	Net Fixed Assets C/B	Avg. Net Fixed Assets	O/S debts O/B	Loan repaymt amount	O/S debts C/B	Avg. debts Financing	Interest on debt	Avg cost of debt	Avg. Equity Financing	Return on Equity @ 17%	Total RDI	Debt finance ratio	Equity finance ratio	WACC
		Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	%age	Min. Rs.	Min. Rs.	Min. Rs.	%age	%age	%age
1	Tarbela	5,992	267	221	6,038	6,015	1,320	70	1,250	1,285	230	17.9%	4,731	804	1,034	21%	79%	17.2%
2	Ghazi Brotha	71,755	248	1,900	70,103	70,929	18,086	2,748	15,338	16,712	2,080	12.4%	54,217	9,217	11,297	24%	76%	15.9%
3	Mangla	22,925	313	963	22,274	22,599	-	-	-	-	-	0.0%	22,599	3,842	3,842	0%	100%	17.0%
4	Warsak	1,199	691	42	1,847	1,523	-	-	-	-	-	0.0%	1,523	259	259	0%	100%	17.0%
5	Chashma	12,795	1,178	501	13,472	13,134	2,051	363	1,688	1,870	232	12.4%	11,264	1,915	2,147	14%	86%	16.3%
6	Jinnah HPP	16,461	515	407	16,570	16,516	7,268	1,256	6,012	6,640	552	8.3%	9,876	1,679	2,231	40%	60%	13.5%
7	Khan Khawar	9,666	113	282	9,497	9,582	2,060	229	1,831	1,946	340	17.5%	7,636	1,298	1,638	20%	80%	17.1%
8	Allai Khawar	15,723	30	426	15,326	15,524	3,644	405	3,239	3,442	602	17.5%	12,083	2,054	2,656	22%	78%	17.1%
9	Duber Khawar	23,956	255	481	23,730	23,843	5,404	600	4,804	5,104	893	17.5%	18,739	3,186	4,079	21%	79%	17.1%
10	Gomal Zam	7,858	40	195	7,703	7,781	-	-	-	-	-	0.0%	7,781	1,323	1,323	0%	100%	17.0%
11	Jabban	3,973	3	108	3,867	3,920	3,158	465	2,693	2,926	422	14.4%	994	169	591	75%	25%	15.1%
12	Rasul	270	66	9	326	298	-	-	-	-	-	0.0%	298	51	51	0%	100%	17.0%
13	Dargai	59	15	3	72	66	-	-	-	-	-	0.0%	66	11	11	0%	100%	17.0%
14	Nandipur	30	14	1	44	37	-	-	-	-	-	0.0%	37	6	6	0%	100%	17.0%
15	Shadiwal	29	12	1	40	35	-	-	-	-	-	0.0%	35	6	6	0%	100%	17.0%
16	Chichoki	17	14	0	31	24	-	-	-	-	-	0.0%	24	4	4	0%	100%	17.0%
17	Kuram Garhi	6	4	0	10	8	-	-	-	-	-	0.0%	8	1	1	0%	100%	17.0%
18	Renala Khurd	19	3	4	18	19	-	-	-	-	-	0.0%	19	3	3	0%	100%	17.0%
19	Chitral	35	1	1	36	36	-	-	-	-	-	0.0%	36	6	6	0%	100%	17.0%
20	Corporate Offices	118	86	41	163	141	-	-	-	-	-	0.0%	141	24	24	0%	100%	17.0%
Total		192,888	3,868	5,588	191,168	192,028	42,990	6,136	36,854	39,922	5,352	13.4%	152,105	25,858	31,210	21%	79%	16.3%

Cash inflow/ out flow for FY 2014-15

Sr.N o.	Hydel Power Station	Revenue receipts	Cash Disbursements				Total Payments	Revenue surplus
			O&M Expenses	Pension	Loan Inrt + Prinpl & rentals	NHP,WUC & IRSA levies		
1	Tarbela	14,880	2,678	1,353	3,870	6,071	13,973	907
2	Ghazi Brotha	14,581	985	389	4,828	35	6,238	8,345
3	Mangla	7,795	1,373	692	-	928	2,993	4,801
4	Warsak	1,006	603	226	-	5	835	171
5	Chashma	3,647	764	263	595	5	1,628	2,020
6	Jinnah HPP	2,813	142	31	1,808	2	1,983	830
7	Khan Khawar	2,049	109	17	589	3	697	1,352
8	Allai Khawar	3,153	47	23	1,007	1	1,078	2,075
9	Duber Khawar	4,610	42	5	1,493	3	1,543	3,067
10	Gomal Zam	1,590	33	9	-	0	42	1,518
11	Jabban	705	58	41	887	0	984	(279)
12	Rasul	180	84	34	-	1	119	61
13	Dargai	165	102	42	-	1	145	20
14	Nandipur	111	68	36	-	0	104	7
15	Shadiwal	79	47	25	-	0	72	7
16	Chichoki	86	49	32	-	0	81	5
17	Kuram Garhi	74	46	29	-	0	75	(2)
18	Renala Khurd	35	20	10	-	0	30	5
19	Chitral	91	36	48	-	0	84	7
20	Corporate Offices	805	326	507	-	-	832	(28)
Total		58,424	7,609	3,811	15,057	7,057	33,535	24,889

C.M.F. (P)

WAPDA Hydroelectric (Development)

Project cost financing during FY 2014-15

S#	Hydel Power Project	Capital Cost Incurrence (Min.Rs)			Project Financing (Min.Rs)										
		CWIP O/B	Yearly cost		CWIP C/B	Local/ Foreign Loans O/B	Self Fin O/B	Repay- ments of Loan (L/F) to GoP	Yearly New Loans (L/F)	Yearly New Self Fin	Local/ Foreign Loans C/B	Self Fin C/B	Total Financin g	Debt finance ratio %	Equity finance ratio %
			Addition	Transfer											
1	Golen Gol	7,670	6,158		13,827	2,838	4,832		5,546	612	8,384	5,444	13,827	52%	48%
2	Tarbela 4th Ext *	11,277	13,503		24,780	8,502	2,775	-	12,864	639	21,366	3,414	24,780	83%	17%
3	Keyal Khwar	1,360	1,373		2,733	428	932	-	908	465	1,336	1,397	2,733	43%	57%
4	DBD Land (A&R) **	23,133	17,426		40,560	21,737	1,397		17,426	-	39,163	1,397	40,560	96%	4%
5	DBD construction	8,359	3,361		11,720	-	8,359		3,361	-	3,361	8,359	11,720	17%	83%
6	Dasu	1,656	5,962		7,618	-	1,656		5,687	275	5,687	1,931	7,618	61%	39%
7	Duber Khawar	230	-	230	-	-	230		-	-	-	-	-	0%	100%
8	Jinnah HPP	238	-	238	-	-	238		-	-	-	-	-	0%	100%
9	Jabban HPP	-	-	-	-	-	-		-	-	-	-	-	#DIV/0!	#DIV/0!
10	Mangla Rehab	646	408		1,054	-	646		347	61	347	707	1,054	20%	80%
11	Warsak Rehab	-	7		7	-	-		7	-	7	-	7	100%	0%
12	Mangla Trg Inst	-	109		109	-	-		50	59	50	59	109	46%	54%
13	Feasibilities Studies **	5,436	671	65	6,042	454	4,982		671	-	1,125	4,917	6,042	14%	86%
	Total	60,006	48,978	533	108,451	33,968	26,047	-	46,867	2,111	80,826	27,625	#####	68%	32%

Reconciliation of Local / Foreign Loans

	FY 2014	(Budgeted) FY 2015
Balance as per Fin. Statement	57,506	104,372
Less: Cash in hand Tarbela 4th Ext.	1,002	1,002
Less: Cash in hand DBD Loans.	22,546	22,546
Opening Balance Local / Foreign Loans	33,958	80,824

* Feasibility study of following projects has been completed and cost has been transferred.

HARPO	50
BASHO	10
KOHALA	5
TOTAL	65

Outstanding Debt 2014

	CDL	FRL	FDL	L.LOAN	TOTAL
H/Oper:	7,629	28,094	7,267	-	42,990
H/Develop:	44,736	12,770	-	-	57,506
Total	52,365	40,864	7,267	-	100,496

Movement

H/Oper:	(222)	(4,658)	(1,256)	-	(6,136)
H/Develop:	15,000	20,294	-	11,573	46,866
	14,778	15,636	(1,256)	11,573	40,731

Outstanding Debt 2015

H/Oper:	7,407	23,436	6,012	-	36,854
H/Develop:	59,736	33,063	-	11,573	104,372
Total	67,143	56,499	6,012	11,573	141,227
		total markup + ldc			12,745

3 ✓
G.M.F. (P)

Working of ROI on Hydel Power Projects

S#	Hydel Power Project	Avg CWIP cost	Avg Debt financing	Avg Equity financing	Yearly IDC	Avg cost of debt %age	Avg ROE %age	Yearly ROE	WACC %	Yearly ROI
1	Golen Gol	10,748	5,611	5,138	728	13%	17%	873	15%	1,601
2	Tarbela 4th Ext	18,029	14,934	3,095	802	5%	17%	526	7%	1,328
3	Keyal Khwar	2,047	882	1,165	123	14%	17%	198	16%	321
4	DBD Land (A&R)	31,847	30,450	1,397	5,280	17%	17%	237	17%	5,518
5	DBD construction	10,040	1,681	8,359	-	0%	17%	1,421	14%	1,421
6	Dasu	4,637	2,844	1,794	400	0%	17%	305	7%	305
7	Duber Khawar	115	-	115	-	0%	17%	20	17%	20
8	Jinnah HPP	119	-	119	-	0%	17%	20	17%	20
9	Jabban HPP	-	-	-	-	0%	17%	-	#DIV/0!	-
10	Mangla Rehab	850	174	677	-	0%	17%	115	14%	115
11	Warsak Rehab	4	4	-	-	0%	17%	-		-
12	Mangla Trg Inst	54	25	30	4	15%	17%	5		-
13	Feasibilities Studies	5,739	789	4,950	57	7%	17%	842	16%	899
Total		84,228	57,392	26,837	7,394	12.88%	17%	4,562	14.19%	11,956

Regulatory revenue gap for FY 2014-15

- 1 Revenue requirement for Hydel power stations
- 2 Revenue requirement for Hydel power projects
- 3 Total revenue requirement for the financial year (1+2)
- 4 Power sale revenue actually billed during the financial year
- 4 Regulatory revenue gap for the financial year (3-4)

	<u>Mln.Rs</u>
	58,424
	11,956
Total	70,380
	68,217
	2,163

3/ ✓
G.M.B. (P)

Revenue Requirement for FY 2015-16 (Projected)

Sr. No.	Hydel Power Station	Installed Capacity	Net Generation	Avg. Net Fixed Assets	O&M	Post retirement benefits	Depreciation	Ijara Rental	ROI	NHP/ WUC @ Rs. 1.10/kWh	IRSA Charges @.005 Rs/kwh	Total Revenue Requirement	Misc Income	Net Revenue Requirement	Revenue Rate at Bus Bar
		MW	GWh	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.
1	Tarbela	3,478	14,284	6,073	2,992	1,488	221	3,574	1,045	15,712	71.4	25,104	(48)	25,056	1.75
2	Ghazi Brotha	1,450	6,910	69,262	1,110	428	1,950		11,200	7,601	34.6	22,324	(24)	22,300	3.23
3	Mangla	1,000	5,992	21,947	1,541	761	993		3,731	6,591	30.0	13,648	(4)	13,644	2.28
4	Warsak	243	1,021	2,201	678	249	42		374	1,123	5.1	2,472	(130)	2,342	2.29
5	Chashma	184	1,055	13,832	851	289	531		2,281	1,161	5.3	5,119	(43)	5,076	4.81
6	Jinnah HPP	96	463	16,509	157	35	427		2,242	509	2.3	3,372	(0)	3,372	7.28
7	Khan Khawar	72	595	9,403	122	18	312		1,609	655	3.0	2,719	-	2,719	4.57
8	Allai Khawar	121	269	15,123	55	25	438		2,588	296	1.3	3,403	-	3,403	12.65
9	Duber Khawar	130	627	23,488	48	5	511		4,019	690	3.1	5,276	-	5,276	8.41
10	Gomal Zam	17	96	7,627	37	10	195		1,297	106	0.5	1,644	-	1,644	17.12
11	Jabban	22	88	3,815	62	45	108		601	97	0.4	912	(91)	821	9.33
12	Rasul	22	122	358	96	38	9		61	134	0.6	339	0	339	2.78
13	Dargai	20	100	79	116	46	3		13	110	0.5	289	6	295	2.95
14	Nandipur	14	40	51	77	39	1		9	44	0.2	170	0	170	4.26
15	Shadiwal	14	34	46	101	27	1		8	37	0.2	175	0	175	5.14
16	Chichoki	13	33	38	56	35	0		7	36	0.2	134	0	135	4.08
17	Kuram Garhi	4	16	12	54	32	0		2	18	0.1	105	(3)	102	6.40
18	Renala Khurd	1	3	18	23	11	4		3	3	0.0	44	(2)	42	13.87
19	Chitral	1	4	36	41	53	1		6	4	0.0	105	0	105	26.21
20	Corporate Offices	-	-	210	342	557	-		36	-	-	935	(92)	843	0.03
	Total	6,902	31,752	190,127	8,557	4,193	5,750	3,574	31,130	34,927	158.8	88,289	(431)	87,858	2.77

3
G.M.F. (P)

Working of ROI (Operation) for FY 2015-16 (Projected)

Sr.N o.	Hydel Power Station	Net Fixed Assets O/B	Addition/ (Deletion)	Depr for the year	Net Fixed Assets C/B	Average Net Fixed Assets	O/S debts O/B	Loan repaymt amount	O/S debts C/B	Avg. debts Financing	Interest on debt	Avg cost of debt	Avg. Equity Financing	Return on Equity @ 17%	Total ROI	Debt finance ratio	Equity finance ratio	WACC
		Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	%age	Min. Rs.	Min. Rs.	Min. Rs.	%age	%age
1	Tarbela	6,038	290	221	6,107	6,073	1,250	81	1,169	1,209	218	18.0%	4,864	827	1,045	20%	80%	7.2%
2	Ghazi Brotha	70,103	269	1,950	68,422	69,262	15,338	2,763	12,575	13,956	1,798	12.9%	55,306	9,402	11,200	20%	80%	6.2%
3	Mangla	22,274	340	993	21,620	21,947	-	-	-	-	-	0.0%	21,947	3,731	3,731	0%	100%	7.0%
4	Warsak	1,847	750	42	2,554	2,201	-	-	-	-	-	0.0%	2,201	374	374	0%	100%	7.0%
5	Chashma	13,472	1,251	531	14,192	13,832	1,688	363	1,325	1,507	186	12.3%	12,326	2,095	2,281	11%	89%	15.5%
6	Jinnah HPP	16,570	305	427	16,448	16,509	6,012	1,268	4,744	5,378	350	8.5%	11,130	1,892	2,242	33%	67%	13.6%
7	Khan Khawar	9,497	124	312	9,309	9,403	1,831	229	1,602	1,717	302	17.6%	7,686	1,307	1,609	18%	82%	17.1%
8	Allai Khawar	15,326	32	438	14,920	15,123	3,239	405	2,834	3,037	533	17.6%	12,087	2,055	2,588	20%	80%	17.1%
9	Duber Khawar	23,730	28	511	23,245	23,488	4,804	600	4,204	4,504	791	17.6%	18,984	3,227	4,019	19%	81%	17.1%
10	Gomal Zam	7,703	43	195	7,552	7,627	-	-	-	-	-	0.0%	7,627	1,297	1,297	0%	100%	17.0%
11	Jabban	3,867	5	108	3,762	3,815	2,693	199	2,494	2,594	393	15.2%	1,221	208	601	68%	32%	15.7%
12	Rasul	326	72	9	389	358	-	-	-	-	-	0.0%	358	61	61	0%	100%	17.0%
13	Dargai	72	17	3	86	79	-	-	-	-	-	0.0%	79	13	13	0%	100%	17.0%
14	Nandipur	44	16	1	59	51	-	-	-	-	-	0.0%	51	9	9	0%	100%	17.0%
15	Shadiwal	40	13	1	52	46	-	-	-	-	-	0.0%	46	8	8	0%	100%	17.0%
16	Chichoki	31	15	0	46	38	-	-	-	-	-	0.0%	38	7	7	0%	100%	17.0%
17	Kuram Garhi	10	4	0	14	12	-	-	-	-	-	0.0%	12	2	2	0%	100%	17.0%
18	Renala Khurd	18	3	4	17	18	-	-	-	-	-	0.0%	18	3	3	0%	100%	17.0%
19	Chitral	36	2	1	37	36	-	-	-	-	-	0.0%	36	6	6	0%	100%	17.0%
	Corporate Offices	163	93	-	257	210	-	-	-	-	-	0.0%	210	36	36	0%	100%	17.0%
	Total	191,168	3,669	6,750	189,087	190,127	36,854	5,908	30,946	33,900	4,672	13.5%	156,227	26,559	31,130	18%	82%	16.4%

Cash inflow/ out flow for FY 2015-16

Sr.N o.	Hydel Power Station	Revenue receipts	Cash Disbursements				Total Payments	Revenue surplus
			O&M Expenses	Pension	Loan intrt + Prinpi & rentals	NHP,WUC & IRSA levies		
1	Tarbela	25,056	2,992	1,488	3,873	15,784	24,137	919
2	Ghazi Brotha	22,300	1,110	428	4,561	7,636	13,735	8,565
3	Mangla	13,644	1,541	761	-	6,621	8,923	4,720
4	Warsak	2,342	876	249	-	1,128	2,055	267
5	Chashma	5,076	851	289	549	1,166	2,855	2,221
6	Jinnah HPP	3,372	157	35	1,618	512	2,321	1,051
7	Khan Khawar	2,719	122	18	53	857	1,329	1,390
8	Allai Khawar	3,403	55	25	938	297	1,315	2,088
9	Duber Khawar	5,276	48	5	1,391	683	2,137	3,138
10	Gomal Zam	1,644	37	10	-	106	152	1,492
11	Jabban	821	62	45	592	97	796	25
12	Rasul	339	96	38	-	135	269	71
13	Dargai	295	116	46	-	111	273	22
14	Nandipur	170	77	39	-	44	161	10
15	Shadiwal	175	101	27	-	38	166	9
16	Chichoki	135	56	35	-	36	128	7
17	Kuram Garhi	102	54	32	-	18	103	(1)
18	Renala Khurd	42	23	11	-	3	37	5
19	Chitral	105	41	53	-	4	98	7
20	Corporate Offices	843	342	557	-	-	899	(57)
	Total	87,858	8,667	4,193	14,053	36,086	61,889	25,969

✓
G.M.F. (P)

WAPDA Hydroelectric (Development)

Project cost financing during FY 2015-16

S#	Hydel Power Project	Capital Cost Incurrence (Min.Rs)			Project Financing (Min.Rs)							Debt finance ratio %	Equity finance ratio %		
		CWIP O/B	Yearly cost		CWIP C/B	Local/ Foreign Loans O/B	Self Fin O/B	Repay-ments of Loan (L/F) to GoP	Yearly New Loans (L/F)	Yearly New Self Fin	Local/ Foreign Loans C/B			Self Fin C/B	Total Financing
			Addition	Transfer											
1	Golen Gol	13,827	9,691		23,518	8,384	5,444		8,410	1,281	16,794	6,725	23,518	67%	33%
2	Tarbela 4th Ext *	24,780	35,164		59,944	21,366	3,414		32,213	2,951	53,579	6,365	59,944	88%	12%
3	Keyal Khwar	2,733	4,075		6,808	1,336	1,397	-	3,360	715	4,696	2,112	6,808	63%	37%
4	DBD Land (A&R) **	40,560	28,006		68,566	39,163	1,397		28,006	-	67,169	1,397	68,566	97%	3%
5	DBD construction	11,720	5,740		17,460	3,361	8,359		-	5,740	3,361	14,099	17,460	23%	77%
6	Dasu	7,618	77,998		85,616	5,687	1,931		71,998	6,000	77,685	7,931	85,616	89%	11%
7	Mangla Rehab	1,054	3,374		4,428	347	707		3,309	65	3,656	772	4,428	73%	27%
8	Warsak Rehab	7	84		91	7	-		84	-	91	-	91	100%	0%
9	Mangla Trg Inst	109	196		305	50	59		105	91	155	150	305	49%	51%
10	Feasibilities Studies **	6,042	1,531	-	7,573	1,125	4,917		1,531	-	2,656	4,917	7,573	28%	72%
	Total	108,451	165,859	-	274,310	80,825	27,625	-	149,016	16,843	229,841	44,468	274,310	81%	19%

Reconciliation of Local / Foreign Loans
 Balance as per Fin. Statement
 Less: Cash in hand Tarbela 4th Ext.
 Less: Cash in hand DBD Loans.
 Dpening Balance Local / Foreign Loans

	(Budgeted) FY 2015	(Budgeted) FY 2016
	104,372	253,388
	1,002	1,002
	22,546	23,548
	80,824	229,840

Outstanding Debt 2014

	CDL	FRL	FDL	L.LOAN	TOTAL
H/Oper:	7,407	23,436	6,012	-	36,854
H/Develop:	59,736	33,063	-	11,573	104,372
Total	67,143	56,499	6,012	11,573	141,227

Movement

H/Dper:	(250)	(4,390)	(1,268)	-	(5,908)
H/Develop:	19,000	105,072	-	24,944	149,016
	18,750	100,682	(1,268)	24,944	143,108

Outstanding Debt 2015

H/Oper:	7,157	19,046	4,744	-	30,947
H/Develop:	78,736	138,135	-	36,517	253,388
Total	85,893	157,181	4,744	36,517	284,335
	total markup + idc				21,350

S#	Hydel Power Project	Yearly Project cost (Min Rs)					New yearly Loans (Min.Rs)				
		Land (A&R)	Civil works	EMH works	Over heads	IDC	Total yearly Cost	FRL	CDL	Local Bank Loan	Total yearly loans
1	Golen Gol	924	2,289	4,851	402	1,225	9,691	8,410		4,981	8,410
2	Tarbela 4th Ext	-	9,300	22,300	1,304	2,260	35,164	30,135		2,078	32,213
3	Keyal Khwar	20	2,580	520	545	410	4,075	3,040		320	3,360
4	DBD Land (A&R)	11,500	7,956	-	1,502	7,048	28,006	-	19,000	9,006	28,006
5	DBD construction	-	4,30	20	1,590	-	5,740	-	-	-	-
6	Dasu	6,316	32,294	16,469	17,155	5,764	77,998	66,193		5,805	71,998
7	Mangla Rehab	-	20	3,094	280		3,374	2,170		1,139	3,309
8	Warsak Rehab	-	55	2	27	-	84	-		84	84
9	Mangla Trg Inst	-	161	-	20	15	196	105		-	105
10	Feasibilities Studies	900	20	-	555	59	1,531	-		1,531	1,531
	Total	19,660	58,805	47,256	23,360	16,778	165,859	105,072	19,000	24,944	149,016

G.M.F. (P)

Working of ROI on Hydel Power Projects

S#	Hydel Power Project	Avg CWIP cost	Avg Debt financing	Avg Equity financing	Yearly IDC	Avg cost of debt %age	Avg ROE %age	Yearly ROE	WACC %	Yearly ROI
1	Golen Gol	18,673	12,589	6,084	1,225	10%	17%	1,034	12%	2,259
2	Tarbela 4th Ext	42,362	37,473	4,890	2,260	6%	17%	831	7%	3,091
3	Keyal Khwar	4,771	3,016	1,755	410	14%	17%	298	15%	708
4	DBD Land (A&R)	54,563	53,166	1,397	7,048	13%	17%	237	13%	7,285
5	DBD construction	14,590	3,361	11,229	-	0%	17%	1,909	13%	1,909
6	Dasu	46,617	41,686	4,931	5,764	0%	17%	838	2%	838
7	Mangla Rehab	2,741	2,002	740	-	0%	17%	126	5%	126
8	Warsak Rehab	49	49	-	-	0%	17%	-		-
9	Mangla Trg Inst	207	102	105	15	15%	17%	18		-
10	Feasibilities Studies	6,807	1,890	4,917	56	3%	17%	836	13%	892
Total		191,380	155,333	36,047	16,778	11%	17%	6,128	11.97%	22,906

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G.M.F. (P)

CONSOLIDATED (WITH REVENUE GAP)

Revenue Requirement for FY 2015-16 (Projected)

Sr. No.	Hydel Power Station	Installed Capacity	Net Generation	Avg. Net Fixed Assets	O&M	Post retirement benefits	Depreciation	Ijara Rental	ROI	NHP/ WUC @ Rs. 1.10/kWh	IRSA Charges @.005 Rs/kwh	Total Revenue Requirement	Misc Income	Net Revenue Requirement	Revenue Rate at Bus Bar
		MW	GWh	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.	Min. Rs.
1	Tarbela	3,478	14,284	6,073	2,992	1,488	221	3,574	1,045	15,712	71.4	25,104	(48)	25,056	1.75
2	Ghazi Brotha	1,450	6,910	69,262	1,110	428	1,950		11,200	7,601	34.6	22,324	(24)	22,300	3.23
3	Mangla	1,000	5,992	21,947	1,541	761	993		3,731	6,591	30.0	13,648	(4)	13,644	2.28
4	Warsak	243	1,021	2,201	678	249	42		374	1,123	5.1	2,472	(130)	2,342	2.29
5	Chashma	184	1,055	13,832	851	289	531		2,281	1,161	5.3	5,119	(43)	5,076	4.81
6	Jinnah HPP	96	463	16,509	157	35	427		2,242	509	2.3	3,372	(0)	3,372	7.28
7	Khan Khawar	72	595	9,403	122	18	312		1,609	655	3.0	2,719	-	2,719	4.57
8	Allai Khawar	121	269	15,123	55	25	438		2,588	296	1.3	3,403	-	3,403	12.65
9	Duber Khawar	130	627	23,488	48	5	511		4,019	690	3.1	5,276	-	5,276	8.41
10	Gomal Zam	17	96	7,627	37	10	195		1,297	106	0.5	1,644	-	1,644	17.12
11	Jabban	22	88	3,815	62	45	108		601	97	0.4	912	(91)	821	9.33
12	Rasul	22	122	358	96	38	9		61	134	0.6	339	0	339	2.78
13	Dargai	20	100	79	116	46	3		13	110	0.5	289	6	295	2.95
14	Nandipur	14	40	51	77	39	1		9	44	0.2	170	0	170	4.26
15	Shadiwal	14	34	46	101	27	1		8	37	0.2	175	0	175	5.14
16	Chichoki	13	33	38	56	35	0		7	36	0.2	134	0	135	4.08
17	Kuram Garhi	4	16	12	54	32	0		2	18	0.1	105	(3)	102	6.40
18	Renala Khurd	1	3	18	23	11	4		3	3	0.0	44	(2)	42	13.87
19	Chitral	1	4	36	41	53	1		6	4	0.0	105	0	105	26.21
20	Corporate Offices	-	-	210	342	557	-		36	-	-	935	(92)	843	0.03
	Total	6,902	31,752	190,127	8,557	4,193	5,750	3,574	31,130	34,927	158.8	88,289	(431)	87,858	2.77
21	Capital WIP	-	-	191,380	-	-	-	-	22,906	-	-	22,906	-	22,906	0.72
	Total	6,902	31,752	381,507	8,557	4,193	5,750	3,574	54,036	34,927	159	111,195	(431)	110,764	3.49

Regulatory Revenue Gap 2013-14	9,192
Regulatory Revenue Gap 2014-15	2,165
Total Revenue Gap	11,356
Total Revenue Requirement	122,121
	3.85

G.M.F. (P)