FUELING THE FUTURE

ANNUAL REPORT
TWENTY 21

HUBCO

About the Cover

Power, in its raw and unharnessed form, is when it becomes a force unstoppable, a force that powers through. We look towards nature to witness that oldest and most expansive source of unharnessed power.

HUBCO, as Pakistan's largest Independent Power Producer, channels that expansive power into a force for good. Our resolve – to herald a new age of energy independence and focus on utilizing indigenous resources to serve our great nation and fuel our future.

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ORGANIZATIONAL OVERVIEW

Forests are the world's oxygen factories, providing dependable and clean air to breathe. This is the same role that HUBCO is playing in Pakistan's energy landscape - providing dependable and increasingly renewable ways to provide power to the nation.

Since 1997 HUBCO has been the leading and largest IPP of Pakistan, supplying reliable power to millions of households and setting the highest international standards of safety and the environment. With our vision and mission statement, we strive to be at the forefront of economic and social transformation in Pakistan by providing reliable and affordable energy to our people. Energy is the foundation of economic prosperity and therefore, we believe that energy fuels life.

VISION

"FUELING lives through energy."

MISSION

To be a growth-oriented company recognized for international standards in safety and environment in providing reliable and affordable energy; serving the country, its stakeholders and local community as a responsible corporate citizen.

CORE VALUES

PASSION

OWNERSHIP

WINNING

ENJOYMENT

RENEWAL

COMPANY **PROFILE**

Capacity
2,921
MW

Revenue
54.6 BN
in PKR

Net Profit
34.8 BN
in PKR

No. of Employees
744 People
across all functions

Philanthropy:
94 MN
in PKR

Operations & Capacity:

Hub Plant – **1292 MW**
Narowal Plant – **225 MW**
Laraib Plant – **84 MW**

CPEC Affiliation:

1. Imported coal-based CPHGC Plant – **1320 MW**
2. Local-coal based Thar Energy Limited – **330 MW**
3. Local-coal based TNPTL – **330 MW**
4. Local-coal mining SECMC – **3.8 MTPA**

O&M Landscape:

1. Hub Plant
2. Narowal Plant
3. Laraib Plant
4. Thar Energy Limited Plant
5. ThalNova (TNPTL) Plant

GROUP **STRUCTURE**

THE HUB POWER COMPANY LIMITED

SUBSIDIARIES		• Laraib Energy Limited (LEL) • Hub Power Holdings Limited (HPHL) • Hub Power Services Limited (HPSL) • Narowal Energy Limited (NEL) • Thar Energy Limited (TEL)
ASSOCIATES		• ThalNova Power Thar (Private) Limited (TNPTL) • China Power Hub Generation Company (Private) Limited (CPHGC)
JOINT VENTURES		• Prime international Oil & Gas Company Ltd. (Joint Venture company that acquired ENI Pakistan's business)
OTHERS		• Sindh Engro Coal Mining Company Limited (SECMC)

GEOGRAPHICAL **PRESENCE**

HUB POWER PLANT

Total Capacity:
1292
MW (Hub), Oil Fired

NAROWAL ENERGY LIMITED

Total Capacity:
225
MW (Narowal), Thermal

LARAIB ENERGY LIMITED

Total Capacity:
84
MW (Mirpur), Hydel

CPHGC PLANT

Total Capacity:
1320
MW (Hub), Coal

TEL PLANT

Total Capacity:
330
MW (Thar), local coal based

THALNOVA PLANT

Total Capacity:
330
MW (Thar), local coal based

SECMC

Total Capacity:
3.8
MTPA, (Thar), local coal based

COMPANY INFORMATION

Board of Directors

Mr. M. Habibullah Khan	Chairman
Mr. Kamran Kamal	Chief Executive Officer
Mr. Aly Khan	Member
Ms. Aleeya Khan	Member
Mr. Javed Akbar	Member
Mr. Manzoor Ahmed	Member
Mr. Muhammad Ali	Member
Mr. Ejaz Sanjrani	Member (GOB Nominee)
Mr. Owais Shahid	Member
Dr. Nadeem Inayat	Member
Mr. Saad Iqbal	Member

Company Secretary

Ms. Faiza Kapadia

Audit Committee

Mr. Manzoor Ahmed	Chairman
Mr. Aly Khan	Member
Dr. Nadeem Inayat	Member
Mr. Owais Shahid	Member
Mr. Saad Iqbal	Member
Mr. Irfan Iqbal	Secretary

Leadership Team

Mr. Kamran Kamal	Chairman
Mr. Saleemullah Memon	Member
Mr. Abdul Nasir	Member
Mr. Farrukh Rasheed	Member
Mr. Faheem Arsal	Member
Mr. Fayyaz Ahmed Bhatti	Member
Mr. Amjad Raja	Member
Mr. Muhammad Talha	Secretary

Head Office Address

11th Floor, Ocean Tower
Block-9, Main Clifton Road, Karachi
P.O. Box No. 13841, Karachi-75600
Email: Info@hubpower.com
Website: http://www.hubpower.com

Principal Bankers

1. Allied Bank of Pakistan
2. Askari Bank Limited
3. Bank Alfalah Limited
4. Bank Al-Habib Limited
5. Bank Islami Pakistan Limited
6. Bank of Punjab
7. Albaraka Bank Limited
8. Citibank N.A. Pakistan
9. Dubai Islamic Bank Pakistan Limited
10. Faysal Bank Limited
11. Habib Bank Limited
12. Habib Metropolitan Bank Limited
13. Industrial & Commercial Bank of China
14. JS Bank Limited
15. MCB Bank Limited
16. Meezan Bank Limited
17. National Bank of Pakistan
18. Pak Brunei Investment Company Limited
19. Pak China Investment Company Limited
20. Samba Bank Limited
21. Standard Chartered Bank (Pakistan) Ltd.
22. United Bank Limited

Inter-Creditor Agents

23. Habib Bank Limited
24. MCB Bank Limited
25. Allied Bank Limited

Legal Advisor

Syed Jamil Shah

Auditors

A.F. Fergusan & Co. Chartered Accountants

Registrar

FAMCO Associates (Pvt) Ltd.

Hub Plant

Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan.

Narowal Plant

Mouza Poong,
5 Km from Luban Pulli Point on Mureedkay-Narowal Road, District Narowal, Punjab.

Laraib Energy Ltd

Head Office:
Office No. 12, 2nd Floor, Executive Complex, G-8, Markaz, Islamabad.

Laraib Plant:

New Bong Escape Hydro-Electric Power Complex, Village Lehri, Tehsil & District Mirpur, Azad Jammu & Kashmir.

A BRIEF HISTORY OF **HUBCO**

1985

Government of Pakistan and World Bank developed a strategy for private investment in Pakistan's Power Sector

1988

Completion of Feasibility Study of 1292MW Oil Fired Power Project in area near the Hub River Estuary

1991

The Hub Power Company Limited (HUBCO) incorporated in Pakistan as a Limited Liability Company to undertake the Project

2013

Laraib (84MW) run-of-the-river Hydel Plant at Mirpur AJ&K – 1st Hydel IPP of Pakistan

2015

Subsidiaries Established:

- Hub Power Services Ltd (HPSL)
- Hub Power Holdings Ltd (HPHL)
- Narowal Energy Limited (NEL)

2016

HUBCO (HPSL) undertakes O&M of Narowal Plant (225MW) on April 22, 2016

1995

Financial Close of Hub Power Plant, 1st Project Funded by World Bank

1997

Hub (1292MW) Construction Comple-tion of Oil Fired IPP – 1st in the history of Pakistan

2011

HUBCO-Narowal Power Plant- 225MW Thermal Power Project

2018

Acquisition of 330MW ThalNova Power Thar (Pvt.) Ltd. in Thar Block II

HUBCO (HPSL) under-takes O&M of Laraib Energy Limited

2019

• Increase of shareholding in 1320MW China Power Hub Generation Company Limited (CPHGC) from 26% to 47.5%

• HUBCO (HPSL) takes charge of the mobilization, operation, maintenance and overhauling of TEL (330MW) & ThalNova Power Thar (Pvt.) Ltd (330MW)

2020

HUBCO achieves Financial Close of Thar Energy Limited and ThalNova

2021

HUBCO acquires ENI Pakistan's business through a 50:50 joint venture - Prime Inter-national Oil & Gas Company Ltd

SWOT **ANALYSIS**

STRENGTHS

- Solid technical expertise in diverse power generation technologies
- Country-wide geographical presence
- Multi-billion dollar project execution experience
- Best in class management and governance practices

WEAKNESSES

- Cash flow constraints due to increasing receivables from govt.
- Power generation portfolio skewed towards expensive fuel
- Low demand of RFO based power generation

OPPORTUNITIES

- Inevitable water scarcity requires immediate Water Solutions
- Inappropriate fuel mix and retiring power plants presents a strong case for Renewable Energy
- The acquisition of ENI has opened numerous possibilities in the Oil & Gas sector

THREATS

- Government unable to resolve Circular Debt issue
- Delays in completion of projects under consideration

BUSINESS **STRATEGY**

With an aggressive growth plan and a focus on increasing shareholder value, we have remained committed to promoting the long-term development of Pakistan's energy landscape. As part of our growth strategy, we have diversified our portfolio by the acquisition of ENI Pakistan's business and further exploring projects in the domain of sustainable infrastructure development.

In the years to come, our business strategy will be focused on:

- Aligning our HSE systems with the best of international practices
- Increasing reliability and sustainability of our base business
- Capitalizing on our technical expertise to provide cost effective O&M
- Diversifying business portfolio and customer base by venturing into exploration and sustainable infrastructure projects
- Strengthening our team by attracting, hiring and retaining best-in-class talent

The strategy is not just to aim for maximization of profit but also to ensure that the local communities, our partners and other stakeholders also benefit from our prosperity by investing 1% of PAT on projects of socio-economic development.

A stampede is so seismic that one taking place can be heard and felt from miles away. Once it sets into motion, nothing stands in its path.

Drawing a parallel from nature, HUBCO's leadership is committed to ploughing forward in delivering its promise of value despite facing insurmountable odds.

GOVERNANCE

BOARD & **LEADERSHIP**

MR. M. HABIBULLAH KHAN

Chairman

Mr. M. Habibullah Khan is the Founder and Chairman of Mega Conglomerate - Mega & Forbes Group of Companies. Mega Group – MFG is a diversified conglomerate with business holdings including the country's largest container terminal, third largest dairy producer, top tier cement manufacturing company, vertically integrated shipping company and most progressive real-estate developer responsible for the only L.E.E.D. certified commercial building in Pakistan.

Through over three decades of active patronage and participation in social and environmental welfare, he has also become strongly associated with various charitable causes; recently donating a building for visiting professors at the Institute of Business Administration in Karachi.

MR. KAMRAN KAMAL

Chief Executive Officer

Kamran Kamal is an energy technology and policy specialist with experience in several different areas, including business strategy, wholesale electricity market reforms, electricity derivatives, energy technology evaluation and largescale infrastructure project structuring. He holds a Master's in Public Policy from Harvard University and a Bachelor's degree in Electrical and Computer Engineering from Georgia Tech. He joined HUBCO as Chief Executive Officer Laraib Energy Limited, Pakistan's first Hydel Independent Power Plant (IPP). Prior to becoming CEO of Laraib Energy Limited, Kamran held the position of Vice President, China Power Hub Generation Company where he was responsible for development of Barge Jetty and fuel supply chain for 1320 MW Coal fired Power Plant.

Previously, he was Commodities Trade Head, Engro EXIMP FZE where he managed Fertiliser, Coal, Oilseeds and Sugar Trading Portfolio. He led the company's growth into new geographies and commodities portfolio. During his tenure at Engro, Kamran was also involved in major energy & infrastructure projects including Thar Coal Mining & Power Plant, LNG Floating terminal and RLNG based power plant.

Throughout the years, Kamran has been responsible for large capital projects, building organizational capabilities and for overall business delivery in both management, executive and Board roles.

MR. ALY KHAN

Mr. Aly Khan is an Honors M.Sc. Graduate from Boston College and an Undergraduate B.S. from Northeastern University.

Over the course of the last decade, he has cultivated his professional career working in London, Singapore and New York for various global institutions including Citi Group and Yang Ming Marine Transport Corporation in several management and training capacities.

Locally, Mr. Khan has extended valuable contributions to multiple ventures through key management roles including spearheading the construction and operation of Pakistan's first commercial L.E.E.D. Certified Building, setting up a state-of-the-art 8,000 ton per day cement plant and growing one of the country's largest dairy businesses to 600,000 liters per day of sales.

He is the Chairman of Pioneer Cement Limited., Chairman of Haleeb Foods Limited and Director of Qasim International Container Terminal. He is an SECP certified director in corporate governance.

MS. ALEEYA KHAN

Ms. Aleeya Khan holds an M. Arch. Graduate Degree from Columbia University GSAPP and an Undergraduate Honors B. Arts in Urban Design & Architecture from New York University.

During her time at university she periodically worked at the globally recognized architecture firm, Beyer Blinder Belle. After finishing her formal education Ms. Khan spent six months working at a New York based practice Only-If Architecture and then moved back to Pakistan to work at Imperial Builders & Developers (Private) Ltd, the real estate development arm of Mega Conglomerate.

Over the last few years, she has been working on several projects in collaboration with one of Pakistan's leading architecture firms, Habib Fida Ali Architects to familiarize herself with the local market and expand the IDBL portfolio and continue in its goal to change the Real Estate landscape of Pakistan. While actively participating in the architecture, construction, and management side of IDBL, Aleeya founded ALEEYA. design studio (A.) to further cultivate her personal design philosophy - creating minimalistic design solutions that allow for a coalescence between aesthetics and functionality.

Aleeya also serves as a Director of Pioneer Cement Ltd. and Haleeb Foods Limited. She is an SECP certified director in corporate governance.

MR. JAVED AKBAR

Mr. Javed Akbar has undergraduate and post-graduate qualifications in Chemical Engineering from the United Kingdom, and has over 40 years of experience in fertilizer and chemical business with Exxon, Engro and Vopak. He has managed Exxon and Engro fertilizers plants and their expansions in Pakistan, worked in Exxon's Chemical Technology divisions in USA and Canada, and served as Human Resources Manager in Exxon Pakistan. He was part of the buyout team when Exxon divested its stake in Engro.

Prior to his retirement in 2006, he was Chief Executive of Engro Vopak Terminal Limited, a joint venture between Engro and Royal Vopak of Holland. After his retirement, he established a consulting company specializing in analyzing and forecasting petroleum, petrochemical and energy industry trends and providing strategic insight. He is on the boards of Engro Fertilizers Limited, Engro Powergen Thar (Private) Limited, Engro Vopak Terminal Limited, Efert Agritrade (Private) Limited, Reon Energy Limited and Javed Akbar Associates (Private) Limited. He also serves on the panel of Energy Experts Group and environmental experts of Sindh Environmental Protection Agency. He joined the board of Hub Power Company Limited in 2017.

MR. MANZOOR AHMED

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 150bn. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that include capital market operations, investment management, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is an M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing Chartered Financial Analyst (CFA) level III.

Mr. Manzoor Ahmed has vast experience of serving on the Boards of various top-ranking companies of Pakistan belonging to diverse sectors of the economy.

Mr. Ahmed has also attended various training courses organized by Institutions of international repute like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Manzoor Ahmed is also a member of the Defence Authority Country and Golf Club – Karachi.

MR. EJAZ SANJRANI

Mr. Ejaz Sanjrani holds a Master's degree from the University of Westminster, United Kingdom. He has remained Coordinator to Chief Minister on Balochistan Revenue Authority. Presently, he is holding the position of Special Assistant to Chief Minister for Population Welfare & Balochistan Revenue Authority. He is also holding the directorship on the Board of ENAR Petrotech Services under the Ministry of Industries & Production.

Mr. Sanjrani is also Director Sanjrani Mining Company, Sanjrani Construction Company and Sanjrani Coal Company. He has extensive experience in social and human resource management in public and private sectors.

MR. OWAIS SHAHID

Mr. Owais Shahid is Chief, Corporate & Investment Banking Group in Allied Bank Limited (ABL). His portfolio includes Financial Institutions, Corporate Banking, International Banking, Investment Banking, Capital Markets and Home Remittances. His Corporate & Investment Banking experience spans over 21 years and includes numerous innovative and unique transactions in syndications, M&A, listings, project financing and capital markets. With strong credit background and substantial corporate finance & advisory experience, he has led a number of landmark transactions and has executed over 700 investment banking transactions valuing over USD 50 Billion with ABL being in a lead role. In recognition of ABL's market leadership in investment banking in Pakistan, ABL was honored with over 40 investment banking awards from internationally recognized institutions.

Owais also represents ABL on the Board of The Hub Power Company and is a Trustee Member of Friends of IBA Trust. Previously, he has served on the Boards of Kapco, Narowal Energy, Laraib Energy and Atlas Power. Prior to joining ABL, he has worked for National Bank of Pakistan, Standard Chartered Modaraba and Emirates Bank International. His qualifications include BBA (Hons) & MBA from IBA, Karachi and Chartered Financial Analyst from CFA Institute, USA.

MR. SAAD IQBAL

Mr. Saad Iqbal graduated from Curry College, USA in Business Communication as his major. Mr. Saad has also completed a postgraduate diploma in International Business Management from the Kingston University, United Kingdom. He has also obtained certificates in finance for non-financial managers from LUMS, Capital Markets and Finance from KSBL and Financial Modeling from IBA.

He is on the Board of several companies including Kot Addu Power Company Limited (Kapco), Tariq Glass Industries Limited, Millat Tractors Limited, Gul Ahmed Bio Films Limited, Swift Textile Mills (Private) Limited, Metro Solar Power Limited, Metro Power Company Limited and Metro Wind Power Limited.

DR. NADEEM INAYAT

Dr. Nadeem Inayat is currently heading the Strategy Function of Fauji Foundation as Senior Director, Strategy and M&A Division. He holds a Doctorate in Economics and has over 30 years of diversified domestic as well as international experience in the financial sector. He has vast experience in corporate governance, policy formulation and deployment, project appraisal, implementation, monitoring & evaluation, restructuring and collaboration with donor agencies.

He is also a Board member of different listed and unlisted companies, Foundation University Islamabad and has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a member of Pakistan Institute of Development Economics (PIDE).

MR. MUHAMMAD ALI

Mr. Ali has over 20 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, construction, operations and management of mega-size projects. He has recently taken over the energy business portfolio of the JS group of companies as CEO of JS Energy where he looks after the group's oil and gas, power generation, and energy storage and handling businesses.

Previously he served as CEO of Engro Vopak Terminal – Pakistan's largest bulk liquid chemical import terminal, CEO of Engro Elengy Terminal – Pakistan's first LNG terminal and CEO of Engro Powergen Qadirpur Limited – a 220 MW gas-fired IPP. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW Wind IPP in Pakistan, and ran the feasibility for a 450MW LNG to power plant.

Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a $1.1 billion grassroots ammonia/urea plant, which at the time was the world's largest single train project of its kind.

He has been a board member of the Hub Power Company, Laraib Energy (84MW Hydro power IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company, a Thar coal mining company), Engro Powergen Thar Ltd (660MW coal IPP), GEL Nigeria (84MW Nigerian IPP) and Petroleum Institute of Pakistan.

He holds a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

BOARD & FUNCTIONAL **COMMITTEES**

The Board has established three Committees to conduct smooth opeations of the Board and assist in decision making. All three committees are chaired by non-executive directors.

The election for the Board of Directors was held on October 5, 2018. These committees are as follows:

Board Audit Committee (BAC):

The committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders in compliance with the requisite legislative and regulatory standards, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate. The committee met four times during the year and the attendance was as follows:

Names		Meetings Attended
Mr. Manzoor Ahmed	Chairman BAC	4/4
Mr. Aly Khan	Member	4/4
Dr. Nadeem Inayat	Member	4/4
Mr. Owais Shahid	Member	3/4
Mr. Saad Iqbal	Member	3/4

Secretary: Mr. Muhammad Irfan Iqbal

Board Nomination & Compensation Committee (BNCC):

The committee meets to review and recommend all elements of the Compensation, Organization and Employee Development policies relating to the senior executives and members of the management committee. The CEO attends Board Compensation Committee meetings by invitation. The committee met once during the year and the attendance was as follows:

Names		Meetings Attended
Mr. Javed Akbar	Chairman BNCC	1/1
Mr. Manzoor Ahmed	Member	1/1
Ms. Aleeya Khan	Member	1/1
Mr. Aly Khan	Member	1/1
Mr. Muhammad Ali	Member	1/1

Secretary: Mr. Farrukh Rasheed

Board Investment Committee (BIC):

The committee reviews the investment plans and assists the Board in evaluating investment performances whilst also monitoring various investment opportunities to utilize the Company's capital and financial resources. The Committee also reviews issues relating to investment, corporate finance, mergers and acquisitions.

No Committee meetings were held during the year.

LEADERSHIP **TEAM**

Our Leadership Team is responsible for strategic business planning and technical, financial and HR decision-making. Together, the LT members bring an extensive range of knowledge, experience and expertise to the Company. The team members are as follows:

Mr. Kamran Kamal
CEO HUBCO

Mr. Saleemullah Memon
CEO TEL & ThalNova

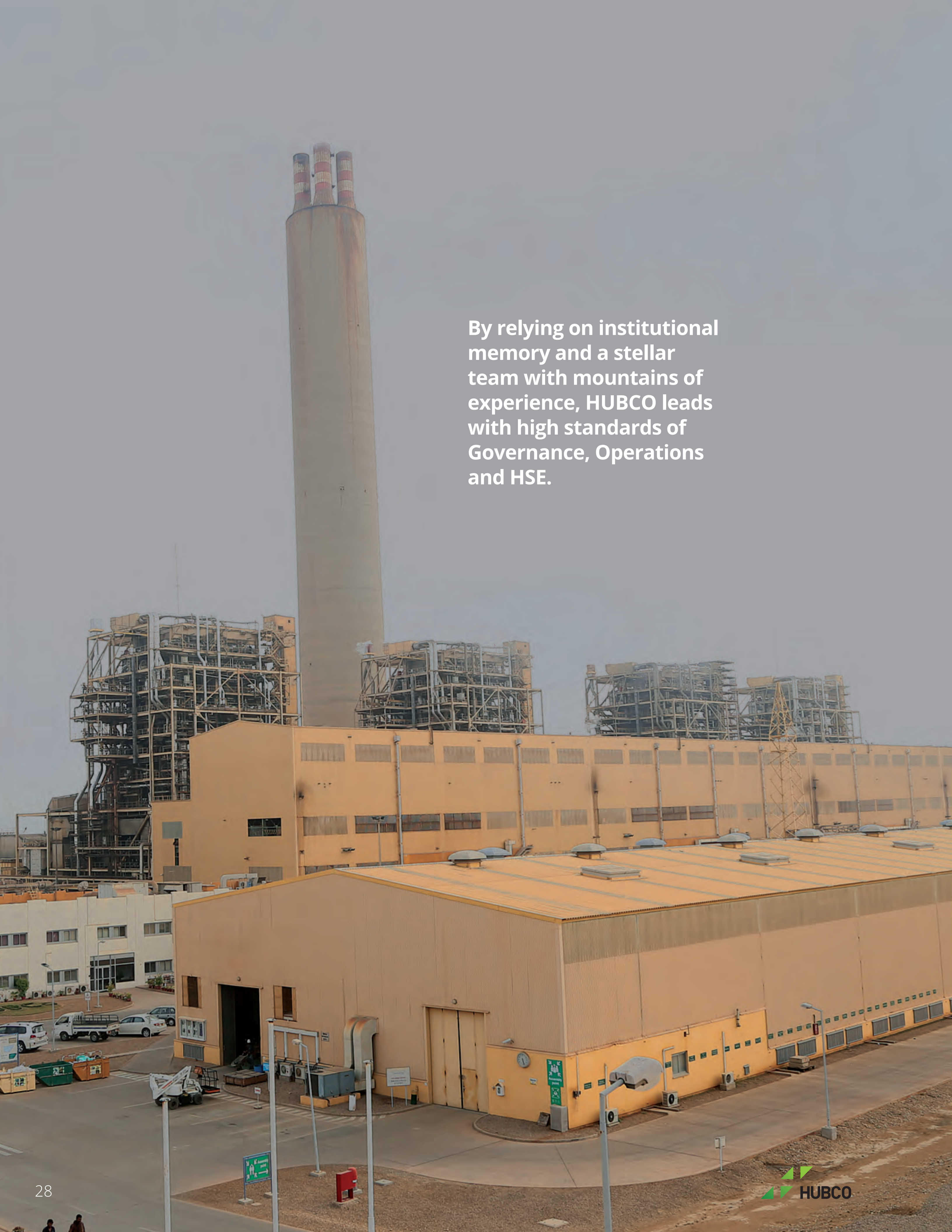
Mr. Abdul Nasir
CFO HUBCO

Mr. Farrukh Rasheed
VP HR & Digitalization

Mr. Amjad Raja
VP Operations

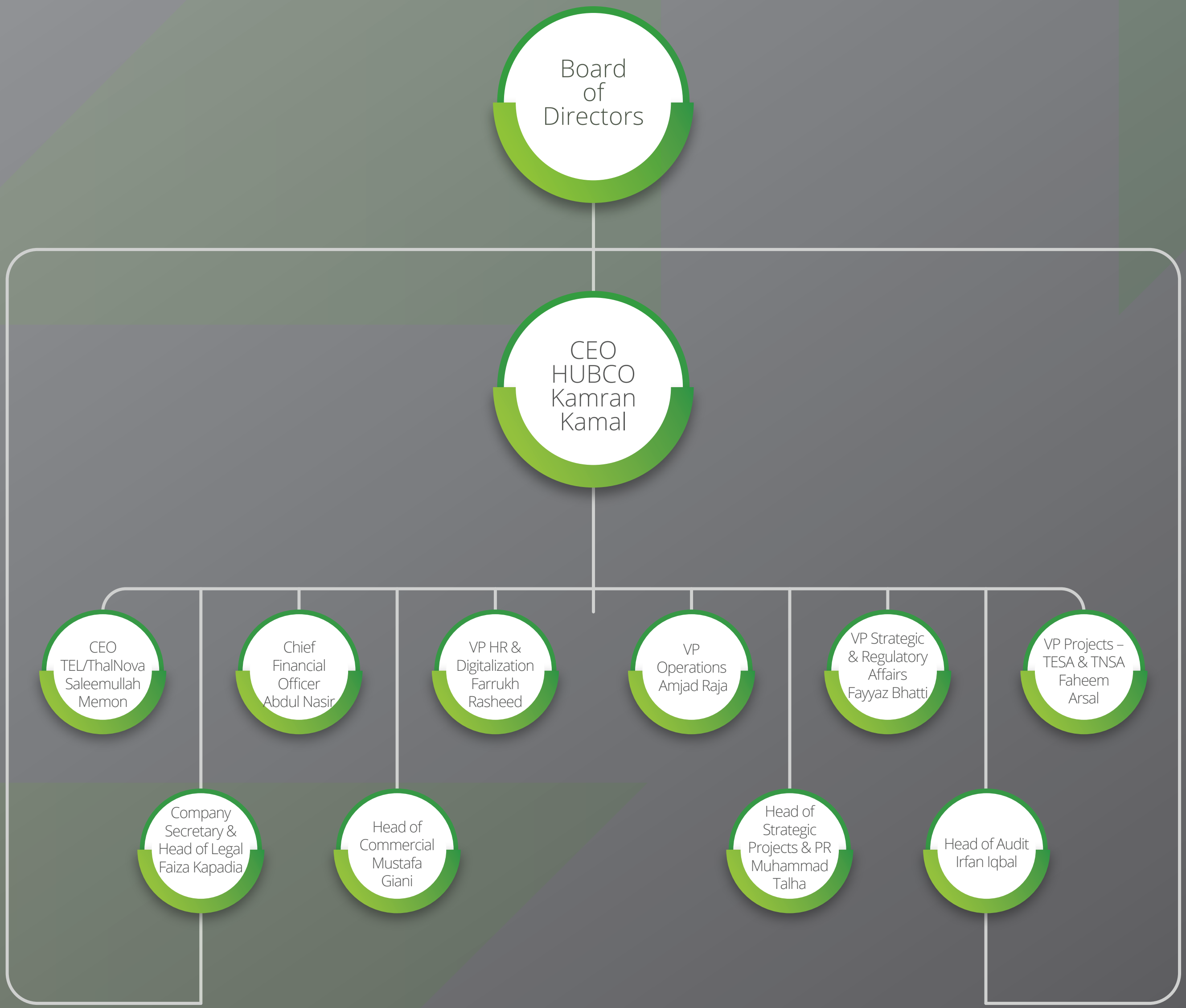
Mr. Faheem Arsal
VP Projects - TESA & TNSA

Mr. Fayyaz Ahmed Bhatti
VP Strategic & Regulatory Affairs



By relying on institutional memory and a stellar team with mountains of experience, HUBCO leads with high standards of Governance, Operations and HSE.

ORGANIZATIONAL **STRUCTURE**



CHAIRMAN'S **REVIEW**

Dear Stakeholders,

Thank you for your unwavering support and steadfast confidence in the Company's ability to deliver on its promise of creating value.

The fiscal year began with the COVID-19 pandemic at its peak. Global economic experts predicted this would lead to devastating economic disruption for countries regardless of their size, wealth or growth trajectories. The IMF predicted that the global GDP would fall to -4.4% and that of Pakistan would fall to -0.4%. The pandemic did indeed batter the country's economy, putting immense pressure on the Government to keep the economy afloat. Emergency measures including restricted public activity, extensive health systems strengthening and provision of immediate relief to the most vulnerable segments of society further constrained the country's already narrow fiscal space.

Our teams had pre-emptively planned for mitigating the potential impacts of the pandemic and put in motion a comprehensive plan to steer our business in the right direction amid mounting challenges. Our key priorities were to ensure continuity of safe and reliable operations and maintain financial sustainability with a strong focus on fulfilling shareholder expectations.

The Company's under-construction CPEC projects also faced pandemic-related challenges, with disruptions in global supply chains and international travel affecting equipment delivery and skilled manpower movement to the site. However, our diligent teams swiftly amended project construction plans in partnership with our contractors and suppliers to maintain the pace of construction on site throughout the pandemic.

As we progressed through the year, Pakistan's economic recovery was stronger than expected. A significant improvement in all major economic indicators was observed, leading to an improvement in the overall business environment. Despite the pandemic-related economic slowdown observed earlier, there was an increase in the country's electricity offtake resulting in higher payments to IPPs. In light of burgeoning capacity payments, the Government initiated negotiations with IPPs to settle their long overdue payments. The first installment of 40% payment for 1994 Policy IPPs under the revised contracts was made in June 2021. We are optimistic that the Government will release the remaining 60% payments within committed timelines along with payment for 2002 Policy IPPs in the coming months.

The Government's delay in establishing a revolving account for CPEC projects, including our 2x660MW imported coal fired power plant (CPHGC), has been a sector-wide concern. We are continuously working with the relevant Government interfaces to resolve this long-standing issue, which will not only improve our liquidity and restore investors' confidence, but also bring the country closer to realizing its ambition of affordable energy for all.

Throughout the year, we actively pursued various growth opportunities aligned with our long-term vision. The Company purchased a significant stake in ENI's Pakistan business, successfully diversifying our business portfolio and, more importantly, strengthening our future financial stability. The Company has also been engaged in developing various projects in the domain of Water Recycling to address the worsening water scarcity issue in Karachi. These projects have been developed in consultation with global leaders in water solutions and hence, offer the best in-class technological solutions with significant financial benefits to the shareholders.

Recently there has been a transition in the Company's leadership and a critical focus area for the Board was the Company's future stewardship. It was a testament of the Company's capable & experienced talent pipeline that the Board appointed Mr. Kamran Kamal, previously, CEO of our subsidiary Laraib Energy Ltd. as the CEO of HUBCO to lead the next wave of business transformation.

The Board has entrusted the young and dynamic leadership to accelerate the Company's growth into renewables and sustainable infrastructure and exceed shareholder expectations. I hope that the next year proves to be a defining moment in the history of HUBCO and our country.

Warmest personal regards,

M. Habibullah Khan

MR. M. HABIBULLAH KHAN

As we progressed through the year, Pakistan's economic recovery was stronger than expected. A significant improvement in all major economic indicators was observed, leading to an improvement in the overall business environment.

MR. KAMRAN KAMAL

The year 2020-21 introduced unprecedented challenges amid the COVID-19 pandemic. It is but for the Grace of God, the boundless courage of our employees and their commitment to the success of this Company that we successfully delivered on our envisioned plan.

CEO'S **MESSAGE**

The year 2020-21 introduced unprecedented challenges amid the COVID-19 pandemic. It is but for the Grace of God, the boundless courage of our employees and their commitment to the success of this Company that we successfully delivered on our envisioned plan.

As an essential services organization mandated to continue uninterrupted operations, we strictly observed the best-in-class COVID-19 Standard Operating Procedures (SOPs) for the safety of our frontline employees and while doing so, our plants seamlessly met the required standards for Efficiency, Availability and Safety.

I am proud to report that, from a financial standpoint, the Company has grown its bottom-line relative to the preceding year. Our consolidated net profit for the year under review clocked in at Rs. 33.7 billion, translating to an earnings per share (EPS) of Rs. 25.97, compared to last year's net profit of Rs. 25.04 billion and EPS of Rs. 19.31. While the business generated a strong growth of 34.5 percent in consolidated net profits, delays in the payments of our outstanding dues constricted our cash flows. Despite this hurdle, the Company resumed its dividend payout to shareholders, paying a total of Rs. 12 per share as dividend during the year under review. The Company received its first tranche of 40 percent of the overdue receivables against Agreements signed for tariff reduction with the Government of Pakistan. The remaining balance of 60 percent is expected to be paid by December 2021 and payments to Independent Power Producers (IPPs) under the 2002 Policy are also expected in the coming months, thereby further reducing overdue receivables.

Our indigenous coal projects, Thar Energy Limited (TEL) and ThalNova Power Thar (Pvt.) Limited (TNPTL) ensured continuity of their work and achieved significant progress despite pandemic related challenges. We have targeted to achieve Commercial Operations Date (COD) for TEL by the first quarter of 2022 and for TNPTL by the second quarter of 2022.

In line with our future growth aspirations, we finalized the acquisition of ENI Pakistan's business through a 50:50 joint venture (Prime International Oil & Gas Company). This acquisition will be the Company's first stride into Pakistan's Oil & Gas sector. ENI's highly skilled workforce and domain-specific expertise offer immense growth opportunities in the energy and exploration space.

To further our ambition of providing sustainable infrastructure and addressing the country's water crisis, the Company is developing a wastewater recycling project. The project will convert wastewater into industrial grade water to be consumed by industries in Karachi's SITE area. This recycled water will act as a substitute for potable water currently being used by industries. The potable water will be redirected for domestic consumption to alleviate Karachi's acute water shortage.

We remain committed to upholding the highest standards for Health, Safety, and the Environment (HSE) and have ensured compliance with global best practices. The Company followed a comprehensive Process Safety Management (PSM) framework built around OSHA standards. Independent assessments were conducted at all our sites and received satisfactory ratings. The Company has also ensured compliance with all applicable environmental protection standards in and around our areas of operations.

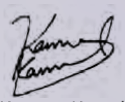
Uplifting communities and contributing towards social wellbeing is at the core of our CSR agenda. The Company was able to deploy numerous initiatives in the areas of health, education, livelihood and infrastructure, which are the major focus areas of our CSR philosophy. New initiatives include treatment of mentally challenged underprivileged patients, provision of medical aid to HIV positive members of the transgender community and education of differently abled children. In total, the Company invested a total of Rs. 94 million in CSR and a comprehensive list of key initiatives is provided in this report.

We remained committed to people development and despite changing work patterns due to COVID-19, we were able to deliver on our key strategic people-related goals. We implemented an agile mechanism to gauge the real-time pulse of our employees and pre-emptively address potential engagement issues.

In view of the prevalent economic and energy sector scenario, I sincerely hope that the Government is able to accelerate resolution of the Circular Debt issue. This would alleviate cash flow restrictions for IPPs and improve investor confidence, which is essential for building a prosperous economy.

Most importantly, I would like to acknowledge and thank our employees for their relentless efforts and our shareholders for vesting their trust in our Company.

Warm regards,



Kamran Kamal

REPORT OF THE **DIRECTORS**

The Directors of your Company are pleased to present the Annual Report of the Company along with its audited financial statements for the year ended June 30, 2021.

About the Company

The Hub Power Company Limited (HUBCO) is the first and largest Independent Powter Producer (IPP) in the Country with a combined installed power generation capacity of 2921MW. Our Hub Plant, situated at Mouza Kund, Hub in Balochistan, is a 1292MW RFO fired thermal power plant. Our Narowal Plant is 225MW RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab. The Company also holds 75% controlling interest in Laraib Energy Limited, which is a run-of-the river 84MW hydel power plant near the New Bong Escape, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir. China Power Hub Generation Company Limited (CPHGC) is our joint-venture with China Power International Holdings (CPIH). CPHGC is a 1320MW imported coal-based power plant operation with an integrated coal jetty situated in Hub. CPHGC started its commercial operations in August 2019 and providing affordable and uninterrupted energy to over 4 million households.

The Company has established wholly owned subsidiaries for its future growth initiatives. Hub Power Holdings Limited (HPHL) has been incorporated to invest in the future growth projects. The Hub Power Services Limited (HPSL), manages O&M of our existing power assets and is preparing to undertake O&M of our imported and indigenous coal-based growth projects, in addition to exploring other onshore and offshore business opportunities. HPSL is currently operating the Hub, Narowal & Laraib Plants.

The Company has established Thar Energy Limited (TEL), to set up a 330MW mine-mouth lignite-fired power Plant at Thar Block II, Sindh. The Company holds 60% shares of TEL in partnership with Fauji Fertilizer Company Limited (FFCL) and CMEC TEL Power Investments Limited (CMEC Dubai), who hold 30% and 10% shares, respectively in the project.

The Company holds 38.3% shares and has management control in 330MW ThalNova Power Thar Pvt. Ltd (TNPTL) mine-mouth lignite-fired power plant, which is a project similar to TEL and offers huge opportunities for the social and economic development of the country at large, especially the rural districts of Sindh.

The Company also holds 8% shareholding in Sindh Engro Coal Mining Company Limited (SECMC), a joint venture between HUBCO, Engro, Thal Limited, HBL, CMEC and Government of Sindh, which has developed a coal mine at Thar, the seventh largest reserves of coal in the World. SECMC achieved Commercial Operations for Phase I on July 10, 2019 and is currently in the process of doubling its coal mining capacity from current 3.8 MTPA to 7.6 MTPA for supplying fuel to HUBCO's Thar Energy Limited and ThalNova projects which are under construction.

The Company has signed the Share Purchase Agreements to initiate the acquisition process of ENI's Pakistan Business through a 50:50 joint venture (Prime International Oil and Gas Co.), which would enable the Company to further expand its footprint in the Oil & Gas Sector of the Country.

The Company has submitted its Unsolicited Proposal (USP) for a wastewater treatment project in Public-Private Partnership with Karachi Water and Sewerage Board, Government of Sindh and is also exploring various other opportunities in providing water solutions.

The Company is optimistic about the future of the Power Sector and expects accelerated settlement of overdues of the Company, which will alleviate current liquidity crunch. Based on the revised agreements with the Government, HUBCO's first installment of 40% of the overdue receivables comprising 1/3rd in cash and 2/3rd in the form of financial instruments of Pakistan Investment Bonds (PIBs) and Sukuks were received on June 4, 2021. The remaining 60% are receivable 6 months thereafter by way of similar mechanism as that of the first installment.

The Company also looks forward to robust rectification of the transmission and dispatch infrastructure, improvement in recoveries and timely payments to the IPPs; which will eventually alleviate the prevailing challenges of the Power Sector.

Operational Highlights

Operational highlights of our three plants and associates during the year under review are as follows:

		FY 2020-21	FY 2019-20
Hub Plant	Generation	189 GWh	36 GWh
	Load Factor	1.79%	0.34%
Narowal Plant	Generation	496 GWh	338 GWh
	Load Factor	26%	18%
Laraib Plant	Generation	465 GWh	384 GWh
	Load Factor	63%	52%
CPHGC Plant	Generation	7,923 GWh	5,644 GWh
	Load Factor	72%	58%

Market Share Information

Pakistan's installed power generation capacity is around 39,000MW of which hydel is 25%, thermal is 65%, renewables is 4% and nuclear power is 6%.

Overview of the Company's Power Generation Share

Including the operating subsidiaries and associates, Company's power generation share for the last six years is as follows:

Fiscal Year	Pakistan's Electricity Generation (GWh)	Company's share (GWh)	Percentage (%)
2015-16	108,916	8,716	8.0%
2016-17	114,093	9,254	8.1%
2017-18	120,621	8,590	7.1%
2018-19	133,593	1,817	1.4%
2019-20	137,039	6,402	4.7%
2020-21	149,698	9,074	6.1%

Future Outlook

Thar Projects:

a. 330MW Lignite Fired Power Project – Thar Energy Limited (TEL)
The lignite based 330MW Thar Energy Limited (TEL) Project in Thar Block II has completed 68.44% of Project Construction and targets to achieve Commercial Operations Date (COD) by 1st quarter of 2022. Private Power and Infrastructure Board (PPIB) announced the Financial Close of Thar Energy Limited on January 30, 2020, and the draw down has been made against foreign and local disbursements.

b. 330MW Coal Project - ThalNova Power Thar (Private) Limited (TNPTL)
The lignite based 330MW ThalNova Power Thar (Private) Limited (TNPTL) Project in Thar Block II has completed 46.23% of Project Construction and targets to achieve Commercial Operations Date (COD) by 2nd quarter of 2022. Private Power and Infrastructure Board (PPIB) announced the Financial Close of TNPTL on September 30, 2020, and the draw down has been made against foreign and local disbursements.

Sindh Engro Coal Mining Company Limited (SECMC)

The Company holds 8% stake in the Sindh Engro Coal Mining Company. The indigenous coal mining Project declared its COD for Phase I on July 10, 2019. The Coal Supply to 2x330MW Engro Powergen Thar Private Limited is in progress as per Coal Supply Agreement (CSA). SECMC is in the process of expanding mining capacity to 7.6 Mt/annum to cater for the two additional 330MW Power Plants including Thar Energy Limited and ThalNova Power Thar (Pvt.) Limited.

Acquisition of ENI

HUBCO acquired the business of ENI in Pakistan, through a 50:50 joint venture company, Prime International Oil & Gas Co. This would give HUBCO various growth opportunities in the Oil & Gas sector of Pakistan.

Water Solutions

In line with the vision to resolve the water scarcity issue of Karachi, HUBCO developed a first of its kind Wastewater Recycling Project. The project aims to recycle untreated water being discharged in to the sea from the SITE Industrial Area and provide it back for industrial use. An Unsolicited Proposal (USP) was submitted to the Government of Sindh (GoS) in Public Private Partnership (PPP) mode for this project which had been accepted by the GoS and the bidding procedure is expected to initiate shortly.

Governance

Board of Directors

The Board reviewed Company's strategic direction, annual corporate plans and targets, long-term investments and borrowing. Board is committed to ensuring the highest standard of governance.
The Current Board of Directors of the Company consists of:

Composition	
Independent Directors	6
Other Non-Executive Directors	3
Executive Director	1
Female Director	1

During the year, eight meetings of the Board of Directors were held. Attendance of the Directors are as follows:

Names	Attendance
Mr. M. Habibullah Khan	8/8
Mr. Khalid Mansoor	8/8
Ms. Aleeya Khan	8/8
Mr. Aly Khan	8/8
Mr. Saad Iqbal	8/8
Mr. Javed Akbar	7/8
Mr. Manzoor Ahmed	8/8
Mr. Ejaz Sanjrani	3/8
Mr. Owais Shahid	7/8
Mr. Muhammad Ali	7/8
Dr. Nadeem Inayat	5/8

Pattern of Shareholding

The Pattern of Shareholding as required under the Code of Corporate Governance is attached with this Report. Details of trades in shares of the Company by Directors and Key Management Personnel and their spouses and minor children are reported on page 250.

Committees of the Board

The Board committees and their members are disclosed in page 26 of the annual report.

Chief Executive and Directors' Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee for attending the meetings. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise to govern the company successfully and with value addition. Remuneration of Chief Executive and Directors are disclosed in note 142 to the Financial Statements for the year ended June 30, 2021.

Appointment of the Chief Executive

Mr. Khalid Mansoor resigned from his position as Chief Executive of The Hub Power Company Limited effective July 1, 2021. Subsequently, the Company's Board of Directors appointed Mr. Kamran Kamal as the new Chief Executive Officer of The Hub Power Company Limited effective July 1, 2021.

Directors' Training

Of the eleven Directors, two Directors are exempt from the Corporate Governance Leadership Skills (CGLS) training based on their experience as Director on the Board of Listed Companies. A total of 8 members of the Board are certified Directors.

Adequacy of Internal Financial Controls

Directors confirm compliance with highest standard of Corporate Governance and that the internal controls are sound in design and have been effectively implemented and monitored.

Summary Of Financial Performance

Financial highlights of the Group during the year under review are as follows:

PKR. in million

Consolidated	Year ended June 30, 2021	Year ended June 30, 2020
Turnover	54,639	48,321
Operating Costs	21,769	17,831
Net Profit*	33,688	25,044
Earnings per share (Rs.) *	25.97	19.31

*attributable to owners of the holding company

The Consolidated net profit during the year under review is Rs. 33,688 million resulting in earnings per share of Rs. 25.97 compared to net profit of Rs. 25,044 million and earnings per share of Rs. 19.31 last year. The increase in profits is mainly due to higher share of profit from an associate (China Power Hub Power Generation Company Limited, which started Commercial Operations on August 17, 2019), depreciation of Rupee against USD and lower financing cost partly offset by higher taxes on income from management services.

Unconsolidated	Year ended June 30, 2021	Year ended June 30, 2020
Turnover	32,292	27,524
Operating Costs	11,897	9,630
Net Profit*	21,434	10,167
Earnings per share (Rs.) *	16.52	7.84

The Unconsolidated net profit earned by the Company during the year under review is Rs. 21,434 million, resulting in earnings per share of Rs. 16.52 compared to a net profit of Rs. 10,167 million and earnings per share of Rs. 7.84 last year. The increase in unconsolidated profit is mainly due to higher dividend income from subsidiaries, depreciation of Rupee against USD, higher income from management services and lower financing costs partly offset by higher taxes on income from management services and higher repair and maintenance expenses.

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 102 of the Annual Report.

Related Party Transactions

Board Audit Committee reviewed the related party transactions and the Board approved them. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions.

The Company has entered into following related party transactions on mutually agreed terms, along with their justification:

Name of Related Party	Nature of Transaction	Justification
Hub Power Services Limited	O&M Services Secondment Agreement	To efficiently operate and maintain Hub Plant. Further, to develop resources to provide similar services to other companies including group companies.
Hub Power Services Limited **Narowal Energy Limited** **Thar Energy Limited** **Laraib Energy Limited** **Hub Power Holdings Limied** **ThalNova Power Thar (Private) Limited**	Reimbursement of Expenses and others	To share the common resources/expenses on propotionate basis to minimize Company's and group companies' costs.
Thar Energy Limited **ThalNova Power Thar (Private) Limited**	Management services	The Company is providing assistance to TEL and TNPTL in performance of their obligations under relevant project agreements by leveraging the project managment experience of the Company.

The details of related party transactions are disclosed in note 29 of the unconsolidated financial statements of the Company.

Credit Rating

Credit rating is an assessment of the credit standing of entities in Pakistan. PACRA since 2008, when the Company initiated its rating process, has maintained long-term and short-term entity rating at AA+ and A1+ respectively for the Company. These ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments. NEL's long term rating is maintained as AA- which is very high credit quality that indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. NEL's Short term rating is A1+ which is the highest capacity for timely repayments of financial commitments.

Financial Statements

The Unconsolidated and Consolidated financial statements of the Company have been audited by Messrs. A.F. Ferguson & Co., Chartered Accountants, the auditors, without any qualification.

Corporate & Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

a. The financial statements, prepared by the management of the Company, fairly portray its state of affairs, the result of its operations, cash flows and changes in its equity;
b. Proper books of account of the Company have been maintained;
c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
d. IFRS as applicable in Pakistan, has been followed in preparation of financial statements and any departure therefrom has been adequately disclosed; and
e. There are no doubts in the Company's ability to continue as a going concern.

Key financial data (unconsolidated) of last six years is as follows:

Rs. in millions

Fiscal Year	2021	2020	2019	2018	2017	2016
Turnover	32,292	27,524	36,029	76,676	78,590	86, 415
Profit	21,434	10,167	8,037	8,565	9,600	11,576
Assets	160,007	164,521	153,728	136,617	114,983	134,006
Dividend	9,080	-	3,240	8,216	9,257	15, 622

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as at June 30, 2020 are as follow:

Fund	Rs. in million
Provident Fund	0.35
Gratuity Fund	307.11

Risk Management & Strategy for Mitigating Risks

To mitigate all the risks and uncertainty that are faced by every business, the Company is implementing a circumspect and cautious rationale. The Company emphasizes on recognizing all long-term and short-term risks, to overcome and mitigate them.

a. Operational Risk

To mitigate the operational risks, necessary strategies have been developed and substantial investments are continuously being made to ensure the reliability of all operating plants. The Company has carried out necessary rehabilitation and refurbishments at the Hub Plant and is carrying out the requisite maintenance required at the Narowal and Laraib Plants.

b. Financial Risks

The financial risk management is disclosed in note 147 of the unconsolidated financial statements of the Company.

Health, Safety & Environment

HUBCO is committed to protecting the health, safety and wellbeing of the employees as well as the community and environment it operates in. In context of COVID-19, HUBCO was categorized in Essential Services category and our plants needed to remain available and operational. Complete compliance with the Government defined COVID-19 SOPs was ensured across all our sites.

The Company continuously monitors the impact of its operations on environment and ensures compliance to applicable environmental protection standards.

During the year 2020-21, The Company completed 3.3 million man-hours across its three operational power stations. The Total Recordable Injury Rate (TRIR) of the Company remained 0.06.

Human Resources

In context of COVID-19, there was a significant shift in people practices throughout the world and we preemptively introduced necessary management practices to sustain employees' engagement, learning and performance output. In terms of people related digital services, we were able to upscale our infrastructure to cater to remote and hybrid working scenarios. The HR teams and employees across the organization were able to swiftly adopt to modern technologies and ensured seamless delivery of our key business objectives.

The Company had a structured Succession Plan in place that earmarked potential successors for the key management positions. Mr. Kamran Kamal, the CEO of Laraib Energy Limited was appointed by the Board to succeed Mr. Khalid Mansoor as HUBCO Group CEO from within the Company.

Corporate Social Responsibility

As part of its CSR mandate, HUBCO invests heavily in uplifting communities and advocating human rights. Our social investments are primarily centered around areas near our plant sites, with focus on providing education, livelihood, healthcare and vocational trainings to the underprivileged. The Company contributed Rs. 78 million towards initiatives related to CSR, details of which are provided in the Annual Report under a dedicated section on Company's CSR efforts at page 63.

Auditors

The retiring auditors Messrs. A. F. Ferguson & Co., Chartered Accountants being eligible, offer themselves for reappointment.

The Company remains grateful to its Shareholders, employees, business partners and all other stakeholders for their confidence in the Company and their support in the Company's journey on the path of growth and prosperity.

By Order of the Board

Kamran Kamal
Chief Executive

M. Habibullah Khan
Chairman

ادارے کی سماجی ذمہ داری

اپنی CSR ذمہ داری کو مدنظر رکھتے ہوئے، کمپنی معاشرتی ترقی اور انسانی حقوق کی ترویج کے لئے خطیر سرمایہ کاری کارتی ہے۔ ہماری سماجی سرمایہ کاری عموماً ہمارے پلانٹس کے گردونواح میں بسنے والے لوگ ہوتے ہیں۔ ہماری توجہ خصوصی طور پہ محروم طبقات کی تعلیم، روزگار، صحت اور پیشہ ورانہ تربیت پہ ہوتی ہے۔

کمپنی نے CSR کی مد میں اس سال 78 ملین روپے خرچ کیے جس کی تفصیل سالانہ رپورٹ میں ایک خصوصی حصہ میں موجود ہے جو کہ صفحہ 63 پہ ہے اور کمپنی کی CSR کاوشوں سے متعلق ہے۔

آڈیٹرز

کمپنی کے ریٹائر ہونے والے آڈیٹرز، میسرز اے۔ ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹس نے اہلیت کی بنیاد پہ خود کو دوبارہ تقرری کے لیے پیش کیا۔

کمپنی اپنے تمام حصص یافتگان، کارکنان، کاروباری شراکت داروں اور دیگر تمام شرکائے کا شکریہ ادا کرتی ہے کہ انہوں نے کمپنی پہ اعتماد کا اظہار کیا اور ان کی اس معاونت کی وجہ سے کمپنی ترقی اور خوشحالی کے سفر پہ گامزن رہی۔

بورڈ کے احکام کے ساتھ

محمد حبیب اللہ خان	**کامران کمال**
چیئرمین	چیف ایگزیکٹو

پراویڈنٹ فنڈ اور گریجوئٹ اسکیم کی سرمایہ کاری کی مقدار جو کہ بالترتیب ان کے آڈٹ شدہ اکاؤنٹس میں 30 جون 2020ء کو موجود تھی، حسب ذیل ہے۔

فنڈ	روپے ملین میں
پراویڈنٹ فنڈ	0.35
گریجوٹی فنڈ	307.11

نقصانات سے بچاؤ کی پیش بندی اور انہیں کم کرنے کی حکمت عملی

وہ خطرات اور غیر یقینی حالات جو کہ ہر کاروبار کو درپیش ہو سکتے ہیں ان سے بچاؤ کے لئے کمپنی نے احتیاط اور مستعدی پہ مبنی دانائی کے اقدامات کا نفاذ کر رکھتا ہے۔ کمپنی تمام طویل و قلیل مدتی خطرات کی قبل از وقت شناخت پہ زور دیتی ہے تا کہ ان پہ قابو پا کر ان کا خاتمہ کیا جا سکے۔

اے: عملی خطرات؛ کام کے دوران ہونے والے نقصانات سے بچاؤ کیلئے تمام ضروری اقدامات کر لیے گئے ہیں اور ان کے قابل بھروسہ ہونے کو یقینی بنانے کے لئے تمام پلانٹس پر مسلسل ایک خطیر سرمایہ کاری کی جاتی ہے۔ کمپنی نے حب پلانٹ کی بحالی اور تجدید کے لئے ضروری کام کروا دیا ہے جبکہ نارووال اور لاریب پلانٹس میں درکار مرمت کا کام بھی کیا جا رہا ہے۔

بی: مالی خطرات: مالی خطرات پہ قابو پانے کی حکمت عملی، کمپنی کے غیر مستحکم مالی گوشواروں میں نوٹ 147 کے تحت موجود ہے۔

صحت، حفاظت اور ماحولیات

''حب کو'' نے اپنے کارکنان کے ساتھ ساتھ اہلِ علاقہ کی صحت، حفاظت اور تندرستی کو محفوظ رکھنے کا بھی عزم کر رکھا ہے۔ علاوہ ازیں پلانٹ کے گردونواح میں ماحولیات کی حفاظت کیلئے بھی وہ مستعد ہے۔

کووڈ-19 کے تناظر میں ''حب کو'' کمپنی کو ضرورت خدمات مہیا کرنے والوں کی فہرست میں رکھا گیا کیونکہ درکار تھا کہ ہمارے پلانٹ چلتے رہیں۔ تاہم اس ضمن میں حکومت کی جانب سے تجویز کردہ کووڈ-19 SOPs کی تعمیل کو ہمارے تمام پلانٹس پر یقینی بنایا گیا۔

کمپنی ماحولیات اپنے کام کے اثرات کو مسلسل نگاہ میں رکھتی ہے اور ماحولیاتی تحفظ کے معیار پہ مکمل عمل کو یقینی بناتی ہے۔ 21-2020 کے دوران کمپنی نے اپنے تینوں پاور اسٹیشنوں پہ انسانی کارکردگی کے 3.3 ملین گھنٹے مکمل کیے جبکہ اس دوران زخم لگنے کی مجموعی شرح (TRIR) 0.06 فی صد رہی۔

کووڈ-19 کے تناظر میں؛ عام لوگوں کے معمولات میں بین الاقوامی طور پر ایک غیر معمولی تبدیلی آ گئی۔ ہم نے اس خطرہ کی پیش بندی کے طور پر فوری انتظامی اقدامات کیے تا کہ کارکنان کو مصروف کار رکھا جا سکے جس سے ان کی سیکھنے کی صلاحیت اور کارکردگی بھی عمدہ رہے۔

لوگوں سے متعلق ڈیجیٹل خدمات کے ضمن میں ہم اپنے بنیادی ڈھانچہ کو جدید کرنے میں کامیاب رہے تا کہ فاصلے سے کام کرنے کی سہولت بھی مہیا ہو سکے۔

انسانی وسائل سے متعلق عملہ اور دیگر تمام کارکنان نے جدید ٹیکنالوجی میں نہایت مستعدی سے مہارت حاصل کی تا کہ ہم اپنے کلیدی کاروباری مقاصد کو بطریق احسن مہیا کر پائیں۔

کمپنی کے پاس جانشینی کا ایک منظّم منصوبہ موجود تھا جو کہ کلیدی انتظامی عہدوں کو پُر کرنے کے لئے اہل افراد کی نشاندہی کر دیتا ہے۔

اسی لیے بورڈ کے ذریعے جناب خالد منصور کی جگہ پہ لاریب انرجی لمیٹڈ کے CEO جناب کامران کمال کا تقرر بطور CEO ''حب کو گروپ'' کیا جو کہ کمپنی کے قابل افسران میں سے ہی تھے۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ دراصل پاکستان میں کسی بھی موجود کاروباری اکائی کی اس صلاحیت کو جانچنے کا نام ہے جس کے تحت وہ اپنی مالی ادائیگی کی ذمہ داریوں سے بروقت عہدہ برآ ہو سکے۔2008ء میں جب سے کمپنی نے اپنے ریٹنگ کے عمل کا آغاز کیا،تب سے (PACRA) نے اس کی طویل مدتی اور قلیل مدتی ریٹنگ بالترتیب +AA اور +A1 پہ برقرار رکھی ہے۔اس ریٹنگ سے یہ ظاہر ہوجاتا ہے کہ کمپنی سے کریڈٹ رسک کی توقع نہ ہونے کے برابر ہے۔جبکہ اس میں اپنی مالی ذمہ داریوں سے بروقت عہدہ برآ ہونے کی بہترین صلاحیت موجود ہے۔(NEL) کی طویل مدتی ریٹنگ -AA پہ برقرار ہے جو کہ بروقت ادائیگیوں کے لیے بہترین صلاحیت ہونے کی نشان دہی کرتی ہے۔ یہ صلاحیت بظاہر پہلے سے دکھائی دینے والے حالات سے متاثر نہیں ہوتی۔(NEL) کی قلیل مدتی ریٹنگ +A1 ہے جو کہ مالی وعدوں کی پاسداری اور بروقت ادائیگیوں کیلئے بہترین صلاحیت رکھنے کا اعتراف ہے۔

فنانشل اسٹیٹمنٹس (مالی گوشوارے)

کمپنی کے مستحکم اور غیر مستحکم مالی گوشواروں کا آڈٹ میسرز اے۔ ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹس) کے ذریعے کروایا گیا ہے۔تاہم ان گوشواروں میں کسی اعتراض کی نشاندہی نہیں ہوئی۔

کارپوریٹ اور مالی رپورٹنگ کا طریقہ کار

ڈائریکٹرز کیلئے اس رپورٹنگ کا (SECP) اور کوڈ آف کارپوریٹ گورننس کی تعمیل میں ہونا باعثِ مسرت ہے۔وہ اس کی تصدیق کرتے ہیں جو کہ درج ذیل ہے۔

الف: کمپنی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے تمام معاملات کی احسن انداز میں وضاحت کرتے ہیں۔ نیز اس کی کارکردگی کے نتائج، نقد رقوم کا بہاؤ اور کمپنی کی ایکوئٹی میں تبدیلی بھی اس کا حصہ ہیں۔

ب: کمپنی کی باقاعدہ اکاؤنٹ بکس ہیں جنہیں مستقل طور پر منظّم رکھا جاتا ہے۔

ج: ان مالی گوشواروں کی تیاری میں مستقل طور پر موزوں ترین کاؤنٹنگ کے ضوابط کو بروئے کار لایا جاتا ہے جبکہ اکاؤنٹنگ کے تخمینے بہترین اور عمدہ فیصلہ سازی پہ مبنی ہوتے ہیں۔

د: پاکستان میں زیرِ عمل (IFRS) کیان گوشواروں کی تکمیل میں مکمل تعمیل کی گئی ہے تاہم کسی رخصت کی صورت میں اسے باقاعدہ طور پر واضح بھی کر دیا گیا ہے۔

ر: اور کمپنی میں جاری وساری رہنے کی صلاحیت بدرجہ اتم موجود ہے اور اس میں کسی قسم کے شبہ کی گنجائش نہیں ہے۔

گزشتہ 6 برس کے کلیدی مالی اعداد و شمار (غیر مستحکم) درج ذیل ہیں۔

مالی سال مختتم جون	2021	2020	2019	2018	2017	2016
کاروبار	32,292	27,524	36,029	76,676	78,590	86, 415
منافع	21,434	10,167	8,037	8,565	9,600	11,576
اثاثہ جات	160,007	164,521	153,728	136,617	114,983	134,006
منافع منقسمہ	9,080	-	3,240	8,216	9,257	15, 622

غیر انضمام شدہ	سالِ مختتم 30 جون 2021	سال مختتم 30 جون 2020
کاروبار	32,292	27,524
آپریٹنگ لاگت	11,897	9,630
خالص منافع	21,434	10,167
فی حصص آمدنی (روپے)	16.52	7.84

زیر جائزہ مالی سال کیلئے کمپنی کا حاصل کردہ غیر مستحکم خالص منافع 21,434 ملین روپے ہے، جس کا نتیجہ 16.52 روپے کی فی شیئر آمدن ہے۔

تقابلی جائزہ میں گزشتہ برس یہی خالص منافع 10,167 ملین روپے تھا اور متعلقہ فی شیئر آمدن 7.84 روپے تھا۔ اس اضافی غیر مستحکم منافع کی بڑی وجہ ذیلی اداروں کی جانب سے ڈیویڈنڈ کی بلند شرح آمدن تھی۔ جبکہ ڈالر کے مقابلے میں روپے کی قدر میں کمی، انتظامی خدمات سے حاصل شدہ زیادہ آمدن، کم تر فنانسنگ کاسٹ، انتظامی خدمات کی آمدن پہ ٹیکسز کی بلند شرح میں قدرے کمی اور دیکھ بھال و مرمت کی مد میں اضافی منافع بھی اس کی وجوہات ہے۔

مخصوص کردہ رقوم اور جمع شدہ رقوم کی منتقلی کوا یکویٹی میں تبدیلی کے گوشوارہ میں سالانہ رپورٹ کے صفحہ نمبر 102 پر ظاہر کیا گیا ہے۔

متعلقہ فریق کے ساتھ لین دین

بورڈ کی آڈٹ کمیٹی نے متعلقہ پارٹی سے لین دین کا جائزہ لیا اور بورڈ نے انہیں منظوری دی۔ رقوم کا یہ لین دین انٹرنیشنل فنانس رپورٹنگ اسٹینڈرڈز کے عین مطابق تھا نیز 2017ء کے کمپنیز ایکٹ کی پاسداری بھی کرتا تھا۔ کمپنی رقوم کے ان تبادلوں کا مکمل ریکارڈ اپنے پاس محفوظ اور مرتب رکھتی ہے۔ کمپنی درج ذیل رقوم کے تبادلوں میں متعلقہ پارٹی کے ساتھ باہمی طے شدہ سمجھوتہ کے تحت داخل ہوئی ہے۔

متعلقہ فریق کا نام	لین دین کی نوعیت	جواز
حب پاور سروسز لمیٹڈ	دیکھ بھال اور مرمت کی خدمات میں شمولیت کا معاہدہ	حب پلانٹ کی دیکھ بھال اور عمدہ کارکردگی کیلئے۔ نیز گروپ کی دیگر کمپنیوں کیلئے بھی ایسی ہی خدمات کیلئے وسائل مہیا کرنا
حب پاور سروسز لمیٹڈ نارووال انرجی لمیٹڈ، تھر انرجی لمیٹڈ، لاریب انرجی لمیٹڈ، حب پاور ہولڈنگ لمیٹڈ، پھل نوواپاور تھر پرائیویٹ لمیٹڈ	اخراجات و دیگر رقوم کی بعد از خرچ ادائیگی	کمپنی اور گروپ کے اخراجات کو کم کرنے کیلئے مشترکہ وسائل/ اخراجات کا تناسب کے مطابق استعمال
تھر انرجی لمیٹڈ تھل نوواپاور تھر پرائیویٹ لمیٹڈ	انتظامی خدمات	کمپنی (TEL) اور (TNPTL) کو پراجیکٹ کے معاہدوں کے اپنی ذمہ دارانہ کارکردگی کیلئے معاونت مہیا کرتی ہے۔ اس کیلئے کمپنی کے پروجیکٹ مینجمنٹ کے تجربہ سے استفادہ کیا جاتا ہے۔

متعلقہ پارٹی کے ساتھ رقوم کا یہ لین دین، غیر مستحکم فنانشل اسٹیٹمنٹ کے نوٹ 29 میں ظاہر کیا گیا ہے۔

چیف ایگزیکٹو آفیسر اور ڈائریکٹر کا مشاہرہ:

چیئرمین، غیر انتظامی ڈائریکٹر اور خودمختار ڈائریکٹر صرف اجلاس میں شرکت کی فیس وصول کرنے کے اہل ہیں۔ مشاہرہ کی درجہ بندی کمپنی کے کامیاب انتظام کے ساتھ ساتھ اسکو خوب تر بنانے کے لئے نہایت مناسب اور ذمہ داری، مہارت وکارکردگی سے ہم آہنگ بھی ہے۔ چیف ایگزیکٹو اور ڈائریکٹرز کے مشاہرہ کی تفصیل برائے مالی سال مختتم 30 جون 2020 فنانشل اسٹیٹمنٹ کے نوٹ 142 میں ظاہر کی گئی ہے۔

چیف ایگزیکٹو کی تعیناتی:

حب پاور کمپنی کے چیف ایگزیکٹو جناب خالد منصور یکم جولائی 2021ء کو اپنے عہدے سے مستعفی ہو گئے۔ ان کے بعد بورڈ آف ڈائریکٹرز نے جناب کامران کمال کو یکم جولائی 2021ء سے حب پاور کمپنی کا نیا چیف ایگزیکٹو آفیسر مقرر کر دیا۔

ڈائریکٹرز کی تربیت:

گیارہ میں سے دو عدد ڈائریکٹرز کو کارپوریٹ گورننس لیڈرشپ اسکلز (CGLS) کی تربیت سے استثنیٰ حاصل ہے، جس کی وجہ لسٹڈ کمپنیوں کے بورڈ پہ بہ حیثیت ڈائریکٹران کا تجربہ ہے۔

بورڈ کے 8 عدد ارکان، سند یافتہ ڈائریکٹرز ہیں۔

داخلی مالی ضوابط کی مناسبت:

ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ کارپوریٹ گورننس کے اعلیٰ ترین معیار کی تعمیل کی جاتی ہے۔ نیز یہ کہ داخلی ضوابط اپنی شکل میں بہترین ہیں جبکہ انہیں مؤثر انداز میں نہ صرف نافذ کیا گیا ہے بلکہ ان پہ نگاہ بھی رکھی جاتی ہے۔

مالی کارکردگی کا خلاصہ

گروپ کی مالی کارکردگی کی شہ سرخیاں زیر جائزہ مالی سال کے لئے درج ذیل ہیں۔ پاکستانی روپیہ (ملین میں)

انضمام شدہ	سال مختتم 30 جون 2021	سال مختتم 30 جون 2020
کاروبار	54,639	48,321
آپریٹنگ لاگت	21,769	17,831
خالص منافع	33,688	25,044
فی حصص آمدنی (روپے)	25.97	19.31

(ہولڈنگ کمپنی کے مالک سے منسوب)

زیر جائزہ مالی سال کا مستحکم خالص منافع 33,688 ملین روپے ہے جس کے نتیجے میں حصص کی ہر اکائی کی آمدن 25.97 روپے رہی جبکہ گزشتہ برس یہی خالص منافع 25.044 ملین روپے تھا، جبکہ متعلقہ فی حصہ آمدن 19.31 روپے تھی۔ اس اضافی منافع کی بڑی وجہ ایک شریک کار کمپنی (چائنا پاور حب پاور جنریشن کمپنی لمیٹڈ) سے بلند شرح کے منافع کا حصول ہے۔ اس کمپنی نے تجارتی بنیادوں پہ اپنا کام 17 اگست 2019ء میں شروع کر دیا تھا۔ علاوہ ازیں امریکی ڈالر کے مقابلے میں پاکستانی روپیہ کی قدر میں کمی، کم تر فنانسنگ کاسٹ جبکہ کسی حد تک انتظامی خدمات کی آمدن پہ محصولات کی بلند شرح میں بھی قدرے کمی بھی منافع میں اضافہ کا باعث ہے۔

انتظام کارڈائریکٹرز کا بورڈ:

بورڈ نے کمپنی کی حکمت عملی کے رُخ، سالانہ کارپوریٹ منصوبوں اور ان کے اہداف نیز طویل مدتی سرمایہ کاری اور قرضوں کا مکمل جائزہ لیا۔ بورڈ کا عزم ہے کہ انتظام کے اعلیٰ ترین معیار کو یقینی بنایا جائے۔

کمپنی کے ڈائریکٹرز کا بورڈ مندرجہ ذیل افراد پر مشتمل ہے۔

ساخت (Composition)	
آزاد ڈائریکٹر	6
غیر ناظم امور	3
ناظم امور	1
خاتون ڈائریکٹر	1

گزشتہ برس کے دوران اس بورڈ کے آٹھ اجلاس منعقد ہوئے۔ ڈائریکٹر صاحبان کی حاضری کا ریکارڈ حسبِ ذیل ہے۔

ڈائریکٹرز کا نام	اجلاس کی حاضری
جناب ایم حبیب اللہ خان	8/8
جناب خالد منصور	8/8
محترمہ علیہ خان	8/8
جناب علی خان	8/8
جناب سعد اقبال	8/8
جناب جاوید اکبر	7/8
جناب منظور احمد	8/8
جناب اعجاز سنجرانی	3/8
جناب اویس شاہد	7/8
جناب محمد علی	7/8
جناب ڈاکٹر ندیم عنایت	5/8

شیئر ہولڈنگ کا آغاز

''کوڈ آف کارپوریٹ گورننس'' کے تحت درکار شیئر ہولڈنگ کا انداز اس رپورٹ کے ہمراہ منسلک ہے۔

کمپنی کے ڈائریکٹر صاحبان، کلیدی انتظامی عملہ، ان کے شریک حیات اور نابالغ بچوں کی کمپنی کے حصص میں تجارت کی تفصیل صفحہ نمبر 250 پر ملاحظہ کیجئے۔

بورڈ کی کمیٹیاں:

بورڈ کی کمیٹیاں اور ان کے ارکان کی تفصیل سالانہ رپورٹ کے صفحہ نمبر 26 پہ ملاحظہ کیجئے۔

پیش بینی:

''تھر'' کے منصوبے

(الف) 330 میگاواٹ کا لگنائیٹ فائرڈ پاور پراجیکٹ تھرانرجی لمیٹڈ (TEL)

تھر بلاک II، میں (TEL) نے اس پراجیکٹ کی 68.44 فی صد تعمیر مکمل کر لی ہے اور 2022ء کی پہلی سہ ماہی تک اس کی تجارتی کارکردگی کا حصول ممکن ہوجائے گا۔''پی پی آئی بی'' نے تھرانرجی لمیٹڈ'' کے لئے اعلان کردیا ہے کہ اس کا مالی اختتامیہ 30 جنوری کو ہوگا۔ نیز غیر ملکی اور مقامی تقسیم کاری کے لئے ''ڈراڈاؤن'' کیا جاچکا ہے۔

(ب) پی، 330 میگاواٹ کوئلہ کا منصوبہ (TNPTL)

''تھر بلاک II'' میں اس پراجیکٹ کی 46.23 فی صد تعمیر مکمل ہوچکی ہے، اور یہاں سے تجارتی بنیادوں پہ بجلی کی فراہمی کا عمل 2022ء کی دوسری سہ ماہی تک متوقع ہے۔ پی پی آئی بی نے (TNPTL) کیلئے مالی اختتامیہ کا اعلان 30 ستمبر 2022ء کے لئے کردیا ہے۔ نیز مقامی اور غیر ملکی تقسیم کاری کے لئے ''ڈراڈاؤن'' بھی کیا جاچکا ہے۔

سندھ اینگرو کول مائننگ کمپنی لمیٹڈ

کمپنی SECMC میں 8 فی صد کی حصہ دار ہے۔ مقامی کوئلہ کی کان والے پراجیکٹ نے فیز 1 کے لئے اپنے (COD) کا اعلان 10 جولائی 2019 کو کیا 2x330 میگاواٹ کے۔ اینگرو پاور جین تھر پرائیویٹ لمیٹڈ کو کوئلہ کی فراہمی (CSA) کے معاہدہ کے تحت جاری ہے۔

SECMC اپنی کوئلہ نکالنے کی صلاحیت کو بڑھا کر 7.6 ملین ٹن سالانہ تک لے جانا چاہتی ہے تاکہ 330 میگاواٹ کے دو اضافی پاور پلانٹس کی ضروریات پوری کی جاسکیں۔ یہ پلانٹ بالترتیب تھرانرجی لمیٹڈ (TEL) اور تھل نوواپاور تھر پرائیویٹ لمیٹڈ ہیں۔

ای این آئی کا حصول

''حب کو'' نے پاکستان میں ENI کا بزنس حاصل کرنے کیلئے پرائم انٹرنیشنل آئل اینڈ گیس کمپنی کے ساتھ 50 فی صد کی شراکت داری پہ جوائنٹ وینچر کرلیا ہے۔

اس عمدہ فیصلے سے ''حب کو'' پاکستان کو شعبہ آئل اور گیس میں بھی ترقی کے بہت سے مواقع حاصل ہوں گے۔

فراہمی آب کیلئے کاوشیں

کراچی کو پانی کی فراہمی میں قلت کو مدنظر رکھتے ہوئے ''حب کو'' نے آلودہ پانی کو پھر سے قابلِ استعمال بنانے کیلئے ایک مثالی منصوبہ تیار کیا ہے۔ اس کا مقصد سائٹ کے صنعتی علاقہ سے سمندر میں خارج ہونے والے پانی کو دوبارہ قابل استعمال بنانا ہے، جسے پھر سے صنعتی استعمال کے لئے مہیا کردیا جائے گا۔ ''حب کو'' نے اس ضمن میں حکومت سندھ کو پبلک پرائیویٹ پارٹنرشپ کی بنیاد پہ رضاکارانہ طور پہ ایک تجویز (USP) دی ہے، جسے کہ حکومت سندھ نے قبول کرلیا ہے اور اس کیلئے پیشکش طلب کرنے کا عمل بھی عنقریب شروع ہوجائے گا۔

کارکردگی کی جھلکیاں:

زیرِ ملاحظہ سال کیلئے ہمارے تینوں پاور پلانٹس اور ان کے معاونین کی کارکردگی حسبِ ذیل ہے۔

FY 2019-20	FY 2020-21		پلانٹ
36 GWh	189 GWh	Generation	حب پلانٹ
0.34%	1.79%	Load Factor	
338 GWh	496 GWh	Generation	نارووال پلانٹ
18%	26%	Load Factor	
384 GWh	465 GWh	Generation	لاریب پلانٹ
52%	63%	Load Factor	
5,644 GWh	7,923 GWh	Generation	CPHGC پلانٹ
58%	72%	Load Factor	

مارکیٹ شیئر کی معلومات:

پاکستان کی بجلی پیدا کرنے کی کل صلاحیت تقریباً 39,000 میگاواٹ ہے، جس میں سے

• 25 فی صد آبی ذرائع سے • 65 فی صد حرارتی ذرائع سے • 4 فی صد قابل تجدید ذرائع سے • جبکہ 6 فی صد جوہری ذرائع سے حاصل کی جاتی ہے۔

بجلی کی پیداوار میں کمپنی کا حصہ (ایک جائزہ)

ذیلی اداروں اور معاون کاروں کو شامل کرتے ہوئے، گزشتہ 6 برس کے دوران کمپنی کا بجلی کی پیداوار میں حصہ درج ذیل ہے۔

فیصد	کمپنی کا حصہ (Gwh)	پاکستان میں پیدا کی گئی بجلی (Gwh)	مالی سال
8.0%	8,716	108,916	**2015-16**
8.1%	9,254	114,093	**2016-17**
7.1%	8,590	120,621	**2017-18**
1.4%	1,817	133,593	**2018-19**
4.7%	6,402	137,039	**2019-20**
6.1%	9,074	149,698	**2020-21**

کمپنی سندھ اینگرو کول مائننگ کمپنی لمیٹڈ (SECMC) میں بھی 8 فیصد حصص کی مالک ہے جو حب کو، اینگرو، تھل لمیٹڈ، حبیب بینک لمیٹڈ، چائنا مشینری انجینئرنگ کمپنی (CMEC) اور حکومتِ سندھ کا مشترکہ پروجیکٹ ہے۔ یہ منصوبہ تھر کے مقام پر واقع ہے جہاں دنیا میں کوئلہ کا ساتواں بڑا ذخیرہ پایا جاتا ہے۔ 10 جولائی 2019ء سے سندھ اینگرو کول مائننگ کمپنی لمیٹڈ نے بھی اپنے تجارتی آپریشنز کے پہلے مرحلے کا آغاز کردیا ہے کمپنی اپنی کوئلہ نکالنے کی صلاحیت 3.8 میٹرک ٹن سالانہ سے بڑھا کر 7.6 میٹرک ٹن سالانہ کرنے کا ارادہ رکھتی ہے تا کہ حب کو کے تھر انرجی لمیٹڈ اور تھل نوا کے زیرِ تعمیر پروجیکٹس کو ایندھن فراہم کر سکیں۔

کمپنی نے ENI پاکستان کے کاروبار کے حصول کیلئے بھی حصص کے خرید کے معاہدوں پہ دستخط کیے جس میں کہ پرائم انٹرنیشنل آئل اینڈ گیس کمپنی 50 فیصد حصص کی مالک ہوگی اس سے کمپنی کو ملک کے آئل اور گیس کے شعبوں میں بھی اپنا دائرہ کار بڑھانے کا موقع ملے گا۔

کمپنی نے غیر مطلوبہ تجویز (USP) کو درج کردیا ہے۔ گندے پانی کے صفائی کے لیے جس میں کمپنی نے کراچی واٹر بورڈ کے ساتھ شراکت داری کی ہے۔ حکومتِ سندھ اور بھی بہت سارے طریقوں پر کام کررہی ہے تا کہ پانی کے مسئلے کو حل کر سکے۔

کمپنی مستقبل میں بجلی کے شعبے کے لیے پُرامید ہے اور یہ امید کرتی ہے کہ تیز تصفیہ کر سکے کمپنی کے زائدالمیعاد کو جو کہ لیکویڈیٹی کے بحران کو کم کر سکے گی۔ نظر ثانی معاہدہ کی جو کہ حکومت کے ساتھ ہوا ہے اُس کے مطابق حب کو کی پہلی انسٹالمنٹ جو کہ 40 فیصد زائدالمیعاد موصول ہے جبکہ رقم کی صورت میں 1/3rd اور 2/3rd پاکستان کے مالیاتی آلہ انویسٹمنٹ بورڈ کی صورت میں (PIB) اور سکوک (SUKUK) 4 جون 2021ء کو موصول ہوگی۔ بقیہ 60 فیصد 6 ماہ کے بعد پہلے والے طریقے کے مطابق ہوگی۔

وفاقی حکومت کی کمپنی کے ساتھ حالیہ مفاہمتی یادداشت پر دستخط کرنے اور کمپنی کے کُل ملکیتی ذیلی ادارے نارووال انرجی لمیٹڈ کے حوالے سے کمپنی پاور سیکٹر کے مستقبل کے بارے میں پُرامید ہے اور توقع کرتی ہے کہ یہ معاہدہ ملک کے وسیع تر مفاد میں کام کرے گا۔

کمپنی نے واٹر اینڈ سیوریج بورڈ حکومت سندھ کو بھی رضا کارانہ طور پر تجویز دی ہے کہ گندے پانی کو قابلِ استعمال بنانے کے لئے پبلک پرائیویٹ پارٹنرشپ بنیاد پر ایک منصوبہ شروع کیا جائے۔ اس کے علاوہ بھی کمپنی پانی کی فراہمی کے دیگر مواقع کی تلاش میں سرگرم ہے۔

کمپنی مستقبل میں توانائی کے شعبہ کے لئے نہایت خوش امید ہے اور یہ بھی توقع رکھتی ہے کہ تاخیر کا شکار حل طلب مالی معاملات کا جلد تصفیہ ہو جائے گا تا کہ لیکوئڈٹی کے بحران کو کم کیا جا سکے۔

حکومت کے ساتھ نظر ثانی شدہ معاہدہ کے مطابق، تاخیر شدہ ادائیگیوں میں سے ''حب کو'' کی 40 فی صد قسط جو کہ ایک تہائی کیش اور دو تہائی ''پاکستان انویسٹمنٹ بانڈز'' اور ''سکوک'' پہ مبنی تھی، 4 جون 2021ء کو وصول ہو چکی ہے۔

باقی ماندہ 60 فی صد کی وصولی بھی آئندہ 6 ماہ کے دوران اسی طریقہ کار کے مطابق متوقع ہے۔

کمپنی اس حوالے سے بھی نہایت پر امید ہے کہ بجلی گھروں سے لیکر خریدار تک بجلی کی ترسیل کو بہترین بنانے کے لئے متعلقہ وسائل اور انتظامات کی درستگی مضبوط بنیادوں پہ کی جائے گی نیز وصولیوں میں بھی بہتری آئے گی، جبکہ آئی پی پی کی بروقت ادائیگیوں کو بھی یقینی بنایا جائے گا۔ اس سے توانائی کے شعبہ کو درپیش مسائل میں خاطر خواہ کمی آئے گی۔

ڈائریکٹرز کی رپورٹ:

کمپنی کے ڈائریکٹرز کے لئے کمپنی کی سالانہ رپورٹ اور 30 جون 2021 تک کا جائزہ شدہ مالی بیانیہ (Audited Financial Statement) پیش کرنا مسرت کا باعث ہے۔

تعارف:

حب پاور کمپنی لمیٹڈ (HUBCO) پاکستان کی پہلی اور سب سے بڑی خودمختار بجلی پیدا کرنے والی کمپنی ہے جس کی بجلی پیدا کرنے کی کُل صلاحیت 2921MW ہے۔ ہمارا حب پلانٹ بلوچستان کے علاقہ حب موضع کنڈ (Village Kund) میں واقع ہے اور پاکستان میں انتہائی اعلیٰ کارکردگی کا حامل پلانٹ ہے۔ ہمارا 225MW کا نارووال پلانٹ بھی ریزیڈوئل فیول آئل (RFO) سے چلنے والا کمبائنڈ سائیکل پاور اسٹیشن ہے جو پنجاب کے موضع پونگ (Mouza Poong) نارووال میں واقع ہے۔

کمپنی لاریب انرجی لمیٹڈ میں بھی 75 فیصد کنٹرولنگ حصص کی مالک ہے جس کا 84MW پلانٹ آزاد جموں وکشمیر میں منگلا ڈیم سے 8 کلومیٹر کے فاصلے پر نشیب میں نیو بونگ ایسکیپ پر واقع ہے۔

ہماری کمپنی کا چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے ساتھ باہمی اشتراک ہے۔ چائنا حب جنریشن کمپنی (پرائیوٹ) لمیٹڈ (CPHGC)1320MW کا کوئلے سے چلنے والا درآمد شدہ پلانٹ ہے جو کہ حب میں کوئلے کی جیٹی (Jetty) کے ساتھ منسلک ہے۔ اس پلانٹ نے حال ہی میں تجارتی بنیادوں پر بجلی کی پیداوار شروع کردی ہے اور 40 لاکھ گھروں کو با کفایت اور بلاتعطل بجلی فراہم کررہا ہے۔

کمپنی نے مستقبل میں اپنی افزائش کے اقدامات کے طور پر کُلی ملکیت کے ذیلی ادارے بھی قائم کیے ہیں۔ اِن ذیلی اداروں میں حب پاور ہولڈنگز لمیٹڈ (HPHL) مستقبل میں پروجیکٹس کی ترقی میں سرمایہ کاری کے لیے بھی شامل کیا گیا ہے۔ حب پاور سروس لمیٹڈ (HPSL) کے قیام کا مقصد اندرون اور بیرونِ ملک ہمارے موجود اثاثوں کا انتظام وانصرام کرنا ہے۔ علاوہ ازیں اس کا مقصد مقامی طور پر درآمد کردہ کوئلے سے چلنے والے ترقیاتی منصوبوں کے انتظام کے علاوہ ملکی وغیر ملکی کاروباری مواقع کی تلاش ہے۔ حب پاور سروسز لمیٹڈ اس وقت حب، لاریب اور نارووال پلانٹس کا انتظام دیکھ رہی ہے۔

کمپنی نے تھر انرجی لمیٹڈ (Thar Energy Limited) بلاک II سندھ میں بھی قائم کی ہے جس کا مقصد کان کے دہانے (Mine Mouth) پر 330MW کے ایگنائٹ فائرڈ پاور پلانٹ کا قیام ہے۔

کمپنی نے 60 فیصد شیئرز ملکیت کے ساتھ فوجی فرٹیلائزر کمپنی لمیٹڈ (FFCL) اور CMEC کے ساتھ بھی شیئر ہولڈرز ایگریمنٹ پر دستخط کیے ہیں جس کے تحت یہ کمپنیاں اس پروجیکٹ میں بالترتیب 30 فیصد اور 10 فیصد سرمایہ کاری کریں گی۔

کمپنی کے پاس 330MW تھل نووا پاور (پرائیوٹ) لمیٹڈ (TNPTL) کے بھی 38.3% حصص بھی موجود ہیں جو کہ TEL کی طرح کان کے دہانے (Mine Mouth) پر 330MW کا لگنائٹ فائرڈ پاور پلانٹ ہے۔ جو تمام ملک اور خاص طور پر سندھ کے دیہاتی علاقوں میں سماجی واقتصادی ترقی کے وسیع مواقع فراہم کرتا ہے۔

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Hub Power Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Hub Power Company Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Chartered Accountants
Karachi
Date: September 03, 2021

STATEMENT OF **COMPLIANCE**

With Listed Companies (Code of Corporate Governance) Regulations, 2019
The Hub Power Company Limited
For the year ended June 30, 2021

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eleven (11) as per the following:
- Male: Ten (10)
- Female: One (1)

2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Javed Akbar
	Dr. Nadeem Inayat
	Mr. Manzoor Ahmed
	Mr. Owais Shahid
	Mr. Muhammad Ali
	Mr. Saad Iqbal
Non-executive Directors	Mr. M. Habibullah Khan (Chairman)
	Mr. Aly Khan
	Mr. Ejaz Sanjrani
Executive Director	Mr. Khalid Mansoor (Chief Executive Officer – CEO)
Female Director	Ms. Aleeya Khan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a Vision / Mission Statement, overall Corporate Strategy and significant policies of the Company. The Board has ensured that complete record of particular significant policies along with the date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
9. The Board has arranged Directors' Training Program for the Executive - Ms. Fatima Maryam, Head of Treasury Department in 2021. However, ten Directors are duly certified or exempted from Directors' Training Program.

10. During the year, the Board has approved the appointment of Company Secretary including his remuneration and terms and condition of employment and complied with relevant requirements of the Regulations. There were no changes in the position of Chief Financial Officer and Head of Internal Audit;

11. The Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed Committees comprising of members given below:

Board Audit Committee	Board Compensation Committee
Mr. Manzoor Ahmed (Chairman)	Mr. Javed Akbar (Chairman)
Dr. Nadeem Inayat	Mr. Manzoor Ahmed
Mr. Aly Khan	Mr. Muhammad Ali
Mr. Owais Shahid	Ms. Aleeya Khan
Mr. Saad Iqbal	Mr. Aly Khan

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

14. The frequency of meetings of the Committees were as per following:

a) Board Audit Committee: Four meetings have been convened during the financial year ended June 30, 2021.

b) Board Compensation Committee: One meeting have been convened during the financial year ended June 30, 2021.

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan anti registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all other requirements of the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

M. Habibullah Khan
Chairman

Karachi
Date: August 30, 2021

CORPORATE **GOVERNANCE**

AGM Issues and Responses

The 29th Annual General Meeting of the Company was held on September 24, 2020. During the AGM, queries and clarifications were sought on the Company's financial statements, which were resolved to the satisfaction of the shareholders. Apart from the said queries, no significant issues or concerns were raised by the shareholders.

Stakeholders' Engagement

The Company upholds the loyalty and positive perception of its stakeholders and engages with its stakeholders through transparent and continued relationships. The Company also safeguards fair dealings with banks and lenders, improved risk management, compliance with laws and regulations, enhanced corporate recognition, improved commitment and participation of valued and competent human resource and places great emphasis on building excellent image in front of public at large.

Frequency Of Engagements

The occurrence of engagements is based on business and corporate requirements as specified by the Code of Corporate Governance, contractual obligations or on requirement basis, with the following stakeholders:

- Investors / Shareholders
- WAPDA and Suppliers
- Financial Analysts
- Banks and other lenders
- Media
- Regulators
- Employees
- Local community and General Public

Code of Business Ethics

As we strive to improve our performance in a fast-changing, competitive world, we endeavor to always remain true to our Code of Business Ethics. They are a bedrock of our success, in tough times and good times, governing how the Company conducts its affairs. The code of ethics describes the behavior HUBCO expects of its employees and what our employees can expect from the Company.

The code is more than a set of rules. It underlines the core principles that the Company expects its employees to live by, such as honesty, integrity and respect for people. The conduct of employees is evaluated on how our employees continue to live by these core principles both in intention and spirit.

The key task for every employee of the Company is to ensure sustainability and reliability of our business, strengthening the relationship with the customer and building on the Company's image of a good corporate citizen. We ensure that we maintain a stellar reputation amongst our shareholders, customers, the Government and suppliers alike – as a Company that observes the highest standards of personal and corporate integrity.

Company's Code of Business Ethics sets out the minimum standards expected of the entire team. This ensures that the Company maintains good reputation by dealing and being seen to deal with all our business contacts in a professional and acceptable way. Unethical practices of any sort are not allowed to find their way into the business.

We believe that employees have a duty to themselves and to the Company to raise any matters of business conduct or ethics which cause concern. Employees are not allowed to commit an illegal or unethical act, nor instruct and/or encourage another employee to do so. The known laws and regulations of the country should always be followed.

Business Ethics followed by the Company help to protect both the employees and the Company from unfounded accusations of deception and fraud and ensure that where corruption and fraud have or might have taken place, it is properly investigated and dealt with in a timely manner. As a general rule, we treat our employees as Company's ambassadors to all our stakeholders and, therefore, employees are expected to promote the Company's best interests whilst maintaining the highest standards of personal integrity and business practice in all their dealings.

Employees must at all times act in the interest of the Company's shareholders and must abide by the Company's stated standards of environmental, safety and management practices. The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them. We believe that the code of business ethics has been fundamental in the manner in which we have conducted our business and ourselves with respect to the environment in which we operate and living by them remains crucial to our continued success.

Anti-corruption Measures

The Company severely rejects corrupt business practices and does not give or receive bribes in any manner, shape or form in order to retain or bestow business or financial advantages. All employees of the Company are directed that any demand for or offer of such bribe must be immediately rejected and reported to the management.

Business Continuity Planning

Despite our rapid expansion and the complexity of risk that it accompanies, HUBCO endures rigorous crisis management planning for all its plants and site facilities. Our BCP ensures endurance of our business operations in face of a natural calamity or an incident.

Our action plan is formulated in advance with the aim to prevent the stoppage of important and crucial Company operations or restore and restart them in as little time as possible. To mitigate the risks associated with such an event or occurrence we have formulated BCPs for different types of crises such as natural disasters, plant breakdown, political problems, etc.

HUBCO is fully equipped to immediately initiate its BCP protocols based on these categories and work to ensure the continuity of its operations.

CEO’s Performance Review

Each year, the Board reviews the performance of the CEO against pre-determined operational and strategic goals. The CEO is to manage the Company, implement strategic decisions and policies of the Board and align the Company’s direction with the vision and objectives set by the Board.

Role of Chairman

The Chairman’s primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company’s vision and strategy.

The Chairman of the Board ensures effective operations of the Board and its committees in conformity with the highest standards of corporate governance and ensures that all Board committees are properly established, composed and operated. He is also responsible for setting the agenda, style and tone of the Board discussions to promote constructive debate and effective decision-making.

Role of Chief Executive

The Company is run by its Board of Directors and its affairs are managed on a day to day basis by the Chief Executive under the direction and control of the Board.

In performing his tasks, the Chief Executive is required to protect and improve the shareholders’ value and the long-term health of the Company.

Speak up Policy

The purpose of our Speak Up Policy is to provide a framework to promote a responsible and secure manner to speak up. It protects employees, customers and vendors wishing to raise any concern they have regarding business ethics, safety, environmental performance, harassment and other possible breaches of compliance. The policy neither releases employees from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about a personal situation.

CALENDAR OF **CORPORATE EVENTS**

Tentative Dates for The Financial Year 2021-22

Board Approval of Financial Statement for First Quarter ended September 30, 2020	**Last week of October, 2021**
Board Approval of Financial Statement for Second Quarter ended December 31, 2020	**Third week of February, 2022**
Board Approval of Financial Statement for Third Quarter ended March 31, 2021	**Fourth week of April, 2022**
Board Approval of Financial Statement for Fourth Quarter and year ended June 30, 2021	**Third week of August, 2022**

Actual Dates for The Financial Year 2020-21

Board Approval of Financial Statement for First Quarter ended September 30, 2019	**October 30, 2020**
Board Approval of Financial Statement for Second Quarter ended December 31, 2019	**February 26, 2021**
Board Approval of Financial Statement for Third Quarter ended March 31, 2020	**April 30, 2021**
Board Approval of Financial Statement for Fourth Quarter and year ended June 30, 2020	**August 30, 2021**

CALENDAR OF **MAJOR EVENTS**

Achieved Financial Close for ThalNova Power Thar (Pvt.) Limited

September 30, 2020

First interim Dividend dispatched to shareholders on

December 31, 2020

Second interim Dividend dispatched to shareholders on

April 30, 2021

Final Dividend for shareholders announced on

August 30, 2021

KEY HIGHLIGHTS

The vigour of the ocean is such that it is the most restive and yet most powerful resource on the planet, creating its own path as it rushes forward. HUBCO and its management have made it a priority to craft innovative ways to harness the power of nature and focus on opportunities in water and renewable energy.

CORPORATE
SOCIAL RESPONSIBILITY

As a responsible corporate entity, HUBCO works within these 4 realms to uplift communities within which it operates:

Health:

1. Free eye screening of over 1300 students is carried out in Hub region every year.
2. Essential medicines distributed to hospitals in Hub and to Government dispensaries in surrounding areas of Hub.
3. Free medical camps set up where over a thousand patients are provided with free medical consultation and medicines.
4. HUBCO joined hands with Gender Interactive Alliance to provide medicines and treatment for HIV positive transgenders all over Pakistan.
5. HUBCO supports the treatment of underprivileged - mentally challenged patients by partnering with Karwan-e-Hayat.

Infrastructure:

1. HUBCO sponsored 10 solar powered water bore schemes in the area of Dalbandin to provide a solution to water scarcity in the area.
2. Through portable water tankers, HUBCO provides clean drinking water to its plant sites' neighboring villages.
3. HUBCO installed solar streetlights in villages across Balochistan to light up the province.

Livelihood:

1. In 2021, HUBCO partnered with TCF to inaugurate a 2-acre primary school in Pirkus where 210 students have already been enrolled.
2. In 2021, HUBCO established a vocational training centre for women in Mouza Kund to equip them with skills, making them financially independent. HUBCO also provides pick and drop services to these women.
3. HUBCO runs an Apprenticeship Training Program for students from neighboring communities through which 202 students have graduated till date.
4. Every year, in collaboration with Hunar Foundation, HUBCO provides free training to over 40 students in various trades including electrical and civil engineering, welding etc.

Education:

1. HUBCO partnered with KDSP to provide quality education to children with down syndrome.
2. HUBCO provided scholarships to 20 female students of Sardar Bahadur Khan Women's University in Quetta.
3. HUBCO extended support to JPMC to promote medical research and development.
4. HUBCO is sponsoring 8 schools in the Hub area where each year more and more students from neighboring communities are enrolled.

HUMAN **RESOURCES**

Employee Safety in context of COVID-19

As an essential service provider, we were obligated to remain operational during the pandemic, hence our employee health and safety remained a key focus area for HUBCO along with its business KPIs. Effective protective and preventive measures were put in place and regular assessments of the developing pandemic situation in the country were conducted. To avoid any outbreak in our premises, our Head Offices, Plants and Project Sites continued to follow stringent COVID-19 preventive protocols which involved remote/hybrid and Rota working models at both our corporate offices and sites respectively. Protocols were regularly reviewed and modified in line with the ongoing situation in the country, directives by the government and industry practices. Through our effective management of COVID-19 measures we have been able to prevent any sort of outbreak in our premises during the year. Our in-house COVID-19 Taskforce continued to spearhead employee safety and wellbeing throughout the year.

Employee Engagement

In the current challenging times where many aspects of the workplace and day-to-day life have been disrupted, understanding, maintaining and boosting employee engagement remained a primary concern for us along with their health & safety. We redefined our employee engagement model to reflect the changing circumstances. To proactively understand employee engagement dynamics under the new normal, we continued to conduct regular pulse surveys to understand how our employees were responding to changes in the work patterns as well as key workplace dimensions affecting their productivity and well-being.

Based on the outcome of the surveys, we planned various interventions to sustain and improve employee productivity and engagement levels. These included more frequent townhalls by the leaders to apprise employees of the on-going situation, more personalized communication sessions by the Management Committee to inspire our workforce in times of distress and uncertainty, and interactive "Lets Connect" sessions to allow regular and enhanced connection of managers with their employees as they navigated though different work patterns.

We believe our peoples' wellbeing is at the core of our organization's success. Initiatives like "Fit for Life" and "Balance" were launched for employees and their families to create awareness around the potential health risks in the current trying times. Under these initiatives in-house preventative health screening was also provided to employees to identify early signs and symptoms of poor well-being.

Learning & Development

HUBCO's human capital philosophy focuses on developing business and functional leaders so that we continue to have the topmost talent that is ready to take key positions in the organization. COVID-19 and the future of work have accelerated a lot of trends which makes it imperative for us to put our people first so that they stay fit for work now and in future. We continued to develop people not only in line with our training need analysis but also with the competencies that will emerge in the future as a result of automation and new technologies that will reshape many roles in the business.

This year a strong emphasis was placed on developing the capability of our internal training faculty to conduct online trainings. A comprehensive faculty engagement plan was put in place to attract more internal resources to lead the company's training programs. Based on this, most trainings were conducted through HUBCO's internal faculty as a result of which the restrictions caused by COVID-19 outbreak did not impact our delivery on employee training and development goals.

HUBCO puts great emphasis on playing its role in preparing future professionals for the industry and for the country. Our flagship Summer Internship Program - StarTrack offers project-based internships to aspiring professionals. Our StarTrack interns are given exposure to real life business projects with special focus on creating learning opportunities and hands-on training. The program involves frequent meetups arranged with the leadership team to provide them with opportunities to ask questions pertaining to the business and seek advice regarding the career journey of senior professionals. Additionally, career counselling sessions based on psychometric assessments are also conducted, as part of the StarTrack program to help interns identify the right career path based on their personality profile. With the help of digital collaboration tools, the past year's StarTrack program was modified and executed as per COVID-19 protocols.

Our Management Trainee (MT) Program has been designed to prepare talented and ambitious graduates for leadership roles by giving them challenging assignments in an accelerated learning environment. These graduates are given opportunities to develop both technical and leadership competencies, through a rich mix of training, development and mentoring.

Due to the limitations and risks of COVID-19, our programs offered a combination of work from home, offices and sites as per the requirements of the assignment.

DIVERSE **ENDEAVORS**

As part of HUBCO's diversification strategy, HUBCO has pursued opportunities in the fields of water, Exploration & Production (E&P), green energy, mining and metal processing.

Through a 50:50 joint venture, HUBCO took over Prime International Oil & Gas Company (ENI's Pakistan business). This gives HUBCO the opportunity to grow further and venture into the Oil & Gas sector of Pakistan.

Water solutions have been chosen as a priority area, with an aim to resolve the crisis of water scarcity. In line with this vision, HUBCO developed a first of its kind Wastewater Recycling Project. The project would not only mitigate the negative environmental impacts of untreated water currently being discharged into the sea, but also provide a reliable and consistent supply of industrial grade water to the SITE Industrial Area. The sustainable supply of recycled water to the export-oriented industries would result in enhanced productivity and employment generation. The recycled water would also substitute the potable water currently being used by the industries and the potable water can be redirected for domestic consumption. This would pave the way for other wastewater recycling projects in Karachi, with the potential of fulfilling the entire water demand of industries with recycled water.

In addition, HUBCO has submitted a proposal for setting up a 5 million Imperial Gallons per day (MIGD) Seawater Reverse Osmosis (SWRO) Project and has also assessed a proposal for the revival of COGEN plant in DHA-Karachi. The proposals are under consideration by DHA.

Driven to digitalize its operations, through our subsidiary Hub Power Services Limited, we have signed an MOU with Octopus Digital, a subsidiary of Avanceon Limited. This would enable Digital KPI Dashboards, Cloud-based Reporting and Data Driven Asset Maintenance Services for all of HUBCO's power plants. Furthermore, both companies will also engage in co-marketing and co-selling of these services to other industries within and outside of Pakistan.

Furthermore, HUBCO is also exploring opportunities in green energy, including off-grid power solutions for industrial zones and potential projects in renewable energy. Other opportunities pertaining to mining and mineral processing leading to import substitution are also being developed.

Looking ahead, HUBCO, through its subsidiaries, affiliates, associates and partners will continue to pave the way for new discoveries, opportunities, and possibilities to fuel Pakistani lives through energy.

HUBCO's wide geographical presence, diverse technical expertise and large scale project management experience provides for a unique strategic position to be in the vanguard of sustainable infrastructure development of the country.

AWARDS & **ACHIEVEMENTS**

Certificate of Merit

Awarded by Institute of Chartered Accountants of Pakistan for Best Corporate Report, 2021

Gender Diversity at Workplace Award

by the CFA Society Pakistan's 17th Corporate Excellence Award, 2020

Notable Growth in Women Empowerment Award

Awarded by Institute of Chartered Accountants of Pakistan for Best Corporate Report, 2021

Corporate Excellence Award

Conferred by the Management Association of Pakistan (MAP), 2019 and 2020

Pakistan Stock Exchange

Top-25 Companies for the years 2012, 2013, 2017

GE Digital Global Innovator of the Year Award

In the Optimizing Operations Category, 2017

Laraib Energy Limited

Selected as a case study by World Bank at the 7th World Hydropower Congress

Power Deal of the Year

For Thar Energy Limited at Asset Asian Award, 2019

9th CSR Award

For Community Development, Education & Scholarship for extensive philanthropic programs 2017

Best Corporate Report Award

For the 2015-16 Annual Report ICAP and ICMAP

Green Office Certification

by WWF – Pakistan

Annual Environmental Excellence Award

By the National Forum for Environment and Health, 2016

CSR Business Excellence Award

by the National Forum for Environment and Health, 2015

SAFA Best Presented Annual Report Award

2012

The power of wind is such that over time, even the most solid structures succumb to the force of continuous effort. This is the same consistency with which HUBCO strives towards achieving excellence and delivering performance.

FINANCIAL **PERFORMANCE**

FINANCIAL RATIOS

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross Profit margin	%	63.16	65.01	32.37	12.78	11.86	17.11
Net Profit margin	%	66.37	36.94	22.17	11.17	10.50	13.40
Operating cost to turnover	%	36.84	34.99	67.63	87.22	88.14	82.89
Fuel cost to turnover	%	11.22	16.30	49.61	79.22	89.24	73.27
EBITDA Margin to Sales	%	93.77	80.31	41.89	16.91	15.41	20.47
Operating Leverage Ratio	Times	2.35	(2.17)	(0.38)	(3.39)	3.46	(0.06)
Return on Equity	%	43.92	27.13	30.86	43.57	35.08	39.10
Return on Capital Employed	%	33.79	30.28	29.42	35.71	26.82	28.85
Liquidity Ratios							
Current Ratio	Times	1.24	1.09	0.92	0.96	0.96	1.03
Quick / Acid Test Ratio	Times	1.18	1.00	0.85	0.89	0.90	0.97
Cash to Current Liabilities	Times	0.004	0.006	0.073	0.004	0.014	0.037
Cash Flow from Operations to Sales	%	22.24	1.51	0.32	9.05	4.22	14.93
Working capital	Rs. in million	18,029	8,237	(7,906)	(3,666)	(3,697)	2,352
Activity / Turnover Ratios							
No. of Days in Inventory	Days	140	207	76	23	14	15
Inventory Turnover	Times	2.61	1.77	4.78	15.78	25.90	23.75
No. of Days in Receivables	Days	832	939	750	372	352	318
Receivables Turnover	Times	0.44	0.39	0.49	0.98	1.04	1.15
No. of Days in Payables	Days	140,860	3,002	1,392	403	328	351
Payables Turnover	Times	0.00	0.12	0.26	0.91	1.11	1.04
Operating Cycle	Days	(139,888)	(1,856)	(566)	(8)	38	(18)
Total Asset Turnover	Times	0.20	0.17	0.24	0.56	0.68	0.64
Fixed Assets Turnover	Times	3.15	2.27	2.65	4.98	4.55	2.36
Working Capital Turnover	Times	1.79	3.34	(4.58)	(20.92)	(21.26)	36.74
Investment / Market Ratios							
Earnings Per Share	Rs.	16.52	7.84	6.70	7.15	8.29	10.00
Weighted Average No. of Ordinary Shares	No. in million	1,297	1,297	1,199	1,198	1,157	1,157
Price Earning Ratio	Times	4.82	9.25	11.75	12.89	14.17	12.01
Price to Book Ratio	Times	1.88	2.20	2.93	5.57	6.97	5.04
Dividend Yield	%	15.06	0.00	0.00	8.03	6.39	9.16
Dividend Payout Ratio	Times	0.73	0.00	0.00	1.03	0.90	1.10
Dividend Cover Ratio	Times	1.38	0.00	0.00	0.97	1.11	0.91
Cash Dividend Per Share - Interim	Rs.	7.00	0.00	0.00	4.60	5.00	8.00
Cash Dividend per share - Final	Rs.	5.00	0.00	0.00	2.80	2.50	3.00
Cash Dividend per share - Total	Rs.	12.00	0.00	0.00	7.40	7.50	11.00
Market Value Per Share							
Year end	Rs.	79.67	72.50	78.75	92.16	117.43	120.06
High	Rs.	91.32	103.21	98.13	125.88	145.43	122.88
Low	Rs.	70.31	57.40	68.84	89.90	103.15	96.03
Breakup Value /(Net assets/share)	Rs.	42.34	32.90	26.90	16.55	16.84	23.84
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.64	0.82	0.72	0.74	0.40	0.76
Weighted Average Cost of Debt	%	9.08	14.55	9.85	6.99	5.45	8.74
Debt to Equity Ratio	Ratio	39:61	45:55	42:58	42:58	29:71	43:57
Interest Cover Ratio	Times	4.91	2.14	2.67	4.90	5.71	4.77
No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,157	1,157	1,157

DUPONT ANALYSIS

Ratios	2021	2020	Comments
Tax Burden/Efficiency (Net Income/PBT)	94.95	94.59	Increased due to tax charged on income from management services.
Interest Burden/Efficiency (PBT/EBIT)	79.64	53.36	Increase mainly due to decrease in finance cost pertaining to long term and short term borrowings during the year.
Operating Income Margin (EBIT/Sales)	87.78	73.19	Improved mainly due to higher dividend income from subsidiaries during the year.
Asset Turnover (Sales/Assets)	0.20	0.17	Increased mainly due to higher turnover during theyear.
Leverage Ratio (Assets/Equity)	2.91	3.85	Declined due to higher equity balance due to improved profitability.
Return on Equity (Net Income/Equity)	43.92	27.13	Improved largely due to higher dividend income from subsidiaries and lower finance costs during the year.

HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF **PROFIT OR LOSS**

Horizontal Analysis	2021 (Rs. Millions)	21 Vs. 20 %	2020 (Rs. Millions)	20 Vs. 19 %
Turnover	32,292	17.32	27,524	(24.07)
Operating costs	(11,897)	23.54	(9,630)	(60.72)
Gross Profit	20,395	13.98	17,894	52.51
Other income	9,200	190.96	3,162	26.08
General and administration expenses	(789)	4.23	(757)	(13.19)
Finance costs	(5,772)	(38.56)	(9,395)	89.38
Other operating expenses	(460)	197	(155)	17
Taxation	(1,141)	96.05	(582)	144.54
Profit after tax from continuing operations	**21,433**	**110.81**	**10,167**	**26.50**
Profit after tax from discontinued operations	**-**	**-**	**-**	**-**
Profit for the year	**21,433**	**110.81**	**10,167**	**26.50**

Vertical Analysis	2021 (Rs. Millions)	% of turnover	2020 (Rs. Millions)	% of turnover
Turnover	32,292	100.00	27,524	100.00
Operating costs	(11,897)	(36.84)	(9,630)	(34.99)
Gross Profit	20,395	63.16	17,894	65.01
Other income	9,200	28.49	3,162	11.49
General and administration expenses	(789)	(2.44)	(757)	(2.75)
Finance costs	(5,772)	(17.87)	(9,395)	(34.13)
Other operating expenses	(460)	(1.42)	(155)	(0.56)
Taxation	(1,141)	(3.53)	(582)	(2.11)
Profit after tax from continuing operations	**21,433**	**66.37**	**10,167**	**36.94**
Profit after tax from discontinued operations	**-**	**-**	**-**	**-**
Profit for the year	**21,433**	**66.37**	**10,167**	**36.94**

2019 (Rs. Millions)	19 Vs. 18 %	2018 (Rs. Millions)	18 Vs. 17 %	2017 (Rs. Millions)	17 Vs. 16 %	2016 (Rs. Millions)	16 Vs. 15 %
36,249	(52.72)	76,676	(2.44)	78,590	(9.06)	86,415	(34.28)
(24,516)	(63.34)	(66,873)	(3.46)	(69,273)	(3.29)	(71,627)	(38.83)
11,733	19.69	9,803	5.22	9,317	(37.00)	14,788	2.76
2,508	12.52	2,229	43.16	1,557	7.79	1,444	(5.72)
(872)	(3.11)	(900)	46.34	(615)	(33.54)	(925)	0.52
(4,961)	4,410	(110)	43.32	(77)	(97.53)	(3,109)	589.69
(133)	(94)	(2,248)	26	(1,784)	277	(473)	(89.57)
(238)	13.88	(209)	46.77	(142)	(4.23)	(149)	(7.12)
8,037	**(6.16)**	**8,565**	**3.74**	**8,256**	**(28.68)**	**11,576**	**17.48**
-	**-**	**-**	**(100)**	**1,344**	**-**	**-**	**-**
8,037	**(6.16)**	**8,565**	**(10.78)**	**9,600**	**(17.07)**	**11,576**	**17.48**

2019 (Rs. Millions)	% of turnover	2018 (Rs. Millions)	% of turnover	2017 (Rs. Millions)	% of turnover	2016 (Rs. Millions)	% of turnover
36,249	100.00	76,676	100.00	78,590	100.00	86,415	100.00
(24,516)	(67.63)	(66,873)	(87.22)	(69,273)	(88.14)	(71,627)	(82.89)
11,733	32.37	9,803	12.78	9,317	11.86	14,788	17.11
2,508	6.92	2,229	2.91	1,557	1.98	1,444	1.67
(872)	(2.41)	(900)	(1.17)	(615)	(0.78)	(925)	(1.07)
(4,961)	(13.69)	(110)	(0.14)	(77)	(0.10)	(3,109)	(3.60)
(133)	(0.37)	(2,248)	(2.93)	(1,784)	(2.27)	(473)	(0.55)
(238)	(0.66)	(209)	(0.27)	(142)	(0.18)	(149)	(0.17)
8,037	**22.17**	**8,565**	**11.17**	**8,256**	**10.50**	**11,576**	**13.40**
-	**-**	**-**	**(100)**	**1,344**	**-**	**-**	**-**
8,037	**22.17**	**8,565**	**11.17**	**9,600**	**12.22**	**11,576**	**13.40**

HORIZONTAL ANALYSIS OF STATEMENT OF **FINANCIAL POSITION**

	2021 (Rs. Millions)	21 vs. 20 %	2020 (Rs. Millions)	20 vs. 19 %	2019 (Rs. Millions)	19 vs. 18 %	2018 (Rs. Millions)
ASSETS							
NON-CURRENT ASSETS							
Fixed Assets							
Property, Plant and equipments	10,257	(15.55)	12,146	(11.13)	13,667	(11.26)	15,401
Intangibles	6	(76.92)	26	(50.00)	52	(5.45)	55
Long term investments	57,295	1.32	56,549	16.95	48,355	133.84	20,679
Long term loan and advance	-	-	-	-	-	-	-
Long term deposits and prepayments	22	-	22	-	22	4.76	21
	67,580	**(1.69)**	**68,743**	**10.70**	**62,096**	**71.74**	**36,156**
CURRENT ASSETS							
Stores, spares and consumables	1,378	(19.98)	1,722	(6.97)	1,851	(5.32)	1,955
Stock-in-trade	2,806	(55.59)	6,319	38.09	4,576	(19.55)	5,688
Trade debts	72,206	(3.77)	75,031	12.61	66,629	(19.42)	82,683
Loan and advances	686	328.75	160	(78.14)	732	713.33	90
Prepayments and other receivables	15,051	25.06	12,035	14.27	10,532	9.50	9,618
Cash and bank balances	301	(41.10)	511	(93.01)	7,312	1,612.41	427
	92,428	**(3.50)**	**95,778**	**4.52**	**91,632**	**(8.79)**	**100,461**
Non-current asset held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**160,008**	**(2.74)**	**164,521**	**7.02**	**153,728**	**12.52**	**136,617**
EQUITY AND LIABILITIES							
SHARE CAPTIAL AND RESERVE							
Share Capital							
Authorised	17,000	-	17,000	-	17,000	-	17,000
Issued, subscribed and paid-up	12,972	-	12,972	-	12,972	12.10	11,572
Capital Reserve							
Share Premium	5,600	-	5,600	-	5,600	100.00	-
Revenue Reserve							
Unappropriated profit	36,353	50.79	24,108	76.09	13,691	65.83	8,256
TOTAL EQUITY	**54,925**	**28.69**	**42,680**	**32.29**	**32,263**	**62.71**	**19,828**
NON-CURRENT LIABILITIES							
Long term loans	30,420	(10.55)	34,006	55.09	21,927	73.17	12,662
Long term lease liabilities	264	(10.20)	294	100.00	-	-	-
CURRENT LIABILITIES							
Trade and other payables	41,817	(25.30)	55,981	(0.52)	56,273	(29.50)	79,821
Unclaimed dividend	228	9.62	208	9.47	190	35.71	140
Unpaid dividend	46	4.55	44	(45.00)	80	(67.61)	247
Interest/mark-up accrued	632	(21.88)	809	42.43	568	259.49	158
Short term borrowings	27,069	(9.51)	29,914	(27.24)	41,112	88.80	21,776
Current maturity of long term loans	4,577	714.41	562	(57.26)	1,315	(33.75)	1,985
Current maturity of long term lease liabilities	30	30.43	23	100.00	-	-	-
	74,399	**(15.01)**	**87,541**	**(12.05)**	**99,538**	**(4.41)**	**104,127**
TOTAL EQUITY AND LIABILITIES	**160,008**	**(2.74)**	**164,521**	**7.02**	**153,728**	**12.52**	**136,617**

18 vs. 17 %	2017 (Rs. Millions)	17 vs. 16 %	2016 (Rs. Millions)	16 vs. 15 %	2015 (Rs. Millions)	15 vs. 14 %	2014 (Rs. Millions)	14 vs. 13 %	2013 (Rs. Millions)
(10.78)	17,262	(52.82)	36,587	(5.75)	38,818	(5.83)	41,223	(5.15)	43,463
22.22	45	2.27	44	1,366.67	3	(75.00)	12	(55.56)	27
85.06	11,174	90.16	5,876	19.48	4,918	5.22	4,674	-	4,674
-	-	-	-	-	-	(100.00)	63	(27.59)	87
(84.21)	133	533.33	21	10.53	19	(9.52)	21	162.50	8
26.36	**28,614**	**(32.72)**	**42,528**	**(2.81)**	**43,758**	**(4.86)**	**45,993**	**(4.70)**	**48,259**
(0.26)	1,960	(20.33)	2,460	16.53	2,111	32.02	1,599	1.59	1,574
104.16	2,786	8.70	2,563	(26.14)	3,470	45.25	2,389	(43.76)	4,248
12.24	73,663	(5.25)	77,747	6.97	72,683	(9.01)	79,879	222.11	24,799
(37.06)	143	(42.11)	247	128.70	108	38.46	78	(27.78)	108
45.93	6,591	27.21	5,181	55.35	3,335	18.35	2,818	(13.45)	3,256
(65.09)	1,223	(62.71)	3,280	577.69	484	(81.91)	2,676	(84.32)	17,069
16.32	**86,366**	**(5.59)**	**91,478**	**11.30**	**82,191**	**(8.10)**	**89,439**	**75.19**	**51,054**
(100.00)	**4**	**100.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18.81	**114,984**	**(14.19)**	**134,006**	**6.40**	**125,949**	**(7.00)**	**135,432**	**36.37**	**99,313**
41.67	12,000	-	12,000	-	12,000	-	12,000	-	12,000
-	11,572	-	11,572	-	11,572	-	11,572	-	11,572
-	-	-	-	-	-	-	-	-	-
4.32	7,914	(50.56)	16,007	(20.22)	20,063	3.03	19,473	(7.44)	21,038
1.76	**19,486**	**(29.34)**	**27,579**	**(12.82)**	**31,635**	**1.90**	**31,045**	**(4.80)**	**32,610**
133.10	5,432	(68.60)	17,301	(6.07)	18,419	(8.06)	20,034	(14.93)	23,551
-	-	-	-	-	-	-	-	-	-
20.54	66,222	0.34	65,997	10.19	59,895	(4.40)	62,654	80.47	34,718
8.53	129	4.88	123	19.42	103	15.73	89	20.27	74
(75.83)	1,022	(52.92)	2,171	3,847.27	55	7.84	51	10.87	46
(38.52)	257	(50.10)	515	(32.50)	763	(34.11)	1,158	(18.57)	1,422
8.39	20,091	21.47	16,540	50.87	10,963	(35.05)	16,878	272.83	4,527
(15.35)	2,345	(37.96)	3,780	(8.16)	4,116	16.83	3,523	48.96	2,365
15.61	**90,066**	**1.05**	**89,126**	**17.43**	**75,895**	**(10.03)**	**84,353**	**95.48**	**43,152**
18.81	**114,984**	**(14.19)**	**134,006**	**6.40**	**125,949**	**(7.00)**	**135,432**	**36.37**	**99,313**

VERTICAL ANALYSIS OF STATEMENT OF **FINANCIAL POSITION**

	2021 (Rs. Millions)	%	2020 (Rs. Millions)	%	2019 (Rs. Millions)	%	2018 (Rs. Millions)
ASSETS							
NON-CURRENT ASSETS							
Fixed Assets							
Property, Plant and equipments	10,257	6.41	12,146	7.38	13,667	8.89	15,401
Intangibles	6	0.00	26	0.02	52	0.03	55
Long term investments	57,295	35.81	56,549	34.37	48,355	31.45	20,679
Long term loan and advance	-	-	-	-	-	-	-
Long term deposits and prepayments	22	0.01	22	0.01	22	0.01	21
	67,580	**42.24**	**68,743**	**41.78**	**62,096**	**40.39**	**36,156**
CURRENT ASSETS							
Stores, spares and consumables	1,378	0.86	1,722	1.05	1,851	1.20	1,955
Stock-in-trade	2,806	1.75	6,319	3.84	4,576	2.98	5,688
Trade debts	72,206	45.13	75,031	45.61	66,629	43.34	82,683
Loan and advances	686	0.43	160	0.10	732	0.48	90
Prepayments and other receivables	15,051	9.41	12,035	7.32	10,532	6.85	9,618
Cash and bank balances	301	0.19	511	0.31	7,312	4.76	427
	92,428	**57.76**	**95,778**	**58.22**	**91,632**	**59.61**	**100,461**
Non-current asset held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL ASSETS	**160,008**	**100.00**	**164,521**	**100.00**	**153,728**	**100.00**	**136,617**
EQUITY AND LIABILITIES							
SHARE CAPTIAL AND RESERVE							
Share Capital							
Authorised	17,000	-	17,000	-	17,000	-	17,000
Issued, subscribed and paid-up	12,972	8.11	12,972	7.88	12,972	8.44	11,572
Capital Reserve							
Share Premium	5,600	3.50	5,600	3.40	5,600	3.64	-
Revenue Reserve							
Unappropriated profit	36,353	22.72	24,108	14.65	13,691	8.91	8,256
TOTAL EQUITY	**54,925**	**34.33**	**42,680**	**25.94**	**32,263**	**20.99**	**19,828**
NON-CURRENT LIABILITIES							
Long term loans	30,420	19.01	34,006	20.67	21,927	14.26	12,662
Long term lease liabilities	264	0.16	294	0.18	-	-	-
CURRENT LIABILITIES							
Trade and other payables	41,817	26.13	55,981	34.03	56,273	36.61	79,821
Unclaimed dividend	228	0.14	208	0.13	190	0.12	140
Unpaid dividend	46	0.03	44	0.03	80	0.05	247
Interest/mark-up accrued	632	0.39	809	0.49	568	0.37	158
Short term borrowings	27,069	16.92	29,914	18.18	41,112	26.74	21,776
Current maturity of long term loans	4,577	2.86	562	0.34	1,315	0.86	1,985
Current maturity of long term lease liabilities	30	0.02	23	0.01	-	-	-
	74,399	**46.50**	**87,541**	**53.21**	**99,538**	**64.75**	**104,127**
TOTAL EQUITY AND LIABILITIES	**160,008**	**100.00**	**164,521**	**100.00**	**153,728**	**100.00**	**136,617**

%	2017 (Rs. Millions)	%	2016 (Rs. Millions)	%	2015 (Rs. Millions)	%	2014 (Rs. Millions)	%	2013 (Rs. Millions)
11.27	17,262	15.01	36,587	27.30	38,818	30.82	41,223	30.44	43,463
0.04	45	0.04	44	0.03	3	0.00	12	0.01	27
15.14	11,174	9.72	5,876	4.38	4,918	3.90	4,674	3.45	4,674
-	-	-	-	-	-	-	63	0.05	87
0.02	133	0.12	21	0.02	19	0.02	21	0.02	8
26.47	**28,614**	**24.89**	**42,528**	**31.74**	**43,758**	**34.74**	**45,993**	**33.96**	**48,259**
1.43	1,960	1.70	2,460	1.84	2,111	1.68	1,599	1.18	1,574
4.16	2,786	2.42	2,563	1.91	3,470	2.76	2,389	1.76	4,248
60.52	73,663	64.06	77,747	58.02	72,683	57.71	79,879	58.98	24,799
0.07	143	0.12	247	0.18	108	0.09	78	0.06	108
7.04	6,591	5.73	5,181	3.87	3,335	2.65	2,818	2.08	3,256
0.31	1,223	1.06	3,280	2.45	484	0.38	2,676	1.98	17,069
73.53	**86,366**	**75.11**	**91,478**	**68.26**	**82,191**	**65.26**	**89,439**	**66.04**	**51,054**
-	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100.00	**114,984**	**100.00**	**134,006**	**100.00**	**125,949**	**100.00**	**135,432**	**100.00**	**99,313**
-	12,000	-	12,000	-	12,000	-	12,000	-	12,000
8.47	11,572	10.06	11,572	8.64	11,572	9.19	11,572	8.54	11,572
-	-	-	-	-	-	-	-	-	-
6.04	7,914	6.88	16,007	11.94	20,063	15.93	19,473	14.38	21,038
14.51	**19,486**	**16.95**	**27,579**	**20.58**	**31,635**	**25.12**	**31,045**	**22.92**	**32,610**
9.27	5,432	4.72	17,301	12.91	18,419	14.62	20,034	14.79	23,551
-	-	-	-	-	-	-	-	-	-
58.43	66,222	57.59	65,997	49.25	59,895	47.55	62,654	46.26	34,718
0.10	129	0.11	123	0.09	103	0.08	89	0.07	74
0.18	1,022	0.89	2,171	1.62	55	0.04	51	0.04	46
0.12	257	0.22	515	0.38	763	0.61	1,158	0.86	1,422
15.94	20,091	17.47	16,540	12.34	10,963	8.70	16,878	12.46	4,527
1.45	2,345	2.04	3,780	2.82	4,116	3.27	3,523	2.60	2,365
76.22	**90,066**	**78.33**	**89,126**	**66.51**	**75,895**	**60.26**	**84,353**	**62.28**	**43,152**
100.00	**114,984**	**100.00**	**134,006**	**100.00**	**125,949**	**100.00**	**135,432**	**100.00**	**99,313**

SIX YEARS STATEMENT OF **PROFIT OR LOSS AT A GLANCE**

	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)	2017 (Rs. Millions)	2016 (Rs. Millions)
Turnover	32,292	27,524	36,249	76,676	78,590	86,415
Operating costs	(11,897)	(9,630)	(24,516)	(66,873)	(69,273)	(71,627)
Gross Profit	**20,395**	**17,894**	**11,733**	**9,803**	**9,317**	**14,788**
Other income	9,200	3,162	2,508	2,229	1,557	1,444
General and administration expenses	(789)	(757)	(872)	(900)	(615)	(925)
Finance costs	(5,772)	(9,395)	(4,961)	(2,248)	(1,784)	(3,109)
Other operating expenses	(460)	(155)	(133)	(110)	(77)	(473)
Taxation	(1,141)	(582)	(238)	(209)	(142)	(149)
Profit after tax from continuing operations	**21,433**	**10,167**	**8,037**	**8,565**	**8,256**	**11,576**
Profit after tax from discontinued operations	**-**	**-**	**-**	**-**	**1,344**	**-**
Profit for the year	**21,433**	**10,167**	**8,037**	**8,565**	**9,600**	**11,576**
Basic and diluted earnings per share (Rupees)	**16.52**	**7.84**	**6.70**	**7.15**	**8.29**	**10.00**
Weighted Average No. of Ordinary Shares	**1,297**	**1,297**	**1,199**	**1,198**	**1,157**	**1,157**

	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)	2017 (Rs. Millions)	2016 (Rs. Millions)
EBITDA						
Profit after tax for the year (from continuing operations)	21,433	10,167	8,037	8,565	8,256	11,576
Finance costs	5,772	9,395	4,961	2,248	1,784	3,109
Depreciation	1,914	1,931	1,914	1,910	1,903	2,837
Amortization	20	30	35	37	26	20
Taxation	1,141	582	238	209	142	149
EBITDA	30,280	22,105	15,185	12,969	12,111	17,691

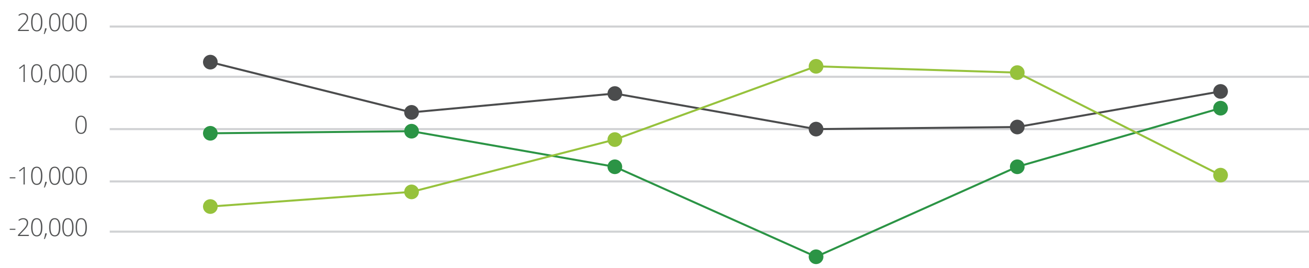
	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)	2017 (Rs. Millions)	2016 (Rs. Millions)
EBIT						
Profit after tax for the year (from continuing operations)	21,433	10,167	8,037	8,565	8,256	11,576
Finance costs	5,772	9,395	4,961	2,248	1,784	3,109
Taxation	1,141	582	238	209	142	149
EBIT	28,346	20,144	13,236	11,022	10,182	14,834

SIX YEARS STATEMENT OF
FINANCIAL POSITION AT A GLANCE

	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)	2017 (Rs. Millions)	2016 (Rs. Millions)
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, plant and equipment	10,257	12,146	13,667	15,401	17,262	36.587
Intangibles	6	26	52	55	44.24	44
Long term investments	57,295	56,549	48,355	20,679	11,174	5,876
Long term deposits and prepayments	22	22	22	21	133	21
	67,580	**68,743**	**62,096**	**36,156**	**28,613**	**42,528**
CURRENT ASSETS						
Stores, spares and consumables	1,378	1,722	1,851	1,955	1,960	2,460
Stock-in-trade	2,806	6,319	4,576	5,688	2,786	2,563
Trade debts	72,206	75,031	66,256	82,683	73,663	77,747
Loans and advances	686	160	732	90	143	247
Prepayments and other receivables	15,051	12,035	10,905	9,618	6,591	5,181
Cash and bank balances	301	511	7,312	427	1,223	3,280
	92,428	**95,778**	**91,632**	**100,461**	**86,366**	**91,478**
Non-current asset classified as held for sale	**-**	**-**	**-**	**-**	**4**	**-**
TOTAL ASSETS	**160,008**	**164,521**	**153,728**	**136,617**	**114,983**	**134,006**
EQUITY AND LIABILITIES						
SHARE CAPTIAL AND RESERVE						
Share Capital						
Authorised	17,000	17,000	17,000	17,000	12,000	12,000
Issued, subscribed and paid-up	12,972	12,972	12,972	11,572	11,572	11,572
Capital Reserve						
Share premium	5,600	5,600	5,600	-	-	-
Revenue Reserve						
Unappropriated profit	36,353	24,108	13,691	8,256	7,914	16,007
TOTAL EQUITY	**54,925**	**42,680**	**32,263**	**19,828**	**19,486**	**27,579**
NON-CURRENT LIABILITIES						
Long term loans	30,420	34,006	21,927	12,662	5,432	17,301
Long term lease liabilities	264	294	-	-	-	-
CURRENT LIABILITIES						
Trade and other payables	41,817	55,981	56,273	79,821	66,222	65,997
Unclaimed dividend	228	208	190	140	129	123
Unpaid dividend	46	44	80	247	1,022	2,171
Interest / mark-up accrued	632	809	568	158	257	515
Short term borrowings	27,069	29,914	41,112	21,776	20,090	16,540
Current maturity of long term loans	4,577	562	1,315	1,985	2,345	3,780
Current maturity of long term lease liabilities	30	23	-	-	-	-
	74,399	**87,541**	**99,538**	**104,127**	**90,065**	**89,126**
COMMITMENTS AND CONTINGENCIES						
TOTAL EQUITY AND LIABILITIES	**160,008**	**164,521**	**153,728**	**136,617**	**114,983**	**134,006**

SUMMARY OF SIX YEARS
CASHFLOW AT A GLANCE

	2021	2020	2019	2018	2017	2016
	(Rs. Millions)					
Opening	(29,402)	(33,799)	(21,349)	(18,867)	(13,260)	(10,479)
Net Cashflow generated from / (used in) operating activities	7,180	415	117	6,939	3,318	12,900
Net Cashflow generated from / (used in) investing activities	4,223	(7,221)	(24,720)	(7,305)	(224)	(663)
Net Cashflow used in financing activities	(8,769)	11,203	12,153	(2,116)	(12,260)	(15,018)
Cash and cash equivalents transferred to NEL	-	-	-	-	3,558	-
Closing	(26,768)	(29,402)	(33,799)	(21,349)	(18,867)	(13,260)



2016	2017	2018	2019	2020	2021
12,900	3,318	6,939	117	415	7,180
(663)	(224)	(7,305)	(24,720)	(7,221)	4,223
(15,018)	(12,260)	(2,116)	12,153	11,203	(8,769)

- Net Cashflow generated from / (used in) operating activities
- Net Cashflow generated from / (used in) investing activities
- Net Cashflow used in financing activities

COMMENTS ON UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

The increase in turnover by 17.33% compared to the last year is mainly due to the higher Net Electrical Output on account of higher load demanded by CPPA(G) and depreciation of Rupee against USD.

The increase in operating cost by 23.54% compared to the last year is mainly due to higher fuel cost due to higher generation.

The increase in other income was mainly attributable to higher dividend income from subsidiaries and higher income from management services.

Decrease in finance cost on long term and short term borrowings was largely due to decrease in KIBOR and loan repayments during the year.

The current year net profit increased by 111% compared to the last year resulting in increase in earnings per share from Rs. 7.84 to Rs. 16.52 mainly due to higher dividend income from subsidiaries, higher income from management services, depreciation of Rupee against USD and lower finance costs.

COMMENTS ON UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

During the year, the Company has made additional investments in TEL Rs. 753 million and SECMC of Rs. 122 million.

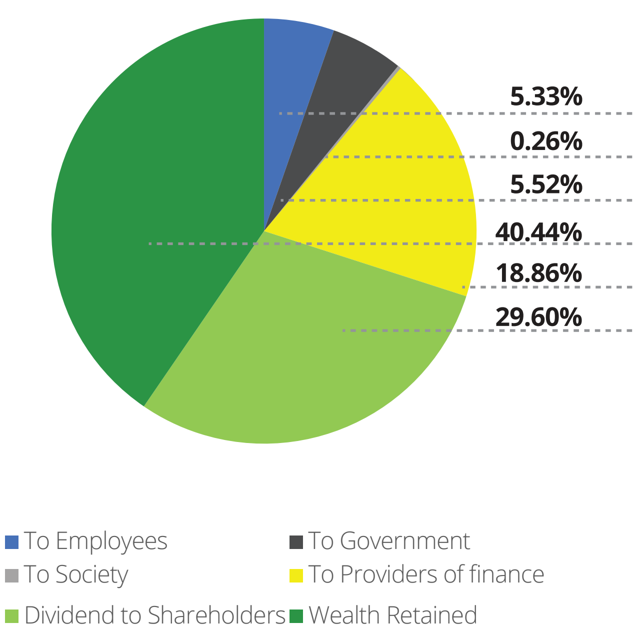
To finance investments in growth projects, the Company has obtained additional long term loan amounting to Rs. 1,067 million whereas long term loan of Rs. 715 was repaid during the year.

Due to delayed payments by CPPA(G), the Company has delayed payments to PSO. The Company maintains working capital facilities to meet its short term funding requirements.

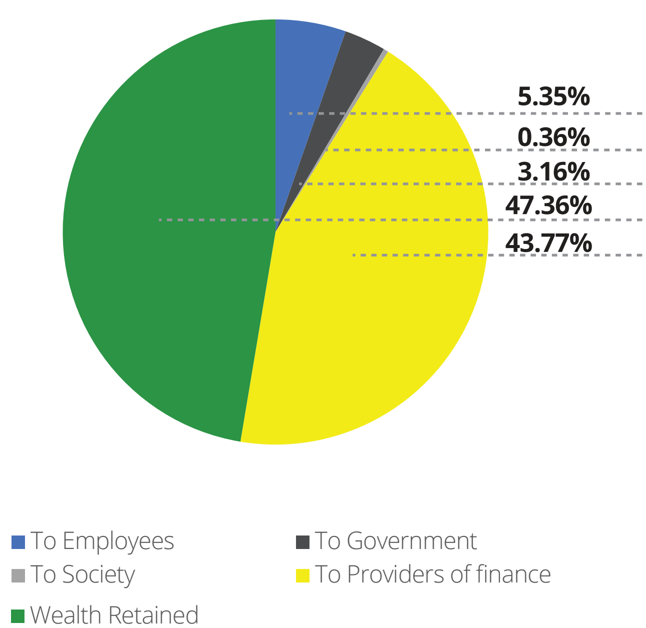
STATEMENT OF
VALUE ADDITION

	2021 (Rs. Millions)	%	2020 (Rs. Millions)	%
Wealth Created				
Total Revenue inclusive of sales tax and other income	42,465	138.76	31,075	144.76
Less: Operating cost & other general expenses	(11,861)	(38.76)	(9,608)	(44.76)
	30,604	100.00	**21,467**	100.00
Wealth Distributed				
To employees				
Salaries, wages and other benefits	1,633	5.33	1,149	5.35
To government				
Sales tax	547	1.79	96	0.45
Income tax	1,141	3.73	582	2.71
To society				
Donation / Corporate Social Responsibility	79	0.26	78	0.36
To providers of finance as financial charges	5,772	18.86	9,395	43.77
Dividend to Shareholders	9,058	29.60	-	-
Wealth Retained	12,375	40.44	10,166	47.36
	30,604	100.00	**21,467**	100.00

Wealth Distribution 2021



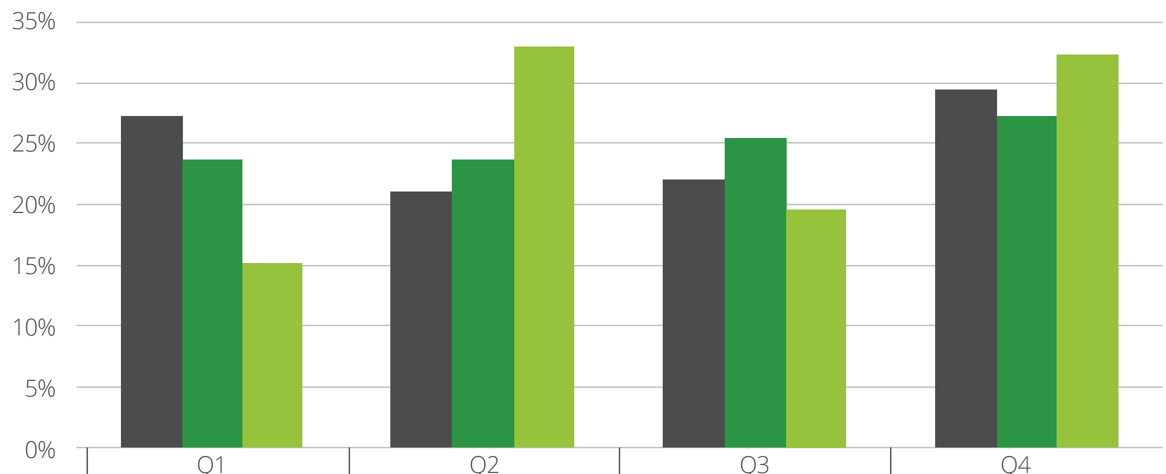
Wealth Distribution 2020



QUARTERLY
FINANCIAL ANALYSIS

	Jul - Sep 2020 Rs. '000	%	Oct - Dec 2020 Rs. '000	%	Jan - March 2021 Rs. '000	%	Apr - June 2021 Rs. '000	%	Jul - June 2021 Rs. '000	%
Net Sales	8,807,638	27%	6,814,298	21%	7,140,387	22%	9,529,945	30%	32,292,268	100%
Gross Profit	4,826,861	24%	4,819,121	24%	5,196,976	25%	5,552,466	27%	20,395,424	100%
Profit for the period	3,259,187	15%	7,050,263	33%	4,210,655	20%	6,913,734	32%	21,433,839	100%

Quarterly Analysis 2020-21



	Q1	Q2	Q3	Q4
Net Sales	27%	21%	22%	30%
Gross Profit	24%	24%	25%	27%
Profit for the period	15%	33%	20%	32%

HUBCO

CASH FLOW STATEMENT-
DIRECT METHOD

For the Year Ended June 30, 2021

	2021	2020
	(PKR in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	34,443,799	18,835,000
Paid to suppliers / service provider - net	(20,567,920)	(8,816,636)
Paid to employees	(1,138,817)	(930,474)
Interest income received	7,547	61,908
Interest / mark-up paid	(5,447,628)	(8,599,270)
Staff gratuity paid	(26,500)	(62,415)
Taxes paid	(89,943)	(73,302)
Net cash inflow from operating activities	7,180,538	414,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(28,824)	(80,156)
Sale proceeds from disposal of Fixed Assets	52,957	6,830
Long term investment made	(875,613)	(7,965,628)
Dividend received from subsidiaries	5,073,940	818,242
Long-term deposits and prepayments	100	(197)
Net cash outflow from investing activities	4,222,560	(7,220,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(9,058,445)	(16,944)
Proceeds from long term loans	1,067,414	12,603,448
Repayment of long term loans	(714,952)	(1,323,683)
Repayment of long term lease liabilities	(63,000)	(59,441)
Net cash outflow from financing activities	(8,768,983)	11,203,380
Net increase in cash and cash equivalents	2,634,115	4,397,282
Cash and cash equivalents at the beginning of the year	(29,402,692)	(33,799,974)
Cash and cash equivalents at the end of the year	(26,768,577)	(29,402,692)

Materiality approach adopted by the management

Determination of materiality levels, other than those provided under the regulations, is judgmental and varies between organizations. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the Company. Materiality levels are reviewed periodically and are appropriately updated.

Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, guidelines and frameworks issued by professional bodies and best practices.

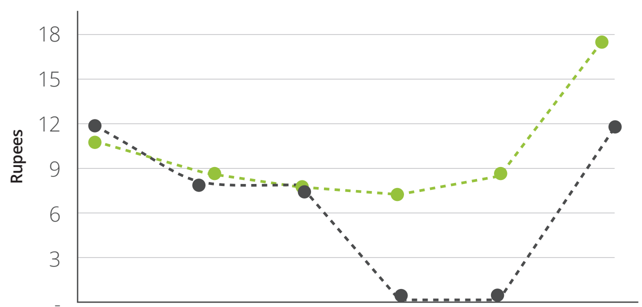
The Board powers include approvals for capital expenditure, disposal of fixed assets, annual business plans, policy formulation, risk management, human resource management, donations, matters relating to health, safety and the environment and other matters required by law or internal policies.

Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.

GRAPHICAL
PRESENTATION

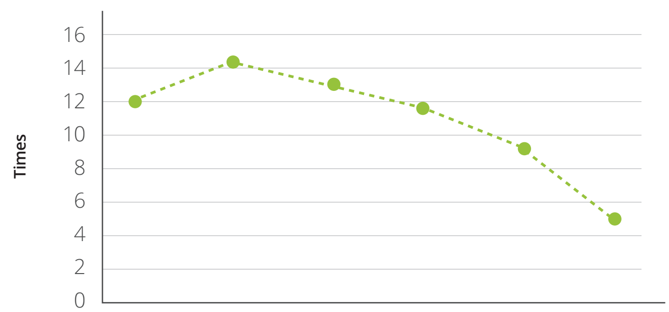
EPS vs Dividend per share

Earnings per share   Dividend per share



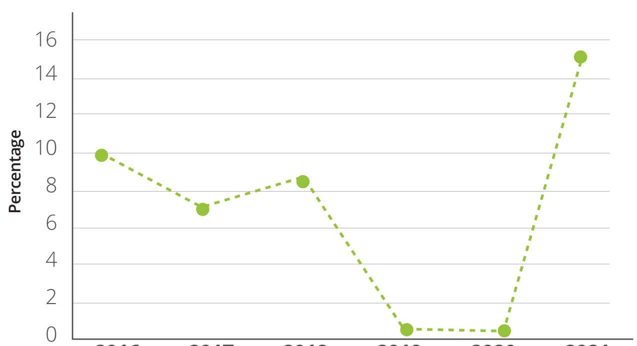
2016	2017	2018	2019	2020	2021
10.00	8.29	7.15	6.70	7.84	16.52
11.00	7.50	7.40	-	-	12.00

PE Ratio



2016	2017	2018	2019	2020	2021
12.01	14.17	12.89	11.75	9.25	4.82

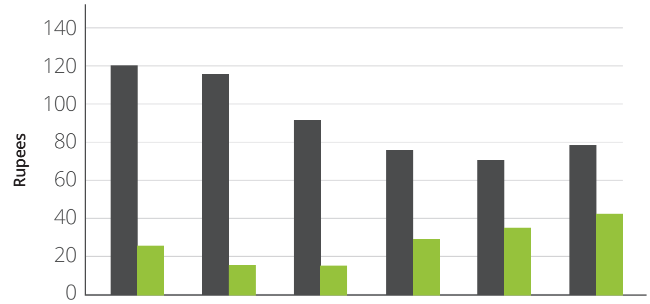
Dividend Yield



2016	2017	2018	2019	2020	2021
9.61%	6.39%	8.03%	0.00%	0.00%	15.06%

Market Value vs Break up Value

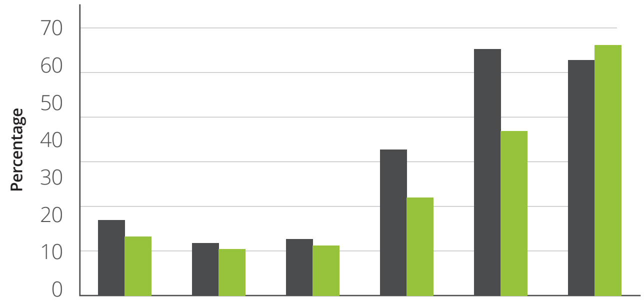
Market Value   Break up Value



2016	2017	2018	2019	2020	2021
120.06	117.43	92.16	78.75	72.50	79.67
23.83	16.84	16.55	26.90	32.90	42.34

GP % vs NP %

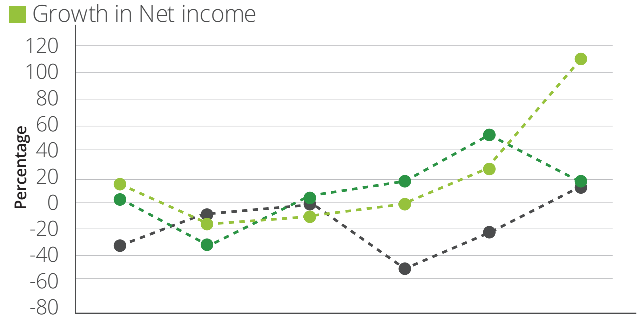
Gross Profit Ratio   Net Profit Ratio



2016	2017	2018	2019	2020	2021
17.11	11.86	12.78	32.57	65.01	63.16
13.40	10.50	11.17	22.31	36.94	66.37

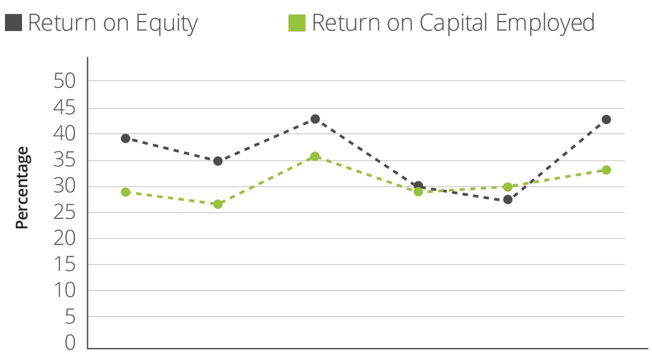
Growth of Turnover and Profitability

Growth in Sales   Growth in Gross Profit
Growth in Net income



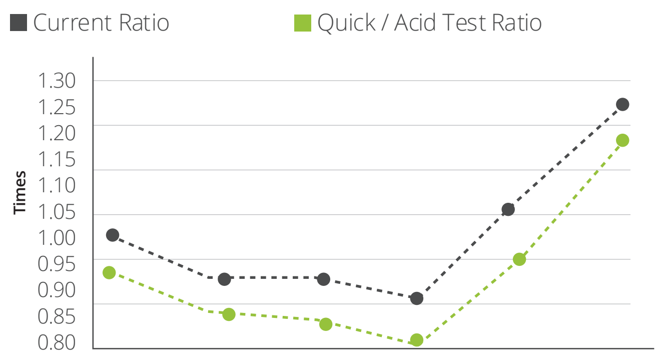
2016	2017	2018	2019	2020	2021
-34.28%	-9.06%	-2.44%	-53.01%	-24.07%	17.32%
2.76%	-37.00%	5.22%	19.70%	52.50%	13.98%
17.49%	-17.07%	-10.78%	-6.16%	26.50%	110.81%

Profitability Ratio



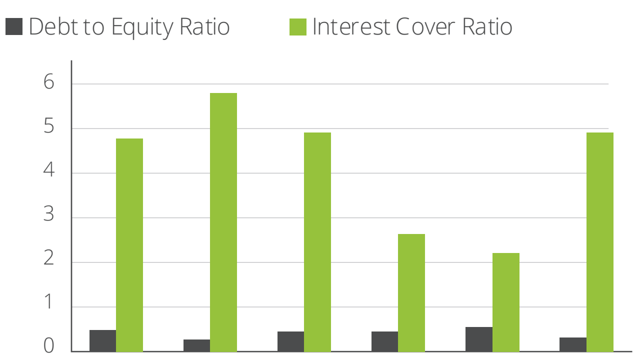
	2016	2017	2018	2019	2020	2021
Return on Equity	39.10	35.08	43.57	30.86	27.13	43.92
Return on Capital Employed	28.85	26.82	35.71	29.42	30.28	33.79

Current Ratio vs Quick / Acid Test Ratio



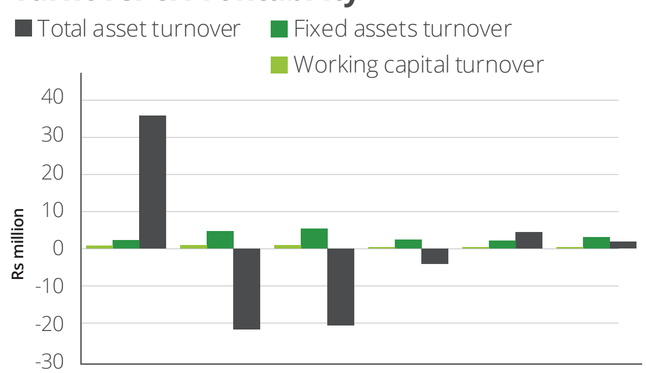
	2016	2017	2018	2019	2020	2021
Current Ratio	1.03	0.96	0.96	0.92	1.09	1.24
Quick / Acid Test Ratio	0.97	0.90	0.89	0.85	1.00	1.18

Debt Management



	2016	2017	2018	2019	2020	2021
Debt to Equity Ratio	0.43	0.29	0.42	0.42	0.45	0.39
Interest Cover Ratio	4.77	5.71	4.90	2.67	2.14	4.91

Turnover & Profitability



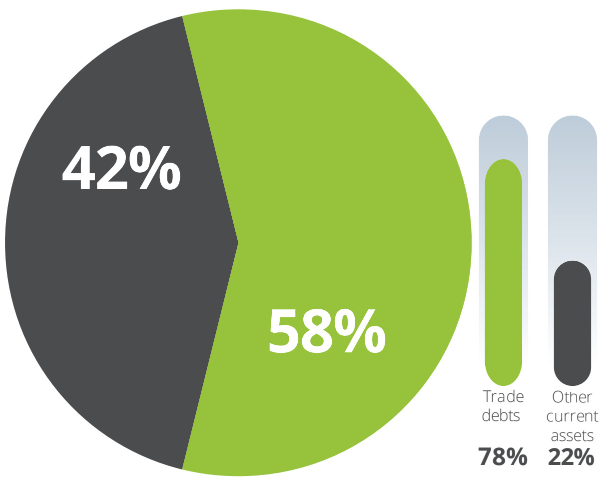
	2016	2017	2018	2019	2020	2021
	0.64	0.68	0.56	0.24	0.17	0.20
	2.36	4.55	4.98	2.65	2.27	3.15
	36.75	-21.26	-20.92	-4.58	3.34	1.79

GRAPHICAL **PRESENTATION**

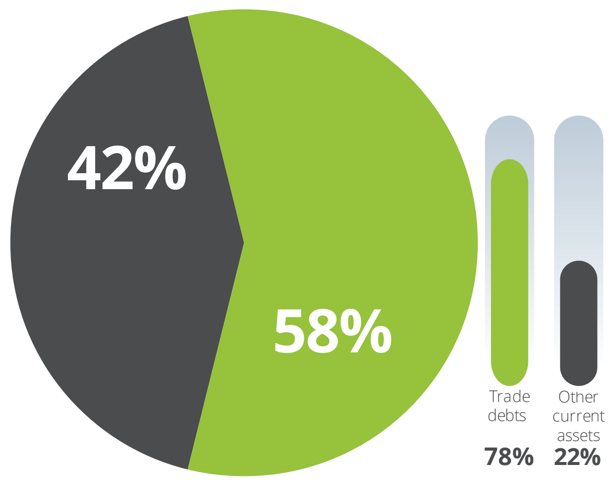
Composition of Total Assets

Non Current Assets   Current Assets

2021



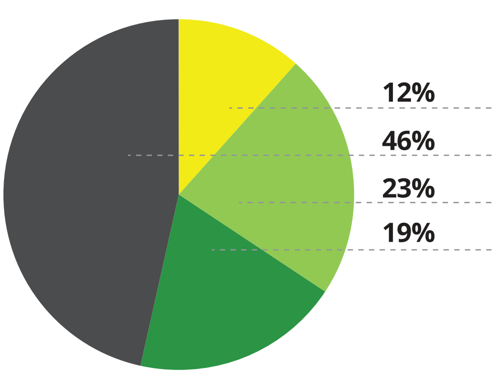
2020



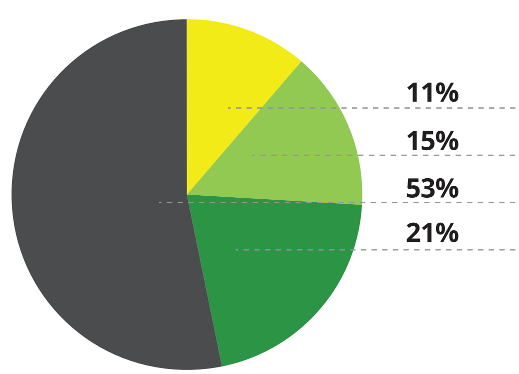
Capital Structure

Current Liabilities   Retained earning   Paid up Share capital   Non current liabilities

2021

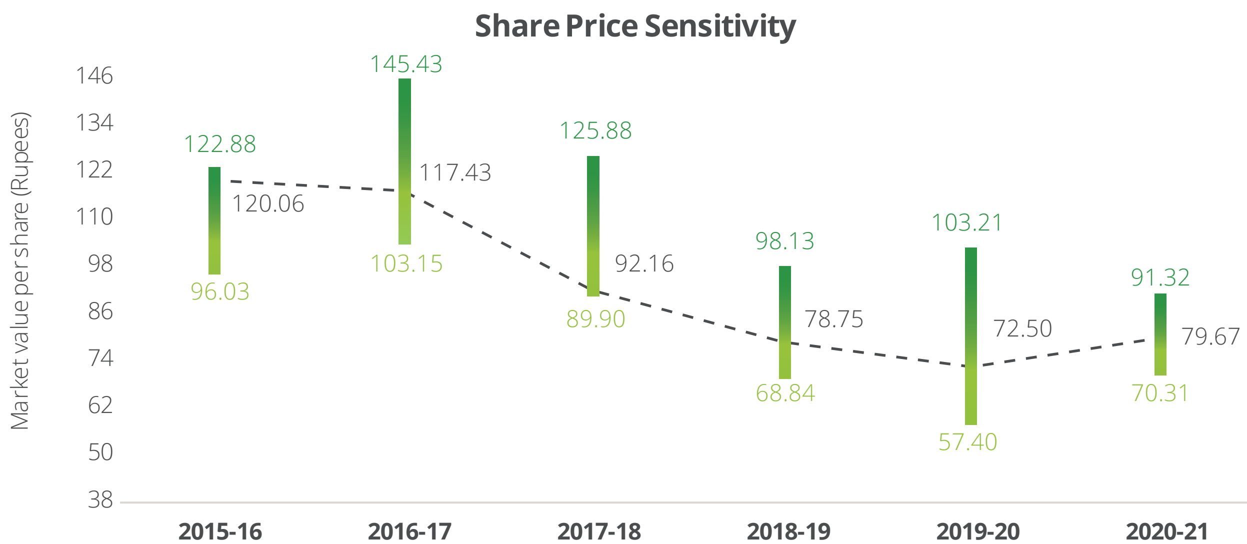


2020



SHARE PRICE
SENSITIVITY ANALYSIS

Share price in the stock market moves due to various factors such as company performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant company, HUBCO circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations on timely manner. During the year 2020-21, Company's share price has touched the peak of Rs. 91.32 while the lowest recorded price was Rs. 70.31 with a closing price of Rs. 79.67 at the end of the year.



Highest	122.88	145.43	125.88	98.13	103.21	91.32
Closing	120.06	117.43	92.16	78.75	72.50	79.67
Lowest	96.03	103.15	89.90	68.84	57.40	70.31

UNCONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of The Hub Power Company Limited
Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of The Hub Power Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
(i)	**Contingent Liabilities**	
	[Refer notes 27.4 to 27.6 and 27.10 to the unconsolidated financial statements] The Company has significant contingent liabilities in respect of Income Tax, Sales Tax, Federal Excise Duty (FED), Workers Profit Participation Fund (WPPF) and First Fill claim matters, which are pending adjudication at various appellate forums and at arbitration. These are based on a range of issues such as disallowance of certain expenses for income tax purposes, apportionment of input sales tax claims, applicability of FED on services, applicability of WPPF on the operations of the Company and demand / claim by Central Power Purchasing Agency Guarantee Limited (CPPA-G). Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.	Our audit procedures, amongst others, included the following: i) obtained an understanding of the Company's process and controls over litigations through meetings with management and read the minutes of the meetings of Board of Directors and Board Audit Committee; ii) obtained and assessed details of the pending tax, FED, WPPF and First Fill claim matters and discussed the same with the Company's management; iii) circularized confirmations to the Company's external legal and tax advisors for their views on matters being handled by them; iv) involved internal tax professionals to assess management's conclusion on contingent tax matters and evaluated consistency of such conclusions with the views of management and external tax advisors engaged by the Company; v) checked correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of the related disclosures made in the unconsolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
(ii)	**Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G)**	
	[Refer notes 3.16, 17, 27.9 and 38.3 to the unconsolidated financial statements] The Company under the Power Purchase Agreement (PPA) is required to sell the electricity to the sole customer i.e. CPPA-G, and recognises revenue based on the output delivered and capacity available. Continuous delays by CPPA-G in settlement of invoices raised by the Company under the PPA, have resulted in trade debts aggregating to Rs. 72,206 million as at June 30, 2021 including overdue trade debts of Rs. 60,278 million. Due to delays in recovery, the Company has financed its operations through short and	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Company; ii) checked that the invoices raised by the Company during the year are in accordance with the requirements of PPA; iii) obtained and assessed details of MoU and discussed the same with the Company's management;

S.No.	Key audit matters	How the matter was addressed in our audit
	long term financing arrangements and by delaying the settlement of trade and other payables. Further, on August 21, 2020, the Company executed a Memorandum of Understanding (MOU) with the committee constituted by the Government of Pakistan (GoP) for negotiations with the Independent Power Producers (IPPs), whereby, at the request of GoP, in the wider national interest, the Company, voluntarily agreed to alter its contractual rights under the PPA. In this respect, on February 11, 2021, the Company and CPPA-G, executed an agreement of which the payment of aforementioned overdue receivable was made an integral part. Resultantly, the Company received the first installment of 40% of the overdue receivables and the remaining 60% is receivable six months thereafter, as per the mechanism agreed with the CPPA-G. Additionally, the Securities and Exchange Commission of Pakistan (SECP) through SRO 985 (I) / 2019 dated September 2, 2019 notified that in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 'Financial Instruments' with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2021, accordingly, no impairment has been recognized against receivable from CPPA-G in the enclosed unconsolidated financial statements as at June 30, 2021, under the ECL method. During the year, the Company has applied for extension of the aforementioned exemption to the SECP. In case such exemption is not extended, ECL model will be applicable on Company's receivable from CPPA-G w.e.f July 1, 2021, resulting in recognition of impairment charge against receivable from CPPA-G of approximately Rs. 2,545 million, based on the assessment carried out by the management of the Company. In view of the above developments, significant delays in settlement of receivables, materiality of these trade receivables and the consequential impact on the operations / financial strength of the Company, we have considered this as a key audit matter.	iv) circularized confirmation of trade debts / receivables to CPPA-G; v) checked the receipts from CPPA-G by tracing the amount from the bank statements; vi) obtained an understanding of the financial model used by the Company's management for the determination of impairment charge and checked the mathematical accuracy of the ECL model by performing recalculations; vii) involved our internal experts to independently evaluate the appropriateness of the Company's assumptions used to determine the ECL; viii) made inquiries with the management of the Company and read minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of these amounts; ix) checked Implementation Agreement and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against as per the applicable accounting and reporting standards; and x) assessed adequacy of the related disclosures made in the unconsolidated financial statements, with regards to applicable accounting and reporting standards.

S.No.	Key audit matters	How the matter was addressed in our audit
(iii)	**Income under Thar Energy Services Agreement (TESA) and ThalNova Services Agreement (TNSA)**	
	[Refer note 8.1 to the unconsolidated financial statements] The Company entered into TESA with Thar Energy Limited (TEL) on August 29, 2017 for providing management services and design, installation, testing and commissioning of water system facilities for TEL's power project. The Company has also entered into TNSA with ThalNova Power Thar (Private) Limited (TNPTL) on June 12, 2019 for provision of aforementioned services. As a result of achievement of financial close by TNPTL on September 30, 2020, the Company has recognized income for the year amounting to Rs. 1,017 million against project management services provided to TNPTL under TNSA. Further, additional income of Rs. 4,361 million has also been recognized against project management services and water system facility services, provided to TEL under TESA. Such income has been recognized on the basis of input method i.e. on the percentage of cost incurred upto the reporting date to the estimated cost of services to be provided to TEL and TNPTL under these agreements, as per the requirements of IFRS 15 'Revenue from Contracts with Customers'. Due to the significance of the amounts involved and the use of significant management judgments and estimates in the assumptions for the determination of the income and the estimated total cost of the services to be provided to TEL and TNPTL under these agreements, we have considered this as a key audit matter.	Our audit procedures, amongst others, included the following: i) obtained TESA and TNSA and checked / assessed that the related income for the year has been recognized in accordance with the accounting policy of the Company; ii) obtained and verified the supports for the verification of the achievement of the financial close by TNPTL and the cost incurred under the TESA and TNSA upto the reporting date; iii) obtained an understanding of the Company's process and controls over management's methodology for recognising the income on the basis of input method i.e. on the percentage of cost incurred upto the reporting date to the estimated cost to complete the services; iv) assessed the reasonableness of the assumptions used in the determination of the estimated cost to complete the project management services under the TESA and TNSA; v) traced estimated costs to complete the water system facility services under TESA from related agreements with the suppliers; vi) checked the accuracy of the amount recorded as income during the year is as per the requirement of IFRS 15 'Revenue from Contracts with Customers'; and vii) assessed the adequacy of disclosures made in the unconsolidated financial statements, with regards to the applicable accounting and reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.

Chartered Accountants
Karachi
Date: September 3, 2021

UNCONSOLIDATED STATEMENT OF **PROFIT OR LOSS**

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Turnover	5	32,292,268	27,523,565
Operating costs	6	(11,896,844)	(9,630,271)
GROSS PROFIT		20,395,424	17,893,294
General and administration expenses	7	(789,402)	(756,542)
Other income	8	9,200,430	3,162,199
Other operating expenses	9	(459,570)	(154,734)
PROFIT FROM OPERATIONS		28,346,882	20,144,217
Finance costs	10	(5,771,838)	(9,395,265)
PROFIT BEFORE TAXATION		22,575,044	10,748,952
Taxation	11	(1,141,205)	(582,213)
PROFIT FOR THE YEAR		21,433,839	10,166,739
Basic and diluted earnings per share (Rupees)	35	16.52	7.84

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Profit for the year		21,433,839	10,166,739
Other comprehensive (loss) / income for the year:			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Gain on remeasurement of post employment benefit obligation	19.3	19,947	21,842
(Loss) / gain on revaluation of equity investment at fair value through other comprehensive income	36	(128,951)	227,778
		(109,004)	249,620
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		21,324,835	10,416,359

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

AS AT JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	12	10,256,644	12,146,305
Intangibles	13	5,942	25,562
Long term investments	14	57,295,307	56,548,645
Long term deposits		22,067	22,167
		67,579,960	68,742,679
CURRENT ASSETS			
Stores, spares and consumables	15	1,377,785	1,722,145
Stock-in-trade	16	2,805,876	6,318,866
Trade debts	17	72,205,856	75,030,992
Loans and advances	18	686,101	159,953
Prepayments and other receivables	19	15,050,966	12,035,212
Cash and bank balances	20	300,744	511,446
		92,427,328	95,778,614
TOTAL ASSETS		160,007,288	164,521,293
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	21	17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		36,352,890	24,108,136
		54,924,434	42,679,680
NON-CURRENT LIABILITIES			
Long term loans	22	30,420,239	34,005,668
Long term lease liabilities	23	263,814	294,602
		30,684,053	34,300,270
CURRENT LIABILITIES			
Trade and other payables	24	41,816,916	55,980,892
Unclaimed dividend		227,729	207,797
Unpaid dividend		46,084	44,380
Interest / mark-up accrued	25	631,727	809,275
Short term borrowings	26	27,069,321	29,914,138
Current maturity of long term loans	22	4,577,235	561,518
Current maturity of long term lease liabilities	23	29,789	23,343
		74,398,801	87,541,343
TOTAL EQUITY AND LIABILITIES		160,007,288	164,521,293
COMMITMENTS AND CONTINGENCIES	27		

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

M. Habibullah Khan	Kamran Kamal	Abdul Nasir
Chairman	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		22,575,044	10,748,952
Adjustments for:			
Depreciation		1,914,343	1,930,659
Amortisation		19,620	30,142
Dividend income from subsidiaries		(5,338,191)	(1,232,003)
Gain on disposal of fixed assets		(48,815)	(3,631)
Provision against slow moving stores, spares and consumables		319,193	154,010
Staff gratuity		33,588	36,041
Interest income		(7,162)	(62,452)
Interest / mark-up expense		5,270,080	8,840,705
Mark-up on lease liabilities		38,658	43,076
Amortisation of transaction costs		77,826	44,841
Operating profit before working capital changes		24,854,184	20,530,340
Working capital changes	33	(12,117,122)	(11,442,450)
Cash generated from operations		12,737,062	9,087,890
Interest income received		7,547	61,908
Interest / mark-up paid		(5,447,628)	(8,599,270)
Staff gratuity paid		(26,500)	(62,415)
Taxes paid		(89,943)	(73,302)
Net cash generated from operating activities		7,180,538	414,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries		5,073,940	818,242
Fixed capital expenditure		(28,824)	(80,156)
Proceeds from disposal of fixed assets		52,957	6,830
Long term investments made		(875,613)	(7,965,628)
Long term deposits and prepayments		100	(197)
Net cash generated from / (used in) investing activities		4,222,560	(7,220,909)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(9,058,445)	(16,944)
Proceeds from long term loans - net		1,067,414	12,603,448
Repayment of long term loans		(714,952)	(1,323,683)
Repayment of long term lease liabilities		(63,000)	(59,441)
Net cash (used in) / generated from financing activities		(8,768,983)	11,203,380
Net increase in cash and cash equivalents		2,634,115	4,397,282
Cash and cash equivalents at the beginning of the year		(29,402,692)	(33,799,974)
Cash and cash equivalents at the end of the year	34	(26,768,577)	(29,402,692)

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
ISSUED CAPITAL			
Balance at the beginning of the year		12,971,544	12,971,544
Balance at the end of the year	21	12,971,544	12,971,544
SHARE PREMIUM			
Balance at the beginning of the year		5,600,000	5,600,000
Balance at the end of the year		5,600,000	5,600,000
UNAPPROPRIATED PROFIT			
Balance at the beginning of the year		24,108,136	13,691,777
Profit for the year		21,433,839	10,166,739
Other comprehensive (loss) / income for the year		(109,004)	249,620
Total comprehensive income for the year		21,324,835	10,416,359
Transactions with owners in their capacity as owners			
First interim dividend for the fiscal year 2020-21 @ Rs. 4.00 (2019-20 @ Rs. Nil) per share		(5,188,618)	-
Second interim dividend for the fiscal year 2020-21 @ Rs. 3.00 (2019-20 @ Rs. Nil) per share		(3,891,463)	-
		(9,080,081)	-
Balance at the end of the year		36,352,890	24,108,136
TOTAL EQUITY		54,924,434	42,679,680

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND ITS OPERATIONS

The Hub Power Company Limited (the "Company") was incorporated in Pakistan on August 1, 1991 as a public limited company. The shares of the Company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the Company are to develop, own, operate and maintain power stations. The Company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant).

Head Office:

The Company's registered office is situated at 11th Floor, Ocean Tower, G-3, Block-9, Main Clifton Road, Karachi.

Hub Plant:

Hub Plant is situated at Mouza Kund, Post Office Gaddani, District Lasbela, Balochistan.

The Company has the following subsidiaries, associates and joint venture:

Subsidiaries

- Laraib Energy Limited (LEL) - Holding of 74.95%;
- Hub Power Services Limited (HPSL) - Holding of 100%;
- Hub Power Holdings Limited (HPHL) - Holding of 100%;
- Narowal Energy Limited (NEL) - Holding of 100%; and
- Thar Energy Limited (TEL) - Holding of 60%.

Associates

- China Power Hub Generation Company (Private) Limited (CPHGC) - Holding of 47.5%; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3%.

Joint Venture

- Prime International Oil & Gas Company Limited - Holding of 50%.

Further information of subsidiaries, associates and joint venture is disclosed in note 14 to these unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Changes in accounting standards and interpretations

Standards, interpretations and amendments to published approved accounting and reporting standards which became effective during the year:

There were certain amendments to accounting and reporting standards which became effective on the Company for the current year. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

2.3 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy notes.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Operating fixed assets and depreciation

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates disclosed in note 12.1 to these unconsolidated financial statements. Depreciation on additions is charged for the full month in which an asset is available for use and on disposals up to the month immediately preceding the disposals. Gains and losses on disposals are taken to the statement of profit or loss.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

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

The residual value, depreciation method and the useful lives of the significant items of operating fixed assets are reviewed and adjusted if required, at each reporting date.

Right-of-use assets

Right-of-use assets are initially measured on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, lease incentive and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to operating fixed assets as and when they are available for use.

3.2 Intangible assets and amortisation

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate disclosed in note 13 to these unconsolidated financial statements.

3.3 Investments

Subsidiaries

Investment in subsidiaries is recognised at cost less impairment losses, if any.

Others

On initial recognition, the Company designates investments in equity instruments as at Fair Value Through Other Comprehensive Income (FVTOCI) if the equity investment is not held for trading or if it is contingent consideration recognised in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in retained earnings.

3.4 Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the statement of profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Stores, spares and consumables

These are valued at the lower of moving average cost and net realisable value except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date. Provision is made for slow moving and obsolete items, if any.

3.6 Stock-in-trade

These are valued at the lower of cost determined on first-in-first-out basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.7 Share capital

Ordinary shares are classified as equity and recognised at their face value. Discount or premium on issuance of shares is separately reported in statement of changes in equity. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction, net of tax.

3.8 Provisions

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

3.9 Staff retirement benefits

Defined benefit plan

The Company operates a funded defined benefit gratuity plan covering eligible employees whose period of service with the Company is at least five years. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

Defined contribution plan

The Company operates a recognised contributory provident fund covering all its employees who are eligible for the plan. Equal monthly contributions are made by the Company and the employees in accordance with fund's rules.

3.10 Revenue recognition

3.10.1 Sale of electricity

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)], the sole customer of the Company, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA(G), as amended from time to time. PPA with CPPA(G) is a contract over a period of 30 years starting from 1997. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

3.10.2 Dividend income

Dividend income is recognised when the Company's right to receive payment has been established.

3.10.3 Management services income

Revenue is recorded when the services are rendered to the customer and when performance obligations are fulfilled.

Revenue for management services is recognised to the extent it is probable that the economic benefits will flow to the Company and amount of revenue can be measured reliably.

3.10.4 Interest income

Interest income is recorded on accrual basis.

3.11 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional currency, unless otherwise stated.

3.12 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees equivalents using reporting date exchange rates. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions and translation are included in statement of profit or loss.

3.13 Taxation

Income of the Company is not liable to taxation in Pakistan, to the extent, provided in the Implementation Agreement signed with the Government of Pakistan (GOP) and the Income Tax Ordinance, 2001 (ITO 2001). Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc. allowable under the ITO 2001.

3.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which it is approved.

3.15 Financial instruments

3.15.1 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

3.15.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and short term borrowings. Short term borrowings are shown in current liabilities.

3.15.3 Borrowings

Borrowings are recognised initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

3.15.4 Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

3.16 Impairment of financial assets

Trade debts are assessed at each reporting date to determine whether there is any objective evidence that these are impaired. These are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Securities and Exchange Commission of Pakistan (SECP) exempted the application of Expected Credit Loss (ECL) model under IFRS – 9 "Financial Instruments" in respect of debts due from Government of Pakistan, through S.R.O. 985(I) / 2019 dated September 2, 2019, for a limited period of three years up to June 30, 2021. Accordingly, the Company has applied the requirements of IAS – 39 "Financial Instruments: Recognition and Measurement" for trade debts for the preparation of these unconsolidated financial statements.

For financial assets other than trade debts, lifetime ECL is used when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

3.18 Off-setting

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

3.19 Lease liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated financial statements in conformity with approved accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these unconsolidated financial statements.

Following are the significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these unconsolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;
b) Distinguishing between capital spares, servicing equipment and stores and spares;
c) Provisions;
d) Recognition of taxation;
e) Recognition of provision for staff retirement benefits;
f) Impairment of trade debts and other receivables;
g) Commitments and contingencies;
h) Determining the fair value of equity instruments designated as FVTOCI;
i) Recognition of lease liabilities and right of use assets; and
j) Recognition of income from management services.

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
5.	**TURNOVER**			
	Capacity Purchase Price (CPP)		22,893,145	20,947,569
	Energy Purchase Price (EPP)		3,859,703	719,548
	Late Payment Interest (LPI)		5,820,746	5,856,476
	Startup Charges (SC)		46,081	29,702
	Part Load Adjustment Charges (PLAC)		219,267	66,484
			32,838,942	27,619,779
	Less: Sales tax on EPP		(546,674)	(96,214)
			32,292,268	27,523,565
6.	**OPERATING COSTS**			
	Fuel cost		3,622,704	791,510
	Late payment interest to fuel supplier		2,965,485	3,694,294
	Stores and spares		474,901	228,195
	Operations and maintenance	6.1	289,000	975,500
	Salaries, benefits and other allowances	6.2 & 6.3	719,920	398,065
	Insurance		922,245	818,580
	Depreciation	12.4	1,854,117	1,863,355
	Amortisation	13.1	18,329	29,002
	Repairs, maintenance and other costs		1,030,143	831,770
			11,896,844	9,630,271

6.1 This represents services rendered by HPSL (a subsidiary company) under Operations and Maintenance (O&M) Agreement.

6.2 Effective January 01, 2020, the Company entered into a Secondment Agreement with HPSL, whereby certain employees of HPSL were seconded to the Company. This includes salaries, wages and benefits of employees seconded from HPSL to the Company. As at June 30, 2021, number of seconded employees were 258 (2020: 268).

6.3 This includes a sum of Rs. 68 million (2020: Rs. 36 million) in respect of staff retirement benefits. The retirement benefit plans of the seconded employees are maintained by HPSL.

7. GENERAL AND ADMINISTRATION EXPENSES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Salaries, benefits and other allowances	7.1 & 6.2	486,848	457,879
Travel and transportation		7,373	16,692
Fuel and power		11,653	10,167
Property, vehicles and equipment rentals		366	562
Repairs and maintenance		32,939	28,286
Legal and professional charges		58,976	39,773
Office running costs		7,475	13,829
Insurance		23,056	12,355
Fee and subscription		11,292	12,057
Training and development		3,451	3,933
Auditors' remuneration	7.2	4,294	6,372
Donations	7.3	33,077	37,621
Corporate social responsibility		45,458	40,423
Printing and stationery		7,607	10,734
Depreciation	12.4	50,090	60,278
Amortisation	13.1	883	854
Miscellaneous		4,564	4,727
	7.4	789,402	756,542

7.1 This includes a sum of Rs. 44 million (2020: Rs. 41 million) in respect of staff retirement benefits.

7.2 Auditors' remuneration

	2021 (Rs. '000s)	2020 (Rs. '000s)
Statutory audit	2,959	2,959
Half yearly review	914	914
Other services	235	2,156
Out-of-pocket expenses	186	343
	4,294	6,372

7.3 No directors or their spouses had any interest in any donee to which donations were made. During the year, the Company made donation to The Citizens Foundation amounting to Rs. 28 million (2020: Rs. 33 million).

7.4 This does not include Rs. 68 million (2020: Rs. 51 million) allocated to subsidiary companies / associate and Rs. 89 million (2020: Rs. Nil) to project management services.

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
8.	**OTHER INCOME**			
	Financial assets			
	Interest income		7,162	62,452
	Non-financial assets			
	Gain on disposal of fixed assets - net	12.2	48,815	3,631
	Dividend income from LEL		1,338,638	1,057,003
	Dividend income from HPSL		100,000	175,000
	Dividend income from HPHL		3,899,553	-
	Income from management services	8.1	3,803,702	1,862,681
	Exchange gain		2,560	1,432
			9,193,268	3,099,747
			9,200,430	3,162,199

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
8.1	**Income from management services**			
	Services income		5,378,074	2,539,869
	Cost of services	8.1.1	(1,574,372)	(677,188)
			3,803,702	1,862,681

The Company has entered into services agreements with TEL (a subsidiary company) and TNPTL (an associate company). In accordance with the terms of the agreements, the Company provides assistance to TEL and TNPTL in performance of their obligations under relevant project agreements including Power Purchase Agreements, Coal Supply Agreements, Water Use Agreements, Implementation Agreements, EPC Contracts and O&M Agreements.

8.1.1 This includes a sum of Rs. 10 million (2020: Rs. 17 million) in respect of staff retirement benefits.

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
9.	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	9.1	457,095	154,734
	Loss on dredging services		2,475	-
			459,570	154,734
9.1	**Workers' profit participation fund**			
	Provision for Workers' profit participation fund	27.4	1,151,731	545,184
	Workers' profit participation fund recoverable from CPPA(G)		(694,636)	(390,450)
			457,095	154,734

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
10. FINANCE COSTS			
Interest / mark-up on long term loans		3,012,895	4,296,011
Mark-up on long term lease liabilities		38,658	43,076
Mark-up on short term borrowings		2,257,185	4,544,694
Amortisation of transaction costs		77,826	44,841
Other finance costs		385,274	466,643
		5,771,838	9,395,265
11. TAXATION			
Current			
- For the year	11.1	1,141,205	582,213

11.1 Relationship between tax expense and accounting profit

		2021 (Rs. '000s)	2020 (Rs. '000s)
Profit before taxation		22,575,044	10,748,952
Tax calculated at the rate of 29% (2020: 29%)		6,546,763	3,117,196
Effect of reduced rate of tax on dividend income		(287,807)	(278,006)
Effect of exempt income		(5,119,729)	(2,759,915)
Effect of minimum tax		1,978	502,938
		1,141,205	582,213

11.2 The Company opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. For this purpose, the Group consists of:

- The Hub Power Company Limited (the holding company);
- Hub Power Services Limited (HPSL) - 100% owned subsidiary; and
- Hub Power Holdings Limited (HPHL) - 100% owned subsidiary.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	10,255,968	11,962,435
Capital work-in-progress (CWIP)	12.5	676	183,870
		10,256,644	12,146,305

12.1 Operating fixed assets

	Freehold land	Building on freehold land	Right of use asset	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
	(Rs. '000s)								
Cost:									
As at June 30, 2019	15,048	431,723	-	862	50,621,282	96,277	247,948	31,827	51,444,967
Additions / transfers from CWIP	-	2,199	336,484	-	51,204	1,368	14,040	1,682	406,977
Disposals	-	-	-	-	(2,652)	-	(12,946)	-	(15,598)
As at June 30, 2020	15,048	433,922	336,484	862	50,669,834	97,645	249,042	33,509	51,836,346
Additions / transfers from CWIP	-	-	-	-	205,669	1,221	4,029	1,099	212,018
Disposals	(1,139)	-	-	-	(15,315)	-	(34,249)	(113)	(50,816)
As at June 30, 2021	13,909	433,922	336,484	862	50,860,188	98,866	218,822	34,495	51,997,548
Accumulated depreciation:									
As at June 30, 2019	-	287,525	-	712	37,405,587	84,234	160,353	17,240	37,955,651
Charge for the year	-	30,433	43,675	29	1,799,022	9,793	42,857	4,850	1,930,659
Disposals	-	-	-	-	(2,604)	-	(9,795)	-	(12,399)
As at June 30, 2020	-	317,958	43,675	741	39,202,005	94,027	193,415	22,090	39,873,911
Charge for the year	-	27,222	43,675	29	1,805,367	1,751	32,549	3,750	1,914,343
Disposals	-	-	-	-	(13,393)	-	(33,168)	(113)	(46,674)
As at June 30, 2021	-	345,180	87,350	770	40,993,979	95,778	192,796	25,727	41,741,580
Net book value as at June 30, 2021	13,909	88,742	249,134	92	9,866,209	3,088	26,026	8,768	10,255,968
Net book value as at June 30, 2020	15,048	115,964	292,809	121	11,467,829	3,618	55,627	11,419	11,962,435
Depreciation rate % per annum	**-**	**3.33 to 25**	**10 to 20**	**3.33**	**3.33 to 50**	**20**	**25**	**20**	
Cost of fully depreciated assets as at June 30, 2021	-	64,219	-	-	669,397	89,425	128,049	10,699	961,789
Cost of fully depreciated assets as at June 30, 2020	-	64,219	-	-	615,070	85,502	73,829	6,685	845,305

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

12.2 Details of disposal of operating fixed assets:

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Gain	Mode of disposal	Particulars of buyer / Relationship
	(Rs. '000s)						
Plant & machinery	1,811	664	1,147	1,297	150	Market value	Ex-CEO - Khalid Mansoor
Freehold land	1,139	-	1,139	28,050	26,911	Bidding	Mr. Mazher Masood
Items having a net book value not exceeding Rs. 500,000 each							
Plant & machinery	1,217	581	636	778	142	Market value	Ex-CEO - Khalid Mansoor
Plant & machinery	913	913	-	50	50	Market value	Ex-CEO HPSL - Tahir Javed
Vehicles	13,678	13,678	-	7,425	7,425	Market value	Ex-CEO - Khalid Mansoor
Plant & machinery	11,374	11,235	139	236	97	Various	Various
Office Equipment	113	113	-	-	-	Various	Various
Vehicles	20,571	19,490	1,081	15,121	14,040	Various	Various
Total - June 30, 2021	50,816	46,674	4,142	52,957	48,815		
Total - June 30, 2020	15,598	12,399	3,199	6,830	3,631		

12.3 Details of the Company's immovable fixed assets:

Particulars	Area	Location
Freehold land and building	1,143 Acres	Hub Plant - District Lasbela, Balochistan
Leasehold property	94.88 square yards	Marine Corner, Clifton, Karachi

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
12.4 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	1,854,117	1,863,355
General and administration expenses	7	50,090	60,278
Other income - cost of management services		10,136	7,026
		1,914,343	1,930,659
12.5 Capital work-in-progress			
Opening balance		183,870	177,593
Additions during the year		1,195	52,010
Transfers during the year		(184,389)	(45,733)
		676	183,870

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
13. INTANGIBLES - Computer software			
Cost			
Opening balance		215,557	212,171
Additions / transfers from CWIP		-	3,386
Write off		(56,667)	-
		158,890	215,557
Accumulated amortisation			
Opening balance		(189,995)	(159,853)
Charge for the year	13.1	(19,620)	(30,142)
Write off		56,667	-
		(152,948)	(189,995)
Net book value		5,942	25,562
Amortisation rate % per annum		**33.33**	**33.33**
Cost of fully amortised intangibles		125,877	133,768

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
13.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	18,329	29,002
General and administration expenses	7	883	854
Other income - cost of management services		408	286
		19,620	30,142
14. LONG TERM INVESTMENTS			
Investment in subsidiaries - unquoted			
Laraib Energy Limited (LEL)	14.1	4,674,189	4,674,189
Hub Power Services Limited (HPSL)	14.2	100	100
Hub Power Holdings Limited (HPHL)	14.3	38,995,534	38,995,534
Narowal Energy Limited (NEL)	14.4	3,921,883	3,921,883
Thar Energy Limited (TEL)	14.5	7,165,917	6,412,503
		54,757,623	54,004,209
Others - unquoted			
Equity investment at fair value through other comprehensive income - Sindh Engro Coal Mining Company Limited (SECMC)	14.6	2,537,684	2,544,436
		57,295,307	56,548,645

14.1 Laraib Energy Limited (LEL)

The Company has 74.95% controlling interest in LEL, which was incorporated in Pakistan on August 9, 1995 as a public limited company. The subsidiary owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 KM downstream of the Mangla Dam in Azad Jammu & Kashmir. The plant commenced operations on March 23, 2013.

In connection with investment in LEL, the Company entered into an Sponsor Support Agreement (SSA). In accordance with the terms of the SSA, the Company entered into a Sponsor Charge and Assignment Deed with LEL's lenders pursuant to which the Company has:

(i) charged, by way of first fixed charge:

   (a) all its rights, title and interest from time to time in and to the Shares and Related Rights of LEL; and

   (b) all its rights, title and interest from time to time (whether present or future) in the Assigned Subordinated Loans and all claims in relation thereto.

(ii) assigned and has agreed to assign absolutely all rights, title and interest present or future of the Company in respect of the Assigned Subordinated Loans.

Accordingly, all the present and future shares which the Company holds or owns in LEL and the loans, if any, to be provided to LEL are subject to Security Interest created by Sponsor Charge and Assignment Deed above.

Pursuant to the SSA in connection with the investment in LEL, the Company entered into a facility agreement with a bank and provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. The LC amount has been reduced to USD 9.487 million which the Company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the Company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the Company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares of NEL; and (iv) present and future shares acquired in LEL including bonus shares and right shares.

14.2 Hub Power Services Limited (HPSL)

HPSL, a wholly owned subsidiary, was incorporated in Pakistan on March 26, 2015 as a public limited company. The principal activities of the subsidiary are to manage operations & maintenance of the power plants.

14.3 Hub Power Holdings Limited (HPHL)

HPHL, a wholly owned subsidiary, was incorporated in Pakistan on March 10, 2015 as a public limited company. The principal activities of the subsidiary are to invest in new business opportunities.

On November 12, 2020, HPHL issued privately placed secured Sukuk Certificates amounting to Rs. 6,000 million at a discounted value of Rs. 4,948 million covering profit payment for the first two years of the issue. The Sukuk Certificates carry mark-up at the rate of 2.5% per annum above six month KIBOR. Commencing from December 2022, the mark-up on the Sukuk will be payable on semi-annual basis in arears. The principal will be payable in four equal semi-annual installments commencing from May 2024. In addition to security provided by HPHL's assets, the Sukuk Certificates are also secured by:

i. Ranking and subordinated charge over all present and future movable fixed assets of the Company; and

ii. Revolving Cross Corporate Guarantee from the Company for all principal repayments and profit amounts.

14.3.1 China Power Hub Generation Company (Private) Limited (CPHGC)

As at June 30, 2021, HPHL has 47.5% legal ownership interest in China Power Hub Generation Company (Private) Limited (CPHGC), the principal business of which is to own, operate and maintain two coal-fired power generation units of 660 MW each with ancillary Jetty in the province of Balochistan. The project achieved its Commercial Operation Date (COD) on August 17, 2019.

Pursuant to Memorandum of Understanding (MOU) dated December 23, 2016 with Government of Balochistan (GoB), HPHL and China Power International (Pakistan) Investment Limited (CPIPI) are committed to transfer 3% equity shareholding in CPHGC (1.5% each by the Company and CPIPI) to GoB. The transfer was required to be executed by COD. The legal process for transfer of shares is yet to be completed. Thereafter, HPHL will have an effective shareholding of 46% in CPHGC.

Sponsors' support for CPHGC

Pursuant to Sponsor Support Agreement entered into with the lenders of CPHGC, the Company is committed to arrange for working capital financing through HPHL amounting to USD 90.25 million in case CPHGC fails to arrange for working capital facility for its operations. This commitment is valid till the full repayment of project loans of CPHGC.

The Company has provided a project completion Guarantee amounting to USD 150 million which is valid until November 23, 2021.

Shares held by HPHL in CPHGC are pledged in favour of the Security Trustee in order to secure HPHL's obligations under the financing documents of CPHGC.

14.3.2 ThalNova Power Thar (Private) Limited (TNPTL)

TNPTL is a private limited company, incorporated in Pakistan on April 18, 2016. The principal activities of TNPTL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant (the Project) which is under construction at Thar Block II, Thar Coal Mine, Sindh.

In 2019, the Company, through HPHL, acquired 38.3% ownership interest in TNPTL pursuant to Share Subscription Agreement (SSA) / Shareholders Agreement (SHA) entered between HPHL, TNPTL and its sponsors (Thal SPV and Nova SPV).

Project status

On September 30, 2020, Private Power Infrastructure Board (PPIB) on behalf of the Government of Pakistan notified the achievement of Financial Close of TNPTL.

Under the Power Purchase Agreement (PPA), TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Any delay in achievement of RCOD, can result in Liquidated Damages (LDs) amounting to USD 2.68 million for each month of delay. TNPTL expects to achieve COD by second half of 2022. Considering the delay in COD, TNPTL has requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the delayed COD of High Voltage Direct Current (HVDC) Matiari to Lahore Transmission Line project as mentioned in the PPA. Extension in RCOD is also requested due to the delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company (SECMC). TNPTL is in negotiations with the relevant government authorities for RCOD extension to minimize the financial impact due to delay; however, there are no financial implications as at reporting date.

Company's commitment to TNPTL

Under the SSA and SHA, subject to the term of financing documents, the Company is restricted to transfer or otherwise dispose the shares held in TNPTL or create encumbrance till the 6th anniversary of the Commercial Operations Date of TNPTL.

In connection with the development of TNPTL's project and pursuant to Shareholders' Agreement dated March 25, 2019, the Company has obtained following approvals from shareholders in general meeting on April 16, 2019 and is committed to:

(i) arrange and provide a Standby Letter of Credit to the Lenders of TNPTL or to TNPTL, directly or through its subsidiary HPHL, to cover for the equity investment of (and up to an amount not exceeding) USD 50.5 million (or PKR equivalent) to guarantee the subscription of equity. Such investment shall be for a period up till July 31, 2026 or such period until the liabilities/obligations of Sponsors are discharged, whichever is later. On January 09, 2020, the Company, through HPHL, issued equity SBLC amounting to Rs. 2,425 million (equivalent to remaining USD million) to the lenders of TNPTL which is valid till January 07, 2022 by placing cash security as lien;

(ii) undertake to the Lenders of TNPTL or to arrange and/or provide working capital financing to TNPTL, directly or through its subsidiary HPHL, equivalent to an aggregate amount of USD 23 million. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities / obligations are discharged, whichever is later;

(iii) to assign its rights, benefits and interests in respect of any investment made in TNPTL by way of Subordinated loan (which loan is to be treated as subordinated to the debt of the Lenders of TNPTL) including the benefits of any indemnities, warranties and guarantees, in favour of the lenders of TNPTL, directly or through its subsidiary HPHL. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities/obligations are discharged, whichever is later. To fulfil this requirement the Company has signed subordination agreement on July 24, 2019;

(iv) pledge its shares (if any) in TNPTL held by it from time to time, in favour of the Lenders of TNPTL, whether such shares are acquired directly by way of subscription or otherwise. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities/obligations are discharged, whichever is later. During the year, the Company, through HPHL, has executed Share Pledge Agreement on November 08, 2019 to fulfil this condition;

(v) provide a guarantee (in the form of standby letter of credit) for the benefit of TNPTL and Intercreditor Agent for an aggregate amount of USD 20 million (or PKR equivalent) to guarantee an investment in the form of equity or subordinated debt to cover (a) cost overrun, (b) any obligation under financing documents prior to Project Completion Date ("PCD"), and (c) Commercial Operation Date ("COD") undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or July 31, 2026. On January 08, 2020, the Company issued Cost Overrun SBLC amounting to USD 19.68 million to the lenders of TNPTL which is valid till December 31, 2024. The facility is secured by way of pari passu over all present and future assets of the Company other than current assets;

(vi) issue a sponsor standby letter of credit to cover for the Initial Debt Service Reserve Account Shortfall, of an amount estimated not to exceed USD 14 million (or PKR equivalent), but which could be higher as detailed in EOGM notice dated March 14, 2019. Such SBLC shall be for a period up till the earlier of first payment of the installment of the loan or January 31, 2024;

(vii) issue a sponsor standby letter of credit to cover for the Debt Service Reserve Account, of an amount estimated not to exceed USD 14 million (or PKR equivalent), but which could be higher as detailed in EOGM notice dated March 14, 2019. Such sponsor obligation shall be for a period earlier of the tenure of the project loan or August 31, 2033;

(viii) participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions (including Habib Bank Limited) ("Put Option / CRG Financiers") in favour of the foreign lenders and contributing payment up to USD 10 million (or PKR equivalent) ("Put Option / CRG Contribution Amount") under the same as primary obligor in accordance with the terms of the Agreement Regarding Procedures Following Event of Default. Such sponsor obligation shall be valid till August 31, 2033. Accordingly, the Company has entered into a Put Option Sponsor Support Agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the Company's assets, other than current assets;

(ix) provide sponsor support to the Put Option / CRG Financiers for various exposures being assumed by the Put Option / CRG Financiers in respect of the Put Option / CRG to cover any shortfall that TNPTL is unable to provide to the Put Option / CRG Financiers (which includes any foreign exchange risk and mark-up / interest up to the extent of USD 7 million), or such other amount as may be agreed with the Put Option / CRG Financiers from time to time ("Put Option / CRG Support Amount"). Such Sponsor obligation shall be valid till August 31, 2033. Accordingly, the Company has entered into a Put Option Sponsor Support agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the Company's assets, other than current assets;

(x) provide security in form and substance acceptable to the Put Option / CRG Financiers or such other alternate/additional security as the Put Option / CRG Financiers may require from time to time up to the Put Option / CRG Support Amount and Put Option / CRG Contribution Amount with such margin and on such terms as may be deemed appropriate by the Authorized Persons. Accordingly, the Company has entered into a Put Option Sponsor Support agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the Company's assets, other than current assets; and

(xi) provide (if required) a contractual commitment and a parent company guarantee to TNPTL guaranteeing the due and punctual performance of obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or the expiry of the O&M Agreement. On September 17, 2019, the Company provided Parent Company Guarantee to TNPTL in the form of a corporate guarantee as per the terms of the O&M agreement.

14.3.3 Prime International Oil & Gas Company Limited (Prime)

On March 08, 2021, Prime (a 50:50 joint venture of HPHL and ENI local employees – 'the EBO Group') executed Sale and Purchase Agreements (SPAs) to acquire all the upstream operations and renewable energy assets owned by ENI in Pakistan. HPHL and the EBO Group have acquired 50% shareholding each in Prime, in accordance with the Shareholders' Agreement (SHA) entered into such effect.

Under SPAs, Prime is required to complete certain conditions precedent within 18 (eighteen) months from the date of SPAs. These conditions include but not limited to (i) payment of a deposit as defined in SPAs and (ii) obtaining regulatory approvals from the government authorities.

HPHL paid an initial contribution in Prime amounting to Rs. 525 million on March 08, 2021, enabling Prime to make payment of deposit to ENI entities, fulfilling condition (i) above. This initial contribution included a 50% contribution of the EBO Group (Rs. 262.4 million), which was refunded to HPHL on June 08, 2021. Furthermore, under the SHA, HPHL also invested Rs. 18.08 million in Prime on March 17, 2021, to meet transaction-related expenses for ENI entities' acquisition. Prime is currently pursuing with the government authorities, including Competition Commission of Pakistan, State Bank of Pakistan and Director General Petroleum Concessions for obtaining required approvals under the SPAs.

The SPAs stipulate a locked box date of December 31, 2019, as a cutoff date between Prime and ENI entities, after which all net profits derived from the operations of ENI entities will be available for the benefit of Prime upon the completion of the conditions precedent. Pending fulfillment of conditions precedent under the SPAs, ENI entities will continue to be managed by the present owners and, accordingly, Prime cannot exercise any control over the financial and operational policies of ENI entities. Therefore, as of June 30, 2021, Prime has not accounted for any of the ENI entities' financial results in its financial statements.

14.4 Narowal Energy Limited (NEL)

NEL, a wholly owned subsidiary, was incorporated in Pakistan on November 03, 2015 as a public limited company. The principal activities of the subsidiary is to own, operate and maintain power plant. The subsidiary owns 214 MW (net) oil-fired power station in Punjab.

NEL has obtained a long-term loan amounting to Rs. 2,500 million which carries mark-up at the rate of three month KIBOR plus 0.75% per annum starting from the date of disbursement i.e. April 23, 2019 and is payable on quarterly basis in arrears. The loan is repayable in 12 equal installments on quarterly basis commencing from July 23, 2021. Any late payment by NEL is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over fixed assets (excluding land & building) of the Company.

14.5 Thar Energy Limited (TEL)

The Company has 60% controlling interest in TEL. Fauji Fertilizer Company Limited (FFCL) has 30% interest and CMEC TEL Power Investments Limited has 10% interest. TEL was incorporated in Pakistan on May 17, 2016 as a public limited company. The principal activities of TEL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant which is under construction at Thar Block II, Thar Coal Mine, Sindh.

Project status

On January 30, 2020, PPIB on behalf of the Government of Pakistan notified the achievement of Financial Close (FC) of TEL.

Under the Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Any delay in achievement of RCOD can result in Liquidated Damages (LDs) amounting to USD 2.68 million for each month of delay. TEL expects to achieve COD by first half of 2022. Considering the delay in COD, TEL has requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the delayed COD of High Voltage Direct Current (HVDC) Matiari to Lahore Transmission Line project as mentioned in the PPA. Extension in RCOD is also requested due to the delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company (SECMC). TEL is in negotiations with the relevant government authorities for RCOD extension to minimize the financial impact due to delay; however, there are no financial implications as at reporting date.

Company's commitments for TEL - Sponsors' support

For the development of TEL’s project and pursuant to Share Holder's Agreement dated March 15, 2018, the Company has obtained following approvals from shareholders in general meeting and is committed to:

(i) make investments in TEL up to an amount not exceeding USD 78 million (or PKR equivalent) by way of a subscription of shares. Such investment shall be made within a period up till December 2022;

(ii) arrange and provide a Standby Letter of Credit (SBLC) to the Lenders of TEL or TEL to cover for the equity investment of (and up to an amount not exceeding) USD 78 million (or PKR equivalent) to guarantee the subscription of equity. Such SBLC shall be for a period up till December 2022. On November 11, 2019, the Company issued Equity SBLC amounting to Rs. 3,767 million (equivalent to remaining USD million) to the lenders of TEL which is valid till November 10, 2021. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 22.3.1 of these unconsolidated financial statements;

(iii) undertake to the Lenders of TEL and to arrange and/or provide working capital financing to TEL equivalent to an aggregate amount of USD 36 million. Such investment shall be for a period up till December 2032;

(iv) assign its rights in respect of any investment made in TEL by way of Subordinated loan (which loan is to be treated as subordinated to the debt of the Lenders of TEL), in favour of the Lenders of TEL. Such investment shall be for a period up till December 2032. In order to fulfil this condition, the Company has signed subordination agreement on December 20, 2018;

(v) execute the Share Pledge Agreement including all necessary documentation related thereto and for the said purpose do or cause to do all acts, deeds and things that may be necessary or required in connection therewith, as may be deemed appropriate and as mutually agreed with the Lenders of TEL including any amendments thereto, or as required by law. The Company has executed Share Pledge Agreement on July 08, 2019 to fulfil this condition;

(vi) provide a guarantee (in the form of standby letter of credit) for the benefit of TEL and Intercreditor Agent for an aggregate amount of USD 31 million (or PKR equivalent) to guarantee an investment in the form of equity or subordinated debt to cover (a) cost overrun, (b) any obligation under financing documents prior to Project Completion Date ("PCD"), and (c) COD undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or December 2025. On November 15, 2019, the Company issued Cost Overrun SBLC amounting of USD 30.420 million to the lenders of TEL. The facility is secured by way of pari passu charge over all present and future assets of the Company, other than current assets;

(vii) issue a sponsor standby letter of credit to cover for the Initial Debt Service Reserve Account Shortfall, of an amount estimated not to exceed USD 20 million (or PKR equivalent), but which may be higher. Such SBLC shall be for a period up till the earlier of first payment of the instalment of the loan or December 2023;

(viii) issue a sponsor standby letter of credit to cover for the Debt Service Reserve Account, of an amount estimated not to exceed USD 20 million (or PKR equivalent), but which may be higher. Such SBLC shall be for a period up till the earlier of first payment of the installment of the loan or December 2032;

(ix) provide contractual commitments up to USD 22 million (or PKR equivalent) to Lenders for the purpose of TEL taking excess debt, which is over and above the cost approved by NEPRA. Such sponsor obligation shall be for a period earlier of the tenure of the project loan or December 2032;

(x) participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions (including Habib Bank Limited) ("Put Option / CRG Financiers") to the foreign lenders and contributing payment of a sum not exceeding USD 15 million, ("Put Option / CG Contribution Amount") under the same as primary obligor and USD 10 Million as mark-up on the forced loan not settled by project company (if any) and any excess exposure on account of USD / PKR devaluation in accordance with the terms of the Put Option / CRG Agreement. Such sponsor obligation shall be valid till December 2032. Accordingly, the Company has entered into a Put Option Sponsor Support Agreement dated December 20, 2018 and fulfilled this condition by providing pari passu charge on the Company's assets, other than current assets; and

(xi) provide a contractual commitment and a parent company guarantee to TEL guaranteeing the due and punctual performance obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or December 2032. The Company has provided Parent Company Guarantee to TEL in the form of a corporate guarantee as per the terms of the O&M agreement.

14.6 Sindh Engro Coal Mining Company Limited (SECMC)

SECMC is a public unlisted company, incorporated in Pakistan on October 15, 2009. The principle activity of SECMC is to develop, construct and operate open cast lignite mine in Block II Thar Coal Mine, Sindh.

Pursuant to Share Holder's Agreement, the Company agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. As at June 30, 2021 the Company has injected USD 14.31 million (Rs. 1,712 million) [2020: USD 13.51 million (Rs. 1,593 million)] representing 8% equity stake in SECMC.

SECMC achieved its Commercial Operations Date (COD) for Phase-I on July 10, 2019 and achieved Financial Closure for Phase-II on December 31, 2019.

In addition to the USD 20 million equity, the Company is committed to:

- Sponsor Support Guarantee to cover cost overruns for an amount not exceeding USD 5 million (in equivalent Pak Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The shareholders during the Extraordinary General Meeting held on January 14, 2016 approved the cost overrun support of USD 4 million and further approved the increase in cost overrun support to USD 5 million in the Extraordinary General Meeting held on June 22, 2018.

- Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') for an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. During the Extraordinary General Meeting held on January 14, 2016, the PSRA support was approved by the members of the Company.

The investment in SECMC for the purposes of cost overrun and PSRA will only be made in the event there is an overrun or shortfall, respectively. If the entire amount of Sponsor Support Guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the Company in SECMC shall be USD 31 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the Company, entered into a SSA with Habib Bank Limited as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the Company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable Standby letter of Credit (SBLC) in favour of Habib Bank Limited, dated March 18, 2016 for a total amount not exceeding USD 12.650 million. The SBLC has been reduced to USD 5.097 million.

Additionally, a Share Pledge Agreement was also executed by the Shareholders of SECMC including the Company on March 09, 2016 in favour of the Security Trustee in accordance with the provisions of the Finance Documents whereby all shares of SECMC are pledged.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
15. STORES, SPARES AND CONSUMABLES			
In hand		2,052,332	2,077,499
Provision against slow moving stores, spares and consumables	15.1	(674,547)	(355,354)
		1,377,785	1,722,145

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
15.1	**Movement in provision against slow moving stores, spares and consumables**			
	Opening balance		355,354	201,344
	Provision for the year		319,193	154,010
	Closing balance		674,547	355,354

16. STOCK-IN-TRADE

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Furnace oil	16.1	2,783,454	6,298,321
Diesel		22,422	20,545
		2,805,876	6,318,866

16.1 As at June 30, 2021, Furnace oil of Rs. Nil (2020: Rs. 47 million) is held by a third party.

17. TRADE DEBTS

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Considered good - Secured			
Capacity Purchase Price (CPP)		42,246,908	33,680,603
Energy Purchase Price (EPP)		3,605,522	7,870,008
Late Payment Interest (LPI)	17.1 & 27.10	26,071,659	31,800,586
Startup Charges (SC)		50,110	241,826
Part Load Adjustment Charges (PLAC)		231,657	694,270
Pass through item - WPPF		-	743,699
	17.2	72,205,856	75,030,992

17.1 This includes Rs. 4,559 million (2020: Rs. 6,703 million) related to LPI which is not yet billed by the Company.

17.2 This includes an amount of Rs. 60,278 million (2020: Rs. 66,079 million) receivable from CPPA(G) which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under the Implementation Agreement (IA). The delay in payments from CPPA(G) carries mark-up at SBP Reverse Repo rate plus 2% per annum compounded semi-annually for all overdue amounts except Late Payment Interest invoices.

The aging of these receivables is as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Not yet due	17.1	11,928,094	8,952,394
Up to 6 months		12,853,422	9,315,058
6 months to 1 year		16,172,485	14,192,568
1 year to 2 years		19,725,323	25,948,888
Over 2 years		11,526,532	16,622,084
		72,205,856	75,030,992

18. LOANS AND ADVANCES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Considered good - non interest bearing			
Loans - unsecured			
Executives		4,568	9,291
Employees		186	1,672
		4,754	10,963
Advances - unsecured			
Executives		995	2,031
Employees		139	371
Suppliers		10,068	5,868
		11,202	8,270
Considered good - interest bearing (unsecured)			
Loan to NEL - a subsidiary company	18.1	670,145	140,720
		686,101	159,953

18.1 The Company has provided NEL an unsecured short term loan facility amounting up to Rs. 3,000 million, to meet its working capital requirements, which carries mark-up at the rate of 0.40% per annum above one month KIBOR. Any late payment is subject to an additional payment of 1% per annum above the normal mark-up rate. The maximum aggregate amount receivable at any month end during the year was Rs. 2,208 million (2020: Rs. 1,385 million).

19. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Prepayments			
LC commission and other loan related costs		25,165	23,838
Others		16,590	18,530
		41,755	42,368
Other receivables			
Interest accrued		159	544
Income tax - refundable	19.1	352,174	1,403,436
Income tax - Contractor tax refundable	19.2	372,469	372,469
Sales tax		7,373,750	7,711,710
Staff gratuity	19.3	19,534	6,675
Receivable from LEL	19.4	726,849	439,735
Receivable from HPHL	19.4	53,792	75,013
Receivable from NEL	19.4	2,525	29,223
Receivable from TEL	19.4	48,697	32,765
Receivable from TNPTL	19.4	23,915	100,686
Receivable from TEL against services agreement	19.4	3,510,502	-
Receivable from TNPTL against services agreement	19.4	63,386	46,558
Workers' profit participation fund recoverable from CPPA(G)	27.4	2,461,020	1,766,384
Miscellaneous		439	7,646
		15,009,211	11,992,844
		15,050,966	12,035,212

19.1 In 1998, the Federal Board of Revenue ("FBR") made assessments under section 52/86 of the Income Tax Ordinance, 1979 ["ITO,79"] amounting to Rs. 1,896 million stating that the Company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The Company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time. Appeals filed by the Company before the Commissioner of Income tax (Appeals) [the "CIT (A)"] and thereafter with the Income Tax Appellate Tribunal ("ITAT") were decided against the Company. Against the decision of the ITAT, the Company filed appeals before the High Court ("HC") which were also decided against the Company in March 2012. Against the decision of the HC, the Company filed further appeals before the Honorable Supreme Court of Pakistan (SCP).

In order to restrict the penal exposure of the Company, in May 2012 the Company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million.

In July 2014, the Honorable SCP decided the case in favor of the Company. Against the decision of the Honorable SCP, FBR filed review petitions which were dismissed by the Honorable SCP in June 2015. The Company is pursuing the FBR and Government of Pakistan for the refund.

Consequently, an amount of Rs. 1,912 million became refundable from FBR. As at reporting date, the Company has adjusted tax liability amounting to Rs. 1,560 million (2020: Rs. 509 million) against the above refund.

19.2 The Company and the power plant construction contractors had entered into a Turnkey Construction Contract (TKC). Under the terms of the TKC, the Company was required to pay all income tax liability on payments to contractors and sub-contractors. Under the PPA with CPPA(G), any tax paid by the Company on behalf of construction contractors and sub-contractors was to be reimbursed by CPPA(G).

Under the provisions of the Implementation Agreement (IA) between the Company and GOP it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However, in 1998, few years after the tax had been paid, the FBR contended that Company was liable to pay tax at 8% instead of the agreed rate of 4% and was also liable to pay tax on taxes paid on behalf of contractors and sub-contractors on "tax on tax" basis at the corporate rates ranging from 52% to 58% instead of 4%. Accordingly, demand notices were issued and the Company was required to pay Rs. 966 million. On payment of Rs. 966 million, the Company immediately billed these amounts to CPPA(G). Against these demands by FBR, appeals were filed by the contractors and sub-contractors which were decided in their favour. The FBR has filed appeals before the courts which are pending adjudication.

On Company's and other IPPs representation, the Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the FBR to refund the tax recovered by it over and above 4%. The FBR has so far refunded Rs. 593 million but withheld Rs. 373 million on the pretext that the ECC decision was not applicable on "tax on tax" issue and also because the FBR has filed appeals before the courts which are pending adjudication.

The Company continued its discussions with the GOP and the FBR for the balance refund of Rs. 373 million. As a result, the tax department passed revised orders recognising refunds aggregating to Rs. 300.5 million. The tax law specifies that once an order recognising refund is passed, only then a taxpayer can apply for issuance of refund order and refund cheque. Accordingly, the Company has filed applications with the tax department for issuance of refund orders and cheques for the above amounts. The Company is also pursuing the tax department for issuance of revised orders recognising the balance refund amounting to Rs. 72.5 million.

The management and the Company's tax advisors are of the opinion that the position of the contractors and the Company is strong on legal grounds and on the basis of the above referred orders, therefore, tax of Rs. 373 million will be refunded.

	2021 (Rs. '000s)	2020 (Rs. '000s)
	19,534	6,675

19.3 STAFF GRATUITY

Actuarial valuation was carried out as at June 30, 2021. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost Method. The details of the actuarial valuation are as follows.

	2021 (Rs. '000s)	2020 (Rs. '000s)
Reconciliation of the net (asset) / liability recognised in the statement of financial position		
Present value of defined benefit obligation	335,262	310,449
Fair value of plan assets	(354,796)	(317,124)
Net asset recognised in the statement of financial position	(19,534)	(6,675)
Reconciliation of the movements during the year in the net (asset) / liability recognised in the statement of financial position		
Opening net (asset) / liability	(6,675)	41,541
Expense recognised	33,588	36,041
Remeasurement gain recognised in Other Comprehensive Income (OCI)	(19,947)	(21,842)
Contributions made to the fund during the year	(26,500)	(62,415)
Closing net asset	(19,534)	(6,675)
Expense recognised		
Current service cost	34,543	32,942
Past service cost	-	1,730
Net interest	(955)	1,369
Expense recognised	33,588	36,041
Re-measurements recognised in OCI during the year		
Remeasurement gain on defined benefit obligations	(28,852)	(16,709)
Remeasurement loss / (gain) on plan assets	8,905	(5,133)
	(19,947)	(21,842)
The movement in the defined benefit obligations are as follows		
Present value of defined benefit obligation at opening	310,449	262,337
Current service cost	34,543	32,942
Past service cost	-	1,730
Interest cost	26,092	34,473
Benefits paid	(6,970)	(4,324)
Remeasurement gain recognised in OCI	(28,852)	(16,709)
Present value of defined benefit obligation at closing	335,262	310,449

	2021 (Rs. '000s)	2020 (Rs. '000s)
The movement in fair value of plan assets		
Fair value of plan assets at opening	317,124	220,796
Expected return on plan assets	27,047	33,104
Contributions made	26,500	62,415
Benefits paid	(6,970)	(4,324)
Remeasurement (loss) / gain recognised in OCI	(8,905)	5,133
Fair value of plan assets at closing	354,796	317,124
Actual return on plan assets	18,142	38,237

Plan assets comprise of following:

	2021 %	2021 (Rs. '000s)	2020 %	2020 (Rs. '000s)
Pakistan Investment Bonds	71.43%	253,432	71.13%	225,575
Mutual funds	0.43%	1,528	0.36%	1,140
Term Finance Certificate	4.41%	15,657	5.62%	17,807
Treasury Bills	4.14%	14,675	6.74%	21,388
Quoted shares	19.27%	68,354	9.04%	28,665
Cash and cash equivalents	0.32%	1,150	7.11%	22,549
	100.00%	354,796	100.00%	317,124

	2021 (Rs. '000s)	2020 (Rs. '000s)
Contribution expected to be paid to the plan during the next year	29,244	33,588

Significant actuarial assumptions used in the actuarial valuation are as follows:

	2021	2020
- Valuation discount rate per annum	10.00%	8.50%
- Expected rate of return on plan assets per annum	10.00%	8.50%
- Expected rate of increase in salary level per annum	8.75%	5.50%
- Mortality rates	SLIC (2001-05)-1	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years
	----------------	(Rs. '000s)	----------------
Retirement benefit plan	9,670	152,001	312,787

Historical information of retirement benefit plan:

	2021	2020	2019	2018	2017
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	335,262	310,449	262,337	209,793	202,661
Fair value of plan assets	(354,796)	(317,124)	(220,796)	(193,457)	(185,012)
(Surplus) / Deficit	(19,534)	(6,675)	41,541	16,336	17,649

	2021 (Rs. '000s)	2020 (Rs. '000s)
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation - decrease / (increase)		
- Discount rate +1%	25,308	24,822
- Discount rate -1%	(28,896)	(28,332)
- Salary increases +1%	(30,283)	(29,700)
- Salary increases -1%	26,955	26,582

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The plan exposes the Company to the actuarial risks such as:

Investment risks:

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks:

The risk arises when the actual servicing period is longer than expected. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

19.4 The amounts receivable from subsidiaries / associate are neither past due nor impaired and are recoverable in ordinary course of business. The maximum aggregate amounts due at the end of any month during the year were as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
LEL		726,849	439,735
HPSL		14,296	40,349
HPHL		164,254	110,808
NEL		20,267	359,033
TEL		3,658,805	1,648,699
TNPTL		1,505,974	147,244

20. CASH AND BANK BALANCES

	Note	2021	2020
At bank			
Savings accounts	20.1 & 20.2	300,354	265,256
Deposit account		-	245,000
		300,354	510,256
In hand			
Cash		390	390
Payorders / cheques		-	800
		390	1,190
		300,744	511,446

20.1 Savings and deposits accounts carry mark-up rate of 5.50% (2020: 5.50%) per annum.

20.2 This includes Rs. 300 million (2020: Rs. 261 million) restricted for dividend payable.

NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

21. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021 (No. of Shares)	2020 (No. of Shares)		2021 (Rs. '000s)	2020 (Rs. '000s)
		Authorised :		
1,700,000,000	1,700,000,000	Ordinary shares of Rs.10/- each	17,000,000	17,000,000
		Issued, subscribed and paid-up: Ordinary shares of Rs.10/- each		
958,773,317	958,773,317	For cash	9,587,733	9,587,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,297,154,387	1,297,154,387		12,971,544	12,971,544

21.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. The Company may not pay dividend until certain financial requirements of lenders are satisfied.

21.2 Associated undertakings held 260,339,502 (2020: 260,513,522) shares in the Company as at year end.

22. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2020	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2021
		(Rs. '000s)					
Hub plant							
Salary Refinance Scheme - SBP	22.1	318,000	314,000	(158,000)	(316,000)	-	158,000
NEL investment							
Commercial facility	22.2	556,952	-	(556,952)	-	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	22.3.1	16,479,717	753,414	-	(1,966,363)	-	15,266,768
Islamic finance facility	22.3.2	5,500,000	-	-	(627,533)	-	4,872,467
Long Term Sukuk certificates I	22.3.3	7,000,000	-	-	(1,750,000)	-	5,250,000
Long Term Sukuk certificates II	22.3.4	5,000,000	-	-	-	-	5,000,000
		33,979,717	753,414	-	(4,343,896)	-	30,389,235
Transaction costs		(287,483)	-	-	82,661	77,826	(126,996)
Total		34,567,186	1,067,414	(714,952)	(4,577,235)	77,826	30,420,239

From Banks / Financial Institutions	Note	As at July 01, 2019	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2020
		(Rs. '000s)					
Hub plant							
Musharaka finance facility		312,500	-	(312,500)	-	-	-
Salary Refinance Scheme - SBP	22.1	-	318,000	-	(79,500)	-	238,500
		312,500	318,000	(312,500)	(79,500)	-	238,500
NEL investment							
Commercial facility	22.2	1,568,135	-	(1,011,183)	(556,952)	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	22.3.1	16,000,000	479,717	-	-	-	16,479,717
Islamic finance facility	22.3.2	5,500,000	-	-	-	-	5,500,000
Long Term Sukuk certificates I	22.3.3	-	7,000,000	-	-	-	7,000,000
Long Term Sukuk certificates II	22.3.4	-	5,000,000	-	-	-	5,000,000
		21,500,000	12,479,717	-	-	-	33,979,717
Transaction costs		(138,055)	(194,269)	-	74,934	44,841	(212,549)
Total		23,242,580	12,603,448	(1,323,683)	(561,518)	44,841	34,005,668

22.1 During the year, the Company obtained additional long term loan of Rs. 314 million under the Salary Refinancing Scheme introduced by State Bank of Pakistan (SBP). The loan carries a mark-up of 1.50% per annum which is payable on quarterly basis in arrears. The loan is repayable in eight equal quarterly installments starting from January 2021. Any late payment by the Company is subject to the markup to be calculated at the prevailing rate of three month KIBOR plus 1.50%. The loan is secured against subordinate hypothecation charge over all present and future movable fixed assets of the Company (excluding land and building).

22.2 This loan was fully repaid on October 1, 2020.

22.3 In order to meet investment requirements in TEL / CPHGC / SECMC / TNPTL:

22.3.1 The Company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2020: Rs. 21,000 million) to finance equity investment in CPHGC (via HPHL), TEL and SECMC. The loan is repayable in 40 installments on quarterly basis starting from November 18, 2021. Mark-up is charged at three month KIBOR plus 0.30% per annum. The loan is secured by way of all present and future assets of the Company other than current assets.

22.3.2 In addition, the Company has also entered into a long term Musharaka arrangement with various banks amounting to Rs. 5,500 million to finance equity investment in CPHGC (via HPHL). The loan is repayable on quarterly basis starting from November 30, 2021. Mark-up is charged at three month KIBOR plus 0.30% per annum. The facility is secured by way of all present and future assets of the Company other than current assets.

The Company shall not pay dividends until certain requirements under these facilities are satisfied. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate.

22.3.3 On August 22, 2019, the Company issued privately placed secured Sukuk Certificates amounting to Rs. 7,000 million at a mark-up of 1.9% per annum above three month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

(b) subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;

(c) subordinate charge over all present and future movable fixed assets of the Company and NEL; and

(d) pledge of 100% shares of NEL.

22.3.4 On March 19, 2020, the Company issued privately placed secured Sukuk Certificates amounting to Rs. 5,000 million at a mark-up of 1.9% per annum above one year KIBOR. The mark-up on the Sukuk is payable on semi-annual basis in arears and the principal is payable in four equal semi-annual installments commencing from September 19, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

(b) subordinate hypothecation charge over all present and future movable fixed assets of NEL; and

(c) subordinate charge over all present and future movable current assets of the Company.

23. LONG TERM LEASE LIABILITIES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Opening balance / Impact of initial application of IFRS 16		317,945	334,310
Finance cost charge during the year		38,658	43,076
Payments made during the year		(63,000)	(59,441)
		293,603	317,945
Less: Current maturity of lease liabilities		(29,789)	(23,343)
Long-term lease liabilities		263,814	294,602

24. TRADE AND OTHER PAYABLES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Creditors			
Trade - PSO	24.1	34,495,638	50,406,265
Others		-	25,657
		34,495,638	50,431,922
Accrued liabilities			
Finance costs		42,507	40,338
Miscellaneous		907,552	709,626
		950,059	749,964
Unearned income	24.2	2,364,350	1,754,380
Payable to HPSL		46,839	34,945
Advance against management services		-	216,204
Other payables			
Workers' profit participation fund	27.4	3,899,786	2,748,055
Hub Power Services Limited - Pension Fund		5,467	11,279
The Hub Power Company Limited - Employees' Provident Fund		-	2,629
Hub Power Services Limited - Provident Fund		-	5,605
Thar Energy Limited - Employees' Provident Fund		-	112
Retention money		8,466	9,636
Withholding tax		27,446	12,074
Miscellaneous		18,865	4,087
		3,960,030	2,793,477
		41,816,916	55,980,892

24.1 This represents payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 26,682 million (2020: Rs. 44,327 million).

The delay in payments to PSO carries mark-up at SBP Reverse Repo rate plus 2% per annum compounded semi-annually.

24.2 This includes Capacity Purchase Price of Rs. 1,985 million (2020: Rs. 1,754 million) invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. 380 million (2020: Rs. Nil) invoiced under the services agreement with TNPTL.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
25. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		221,671	301,931
Mark-up accrued on short term borrowings		410,056	507,344
		631,727	809,275

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
26. SHORT TERM BORROWINGS			
Secured			
Running finance	26.1 & 26.2	22,348,865	25,285,138
Unsecured			
Privately placed sukuks	26.3	4,500,000	4,500,000
Short term loan facility	26.4	220,456	129,000
		4,720,456	4,629,000
		27,069,321	29,914,138

26.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 27,272 million (2020: Rs. 27,400 million) at mark-up ranging between 0.40% to 2.25% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from August 31, 2021 to June 11, 2022. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the Company for the Hub plant pari passu with the existing charge.

26.2 The Company has also entered into Musharaka agreements amounting to Rs. 1,400 million (2020: Rs. 1,400 million) at a mark-up ranging between 0.50% to 0.75% per annum above one month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 31, 2021. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 26.1.

26.3 On May 05, 2021, the Company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1.10% per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 05, 2021. Any late payment by the Company is subject to mark-up at a rate of 2.00% per annum over six month KIBOR.

26.4 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 500 million (2020: Rs. 500 million) from HPSL, to meet its working capital requirements. This facility carries mark-up at the rate of 0.75% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any month end during the year was Rs. 220 million (2020: Rs. 129 million).

27. COMMITMENTS AND CONTINGENCIES

27.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 153 million (2020: Rs. 1,023 million).

27.2 The CPPA(G) was unable to meet its obligation to provide a standby letter of credit as required under the PPA. Consequently, the Company has been unable to meet its obligation to provide a standby letter of credit to PSO under the Fuel Supply Agreement (FSA).

27.3 The Company has entered into Predictivity Enhancements and Performance Improvements (PEPI) Agreement with General Electric Global Services GmbH (GE), whereby GE proposed to the Company PEPI solutions to improve the Facility net efficiency (heat rate) to achieve a guaranteed rate. Under PEPI Agreement, Steam Turbine Retrofits were implemented on two units.

If PEPI Agreement is terminated at any time prior to March 31, 2037, the Company will be liable to pay USD 1.5 million to GE along with residual value of the Steam Turbine Retrofits. However, non-renewal of PPA (which expires in 2027) will result in automatic termination of PEPI Agreement and the Company will have to pay GE USD 1.5 million and the residual value of approximately USD 0.6 million.

27.4 The Company had filed a petition in the Honorable Sindh High Court (SHC) on June 28, 2000, challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) on the grounds, that since its inception, the Company had not employed any person who falls within the definition of the term "Worker" as it has been defined in the Act.

The petition was filed subsequent to the service on the Company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division, directing the Company to allocate 5% of its net profit (since its establishment) towards the Workers' Profit Participation Fund. The said notice demanded that the Company deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the Company to the Fund is a pass through item under the PPA and against the CPPA(G) as a pro forma party in the matter.

In December 2003, the Company decided on a fresh legal review of the petition and thereafter was advised by counsel to withdraw the petition and to immediately file a fresh petition incorporating all the available grounds. Accordingly, on December 17, 2003 the Company withdrew the petition and immediately refiled a new petition, which incorporated all the available grounds.

Both the Company and CPPA(G) agreed that this petition should proceed and a judgment obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the Honorable SHC. Against the decision of the SHC, the Company filed petition for leave to appeal before the Honorable Supreme Court of Pakistan (SCP). In December 2011, the Honorable SCP set aside the judgement of the Honorable SHC and directed it to decide the case afresh. The matter is pending adjudication before the Honorable SHC.

As at June 30, 2021, the total financial exposure relating to the above case is Rs. 29,018 million (Rs. 3,136 million being the 5% of the profit and Rs. 25,882 million interest component and penalty on delayed payment). No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass-through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Act, the Company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time.

The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated November 10, 2016 set aside the amendments made to the Act by Finance Acts of 2006, 2007 and 2008 as ultra vires to the provisions of the Constitution of Pakistan (the Constitution). Accordingly, the provisions of the Act are to be read as if the amendments brought about by the said Finance Acts were never made and the defined term "Worker" reverted to its original definition of prior to Finance Act 2006. However, the Federal Board of Revenue (FBR) has filed a review petition with the Honorable SCP in respect of the said decision.

Pursuant to the 18th Amendment to the Constitution (the 18th Amendment), the Sindh Provincial Assembly passed the Sindh Companies Profits (Workers' Participation) Act, 2015 (the Sindh Act).

On February 12, 2018, the Honorable SHC passed an Order (SHC Order) in respect of the Sindh Act, holding that for trans-provincial companies like the Company, the location of the workers should be considered, and an allocation should be made accordingly. The SHC Order further devised a mechanism to compute contributions for trans-provincial companies. In July 2018, the Honorable SCP suspended the SHC Order, however, Honorable SCP is yet to issue a detailed order on this matter. The interim order passed by Honorable SCP only applies inter parties and since the Company was not a party to the case filed in the Honorable SCP, it is the SHC Order which is binding on the Company.

In light of the SHC Order, the Sindh Act applies insofar as the Company has any "Worker" in Sindh as defined under the Sindh Act, and the Act applies as a fractured provincial legislation to the Company insofar as Balochistan is concerned. Accordingly, the Company is of the view that it does not have any "Worker" as defined in the Act and there is no need to establish a Trust in Balochistan under the Act at this time.

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters have become a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act has been fractured into provisional legislation and the Fund created by the Company in 2007 became dysfunctional and was unable to carry out its objectives. Therefore, the Company recommended to the Trustees of the Fund that the same be dissolved. The Fund was dissolved on June 27, 2019 and the 5% WPPF allocated by the Company since July 1, 2015 and the interest earned on that allocated amount (Rs. 1,524 million allocated by the Company and Rs. 258 million interest earned by the Fund on the allocated amount) was transferred back to the Company. These funds are being utilized by the Company till a final decision of the Honorable Supreme Court or until Balochistan Provincial Assembly enacts its legislation and the Company will then comply with the Balochistan Law. In compliance with the Sindh Act, all formalities for the registration of WPPF Trust creation in Sindh are complete; only execution of the Trust Deed is pending, which, initially could not be completed on account of the COVID-19 Pandemic and later due to promulgation of the Sindh Trusts Act, 2020, which prohibited legal persons from forming a trust.

Recently the Provincial Assembly of Sindh issued a notification dated April 28, 2021, regarding promulgation of Sindh Trusts (Amendment) Act 2021 (Amendment Act). The Amendment Act appears to have resolved the registration issues that were being faced by the employee retirement funds of companies established under the Trust Act 1882, since the enactment of the Sindh Trust Act 2020. The amendment replaces the words "natural person" with the words "any person" from the Sindh Trusts Act, 2020, meaning thereby, that now artificial persons can also create a Trust. Furthermore, a new category of trusts has been added under the heading of "Specialized Trusts" to include, amongst others, pension funds, provident funds and gratuity funds established by the Federal Government, Provincial Government, and private entities.

Accordingly, the Company is now in the process of resuming WPPF Trust creation / registration in Sindh.

27.5 (i) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 139 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the Company filed appeals before the Honorable Islamabad High Court (IHC) which were also decided against the Company. Against the decision of the Honorable IHC, the Company filed appeals before the Honorable SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 388 million.

(ii) FBR also imposed 2% Workers Welfare Fund (WWF) for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the Company filed appeals before the Honorable IHC which held that the orders on WWF were void. The Honorable IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the Honorable IHC, the Company filed appeals before the Honorable SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 17 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(iii) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR, the Company filed appeal before the Honorable IHC which was also decided against the Company. Against the decision of the Honorable IHC, the Company filed appeal before the Honorable SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 6 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR the Company filed appeal before the Honorable IHC which held that the order on WWF was void. The Honorable IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the Honorable IHC the Company filed appeal before the Honorable SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 203 million. WWF is a pass through under the PPA and is recoverable from the CPPA (G).

(v) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 4 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company filed appeal before the CIR-A who deleted the tax demand. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 8 million.

(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The Company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 346 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).

The management, tax and legal advisors are of the opinion that the position of the Company in respect of aforementioned matters is sound on technical basis and eventual outcome is expected to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements.

27.6 (i) Under the IA with the GOP and under the tax law, the Company is exempt from the levy of minimum tax. In June 2012, the FBR issued demand notices amounting to Rs. 435 million relating to the tax years 2006 to 2008, 2010 and 2011. After the Company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the Honorable IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 991 million.

(ii) In November 2012, the FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in favour of the Company. Against the judgment of the ATIR, the FBR filed a case with the Honorable IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 24,790 million.

(iii) In March 2014 the FBR passed an order for the recovery of sales tax amounting to Rs. 3,442 million relating to fiscal year ended June 2012. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which also decided the case against the Company. Against the decision of the ATIR, the Company filed appeal with Honorable IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 8,682 million.

(iv) In April 2014 the FBR issued a show cause notice to recover sales tax amounting to Rs. 3,692 million relating to fiscal year ended June 2013. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the Honorable IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by Honorable IHC / Honorable LHC in other cases. Against this decision, the FBR has filed intra court appeal with Honorable IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 3,692 million.

(v) In January 2015 the FBR issued a show cause notice to recover sales tax amounting to Rs. 4,130 million relating to fiscal year ended June 2014. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the Honorable IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by Honorable IHC / Honorable LHC in other cases. Against this decision, the FBR has filed intra court filed with Honorable IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 4,130 million.

(vi) In October 2018 the FBR issued a show cause notice to recover sales tax amounting to Rs. 3,483 million relating to fiscal year ended June 2016. This is based on FBR's views including the point that the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the Honorable IHC which asked the FBR not to pass a final order till next hearing. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 3,483 million.

(vii) In November 2018 the FBR issued a show cause notice to recover sales tax amounting to Rs. 2,665 million relating to fiscal year ended June 2017. This is based on FBR's views including the point that the Company had claimed input tax in excess of what was allowed under the law. The Company filed a Writ Petition in the Honorable IHC which asked the FBR not to pass a final order till next hearing. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 2,665 million.

(viii) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million relating to the tax years 2012 to 2014 on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The Company filed Writ Petitions before the Honorable IHC which were decided against the Company. The Company filed further appeals with Honorable IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 1,677 million.

(ix) Under the O&M agreement with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In January 2015, the FBR passed an order amounting to Rs.1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. After dismissal of the Company's appeal at the Commissioner Inland Revenue – Appeal & the ATIR, the Company filed appeals with the Honorable IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 2,436 million.

(x) Under the O&M agreement with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In December 2017, the FBR issued a Show Cause Notice for the recover Federal Excise Duty (FED) amounting to Rs. 911 million relating to the tax years 2014 to 2017. The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. The Company filed a Writ Petition in the Honorable IHC which asked the FBR not to issue any demand till next hearing. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 911 million.

(xi) Under the provisions of the Sales Tax Act, 1990 (STA), the Company is entitled to claim from FBR the Provincial Sales Tax (PST) on services paid under the provincial sales tax law. However, after the imposition of Balochistan Sales Tax (BST), the FBR did not allow the adjustment of BST amounting to Rs. 209 million in the Federal Sales Tax return. Against this, the Company filed appeal before the Honorable IHC which while allowing the appeal held that the refusal on the part of FBR to deny input tax adjustment against the sales tax on services paid under the Act of 2015 is without any lawful authority. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 303 million.

(xii) In December 2018 the FBR issued a show cause notice for the recovery of sales tax amounting to Rs. 412 million on the ground that the Company has claimed excess input tax during different tax periods. In March 2019 on representation the FBR reduced the amount and issued demand notice amounting to Rs 31 million. The Company filed appeal with the Commissioner Inland Revenue Appeal who remanded back the case to FBR for reassessment. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 34 million.

(xiii) In October 2019 the FBR issued income tax demand of Rs. 266 million relating to fiscal year ended June 2016. This is based on FBR's views that Company's receipt on account of supplemental charges are taxable and CPP is also liable for minimum tax. The FBR issued demand for WWF as well. The Company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 332 million.

(xiv) In December 2019 the FBR issued a demand of Rs. 19 million relating to fiscal year ended June 2016. This is based on FBR's views that during the year the Company had not deducted tax on payments to supplier. The Company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 23 million.

(xv) Under the IA with GOP and under the tax laws, the Company's interest income is exempt from income tax. However, in June 2020, the FBR issued a tax demand of Rs. 27 million for tax year 2014 on this issue on the grounds that current interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% Workers Welfare Fund (WWF) on this interest income. The Company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The Company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 32 million.

(xvi) In March 2021 the FBR issued a show cause notice for the recovery of sales tax amounting to Rs. 8,212 million relating to fiscal year ended June 2017 to 2019. However a final demand of Rs 5,717 million was issued in April 2021. In FBR's view, the Company had claimed input tax in excess of what was allowed under the law. The Company has filed appeal with the Commissioner Inland Revenue Appeal (CIR-A) which is pending adjudication. Meanwhile the Honorable SHC has granted stay against recovery till decision by the CIR-A. The Company's maximum exposure as at June 30, 2021 is approximately Rs. 5,828 million.

The matters, stated in (ii) to (vii) and (xvi) above in respect of claiming excess input tax has already been decided by the Honorable Lahore High Court (LHC), in favor of other IPPs in similar cases. Against this decision of the Honorable LHC, the FBR has filed appeal in the Honorable Supreme Court of Pakistan.

The management, tax and legal advisors are of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements.

27.7 In 2016, the Company received a letter from the Power Purchaser - CPPA(G) stating that the Company did not maintain the requisite fuel stock at Hub Plant as required under the PPA and has, therefore, incurred lower interest on working capital and, therefore, Power Purchaser - CPPA(G) is earmarking an estimated amount of Rs. 1,801 million for the Hub Plant out of the Late Payment Interest invoices owed by the Power Purchaser - CPPA(G) . The Company has contested this claim.

27.8 On October 11, 2019, the Company received an invoice of Rs. 398.5 million from the Power Purchaser, CPPA(G) in respect of Liquidated Damages (LDs) due to non-availability of Hub Power Plant for electricity generation during the operating year April 1, 2018 to March 31, 2019. The LDs invoice is for the time period during which the Hub Power Plant was not available for electricity generation due to lack of fuel caused by delay in payments by CPPA(G) which resulted in the Company not being able to meet its payment obligations to PSO. PSO had stopped the supply of RFO to the Hub Power Plant due to delay in payments as well as non-provision of Standby Letter of Credit (SBLC) by the Company as required under the Fuel Supply Agreement (FSA). The Company did not establish the SBLC for PSO because CPPA(G) did not establish SBLC in favor of the Company as required under the Power Purchase Agreement (PPA) dated August 3, 1992 (refer note 27.2).

The Company is in a process of resolving the matter amicably with CPPA(G) and has been proactively deliberating the issue at the CPPA(G) Board level to ensure that the Company's Forced Outage Allowance is not wrongly utilized by CPPA(G). The Company has been defending the matter on the grounds that the Hub Power Plant ran out of fuel because of the CPPA(G)'s payment defaults and non-provision of SBLC as required under the PPA. As a result of continuous efforts by the Company, CPPA(G) informed the Company on November 27, 2019 that the LDs invoice has been withdrawn till a final decision is taken by the CPPA(G) Board.

In the past, similar cases arose where CPPA(G) attempted to impose LDs on other IPPs and they challenged such imposition of LDs and won at various legal forums including expert adjudication as well as International Arbitration.

Accordingly, the management is of the view that the position of the Company is sound on technical and legal basis and that the claim is without substance and merit and has been rejected. Pending the resolution of the matter stated above, no provision has been made in these unconsolidated financial statements. No dispute proceedings have been initiated as envisaged in the PPA as the matter remains currently pending at the CPPA(G) Board.

27.9 The Federal Government constituted a committee for the purpose of negotiating the Power Purchase Agreement (PPA). The Company held extensive rounds of discussions with the Committee and other members of the Federal Government. On August 21, 2020, following detailed negotiations and in the larger national interest, the Parties signed a Memorandum of Understanding (MoU). In furtherance of MoU, CPPA(G) and the Company have executed an agreement ("Agreement") on February 11, 2021. The payment of overdue receivable is an integral part of the Agreement.

The Parties have also agreed to reduce the existing Fixed Operating Costs Element by 11%, whilst keeping the existing arrangement of indexations. However, the Parties have agreed to discontinue the USD Exchange rate and US CPI indexation on the Project Company Equity and fix the same on National Bank of Pakistan's TT/OD selling PKR/USD exchange rate prevailing as on August 21, 2020 and US CPI for the month of August 2020; however, till the current exchange rate reaches that of August 21, 2020 i.e. PKR 168.60/USD, the existing arrangement under the PPA for the half year January 2021 - June 2021 shall apply for future billings.

The Parties have also agreed to engage without delay, on signing of the Agreement, in good faith negotiations and discussion and use their best endeavours to achieve pre-mature termination of the PPA, which will be mutually beneficial, resulting in compensation to the Company, while saving GOP substantial sums in lieu of capacity payments till the expiry of the PPA. In parallel, the Parties have also agreed that certain outstanding dispute(s) shall be resolved through arbitration under the PPA.

Under the Agreement, first installment of 40% of the overdue receivables comprising 1/3rd in cash and 2/3rd in the form of financial instruments of Pakistan Investment Bonds (PIBs) and Sukuks were received on June 4, 2021 and the remaining 60% are receivable 6 months thereafter by way of similar mechanism as that of the first instalment.

27.10 Pursuant to the FSA dated August 03, 1992, between the Company and Pakistan State Oil Company Limited (PSO), PSO supplied 128,000 Metric Tons (MT) of Residual Furnace Oil (RFO) as "First Fill" at no charge to the Company in 1996. Since 1996, there had been correspondence exchanged amongst PSO, WAPDA and the Company. PSO, in earlier days, sought payment for the cost of the First Fill RFO from WAPDA and the Company. Both WAPDA and the Company refused to make payment, citing that PSO's obligation under the FSA to supply First Fill RFO to the Company was at no charge.

PSO continued to claim the cost of the First Fill RFO from WAPDA. In fact, such cost was recorded in PSO's audited accounts as a receivable due from WAPDA. The relevant disclosure in the PSO's audited accounts explicitly stated that a letter was signed between PSO and WAPDA on August 5, 1992 under which WAPDA undertook to pay PSO the cost of First Fill. Later through the intervention of President of Pakistan, an interest free loan of Rs. 802 million was sanctioned to WAPDA to enable it to settle PSO's claim for First Fill RFO. Following the payment to PSO, WAPDA started claiming reimbursement of the cost of the First Fill from the Company. The Company denied the same. The Company's position was that it was under no obligation to pay to PSO under FSA.

In 2015, CPPA(G) through back-to-back arrangements with WAPDA succeeded all the rights and obligations of WAPDA under the existing Power Purchase Agreement. On November 1, 2017, CPPA(G) wrote to the Company requesting a meeting to discuss the payment of First Fill amounting to Rs. 802 Million, along with late payment interest. On November 10, 2017 the Company wrote to CPPA(G) that the Company is under no obligation for any payment with regards to the First Fill and considered the matter closed. Therefore, there was no point in meeting in relation to the matter. On June 13, 2018, CPPA(G) communicated to the Company that the CPPA(G) had decided to adjust the amount of Rs. 802 Million along with interest of Rs. 10,723 Million against the Company's outstanding LPI invoices.

Due to the above-mentioned action of CPPA(G), the Company was constrained to file a suit before the Honorable SHC (i.e., Suit No. 1411 of 2018) for a declaratory injunction against CPPA(G). The Honorable SHC via its Order dated July 9, 2018, directed that status quo be maintained with respect to the amount demanded by CPPA(G) from the Company on account of the First Fill and restrained CPPA(G) from adjusting the First Fill claim amount.

In light of CPPA(G)'s continuous violation of the orders of the Honorable SHC, the Company filed application bearing CMA No. 13776/2020 in the Suit. Such application sought inter alia to restrain CPPA(G), and the Committee, from further violation of the orders of the Honorable SHC by deducting the Impugned Demand when devising the mechanism for settlement of dues of the Company pursuant to MOU (refer note 27.9). Through order dated December 02, 2020, the Honorable SHC, by way of ad-interim relief, directed CPPA(G) not to deduct the Impugned Demand when devising a mechanism for payment of receivables of the Company, and to abide by previous orders.

In furtherance of the MOU dated August 21, 2020, the Company filed Suit No. 95 of 2021, wherein the SHC was pleased to pass an ad-interim order restraining the CPPA (G) and the IPP committee from deducting / adjusting the amount for the First Fill RFO supplied to the Company by PSO i.e. amount of Rs. 802 million together with interest thereon aggregating to Rs. 11.5 billion.

Pursuant to the Master Agreement dated February 11, 2021, the Company and CPPA(G) filed an application dated March 03, 2021, wherein the Honorable SHC disposed off Suit No. 95 of 2021 and a consent order was obtained from the Honorable SHC which stated that CPPA(G) would participate in the arbitration proceedings as and when initiated by the Company, pursuant to Section 15.4(d) of the PPA, to resolve the First Fill Dispute. Accordingly, CPPA (G) and the Company have agreed to appoint Justice (R) Khawaja as the sole arbitrator and the matter is currently undergoing Arbitration Proceedings.

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts incurred during the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company were as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
		Chief Executive	
Managerial remuneration	28.1	82,700	82,700
Bonus		17,738	8,528
Other benefits		807	734
Ex-gratia		36,331	-
		137,576	91,962
Number of persons		1	1
		Directors	
Fees	28.2	6,450	4,250
Number of persons		11	11
		Executives	
Managerial remuneration		275,260	245,841
Bonus		57,311	28,886
House rent		123,867	100,890
Utilities		27,526	22,396
Retirement benefits		60,918	59,369
Other benefits		233,541	136,950
		778,423	594,332
Number of persons		114	111
		Total	
Managerial remuneration / Fees		364,410	332,791
Bonus		75,049	37,414
House rent		123,867	100,890
Utilities		27,526	22,396
Retirement benefits		60,918	59,369
Other benefits		234,348	137,684
Ex-gratia		36,331	-
		922,449	690,544
Number of persons		126	123

28.1 Retirement benefits to the Chief Executive are paid as part of monthly emoluments.

28.2 This represents fee paid to the Directors of the Company for attending meetings.

28.3 The Chief Executive and certain Executives are provided with the use of Company maintained automobiles and certain other benefits.

28.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

28.5 The above figures do not include effect of cost allocated to subsidiary companies / associate amounting to Rs. 52 million (2020: Rs. 48 million).

29. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associates, retirement benefit funds, directors and key management personnel. Significant transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Subsidiaries		
Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	54,719	71,391
Receipts against reimbursement of expenses from subsidiary	31,856	59,945
Dividend received	1,074,388	643,242
Hub Power Holdings Limited		
Investment in subsidiary	-	6,860,500
Dividend received	3,899,553	-
Reimbursable expenses incurred on behalf of subsidiary	32,995	319,524
Receipts against reimbursement of expenses from subsidiary	54,216	261,758
Reimbursable expenses incurred by subsidiary	-	8,970
Payments against reimbursement of expenses to subsidiary	-	11,344
Hub Power Services Limited		
Reimbursable expenses incurred on behalf of subsidiary	17,296	57,999
Receipts against reimbursement of expenses from subsidiary	18,471	62,062
Reimbursable expenses incurred by subsidiary	27,703	79,651
Payments against reimbursement of expenses to subsidiary	49,113	58,498
Amount paid for O&M services rendered	331,240	1,123,135
Dividend received	100,000	175,000
Interest expense on loan from subsidiary	10,491	9,688
Payments against interest on loan from subsidiary	12,563	7,615
Transfer of assets by subsidiary	-	30,759
Payments against transfer of assets by subsidiary	-	30,759
Transfer of liabilities by subsidiary	-	24,627
Receipts against transfer of liabilities by subsidiary	-	40,255
Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	52,938	381,327
Receipts against reimbursement of expenses from subsidiary	56,198	377,401
Interest income on loan to subsidiary	62,257	98,165
Receipts against interest on loan to subsidiary	85,695	74,981

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Thar Energy Limited			
Investment in subsidiary		753,414	833,067
Reimbursable expenses incurred on behalf of subsidiary		15,932	30,519
Receipts against reimbursement of expenses from subsidiary		-	7,679
Services rendered to subsidiary		4,360,906	2,369,417
Amount received against services rendered to subsidiary		634,200	2,574,179
Other related parties			
Amount received against services rendered to TNPTL		1,379,904	140,000
Services rendered to TNPTL		1,017,170	170,452
Reimbursable expenses incurred on behalf of TNPTL		207,039	140,836
Receipts against reimbursement of expenses from TNPTL		283,810	47,634
Proceeds from disposal of assets	29.5	9,578	-
Remuneration to key management personnel			
Salaries, benefits and other allowances		181,335	136,283
Retirement benefits		4,600	6,460
	29.1 & 29.3	185,935	142,743
Directors' fee	28.2	6,450	4,250
Contribution to staff retirement benefit plans of the Company		41,619	71,468
Contribution to staff retirement benefit plans of HPSL		28,926	3,995
Contribution to staff retirement benefit plans of TEL		1,076	280
Contribution to staff retirement benefit plans of LEL		32	-

29.1 Transactions with key management personnel are carried out under the terms of their employment. They are also provided with the use of Company maintained automobiles and certain other benefits.

29.2 The transactions with related parties are made under mutually agreed terms and conditions.

29.3 The above figures do not include effect of cost allocated to subsidiary companies amounting to Rs. 21 million (2020: Rs. 18 million).

29.4 The Company has obtained an unsecured short term loan facility for an amount of up to Rs. 5,000 million from NEL, to meet its working capital requirements. This facility carries mark-up at the rate of 0.4% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at month end during the year was Rs. Nil.

29.5 This represents proceeds from disposal of assets having written down value of Rs. 1,861 million (2020: Rs. Nil) to key management personnel.

30. RELATED PARTIES AND ASSOCIATED COMPANIES / UNDERTAKINGS

Following are the details of related parties and associated companies / undertakings with whom the Company had entered into transactions or had arrangements in place during the year, in accordance with the Companies Act, 2017:

Particulars	Relationship	% equity interest
Laraib Energy Limited	Subsidiary	74.95%
Hub Power Services Limited	Subsidiary	100%
Hub Power Holdings Limited	Subsidiary	100%
Narowal Energy Limited	Subsidiary	100%
Thar Energy Limited	Subsidiary	60%
Thalnova Power Thar (Private) Limited	Associate	38.3%
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
Indus Motor Company Limited	Interested Persons	-
Bank Al-Habib Limited	Interested Persons	-
Bank Alfalah Limited	Interested Persons	-
Meezan Bank Limited	Interested Persons	-
Habib Bank Limited	Interested Persons	-
Habib Metropolitan Bank Limited	Interested Persons	-
Standard Chartered Bank Limited	Interested Persons	-
United Bank Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
Adamjee Insurance Company Limited	Interested Persons	-
Pakistan State Oil Company Limited	Interested Persons	-
Mr. Khalid Mansoor (Resigned w.e.f. June 30, 2021)	Chief Executive / Director	-
Mr. Abdul Nasir	Key Management Personnel	-
Mr. Sohail Kassamali (Appointed w.e.f. September 09, 2020)	Key Management Personnel	-
Mr. Shaharyar Nashat (Resigned w.e.f. September 08, 2020)	Key Management Personnel	-
Mr. Javed Akbar	Director	-
Mr. Nadeem Inayat	Director	-
Mr. Owais Shahid	Director	-
Mr. Muhammad Ejaz Sanjrani	Director	-
Mr. Manzoor Ahmed	Director	-
Mr. Syed Mohammad Ali	Director	-
Mr. Saad Iqbal	Director	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Provident Fund	Retirement benefit fund	-
Hub Power Services Limited - Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Pension Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Provident Fund	Retirement benefit fund	-

31. PROVIDENT FUND TRUST

Contribution to defined contribution plan was transferred to Meezan Tahaffuz Pension Fund (MTPF), the voluntary pension system (VPS) with the consent of all members of provident fund with effect from July 2015 as allowed under clause (aa) of sub-rule (1) of Rule 103 of the Income Tax Rules, 2002.

32. PLANT CAPACITY AND PRODUCTION

	2021	2020
HUB PLANT		
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	189 GWh	36 GWh
Load Factor	1.79%	0.34%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,794 GWh (2020: 9,886 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

33. WORKING CAPITAL CHANGES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Decrease / (increase) in current assets			
Stores, spares and consumables		25,167	(25,291)
Stock-in-trade		3,512,990	(1,743,056)
Trade debts		2,825,136	(8,774,928)
Loans, advances, prepayments and other receivables		(4,316,439)	(655,406)
		2,046,854	(11,198,681)
Decrease in current liabilities			
Trade and other payables		(14,163,976)	(243,769)
		(12,117,122)	(11,442,450)

34. CASH AND CASH EQUIVALENTS

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Cash and bank balances	20	300,744	511,446
Short term borrowings	26	(27,069,321)	(29,914,138)
		(26,768,577)	(29,402,692)

35. BASIC AND DILUTED EARNINGS PER SHARE

35.1 Basic

	2021	2020
Profit for the year (Rupees in thousands)	21,433,839	10,166,739
Weighted average number of ordinary shares outstanding during the year	1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)	16.52	7.84

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

35.2 There is no dilutive effect on the earnings per share of the Company.

36. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks namely market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The overall risk management of the Company is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

The Company's overall risk management procedures to minimize the potential adverse effects of these risks on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holdings of financial instruments. The Company is not exposed to equity price risk. The exposure to other two risks and their management is explained below:

(i) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial assets of the Company include Rs. 3 million (2020: Rs. 9 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 57 million (2020: Rs. 181 million) in foreign currencies which are subject to currency risk exposure.

The Company believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow and fair value interest rate risks

The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	300,354	510,256
Financial liabilities		
Long term loan	474,000	318,000

	2021 (Rs. '000s)	2020 (Rs. '000s)
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	43,183,136	41,738,005
Financial liabilities		
Long term loans	34,523,474	34,249,186
Trade and other payables	13,317,055	23,332,277
Short term borrowings	27,069,321	29,914,138
Total	74,909,850	87,495,601

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest / mark-up would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Owing to cash flow difficulties and delays in payment by CPPA(G), the Company has delayed payments to PSO. The Company has also obtained short term borrowings to meet its short term funding requirements. The Company receives interest on delayed payments from CPPA(G) at variable rate provided under the PPA and pays interest on delayed payments to PSO at variable rate provided under the FSA. The rates on all these financial instruments are almost similar and move in the same direction, therefore, any change in the variable rate does not significantly affect profit or loss.

In order to finance investments in CPHGC (via HPHL), TNPTL (via HPHL), TEL and SECMC, the Company entered into long term financing arrangements (refer note 22). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in KIBOR. As at June 30, 2021, if interest rate on the Company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 303 million (2020: Rs. 292 million).

Since the impact of interest rate exposure is not significant to the Company, the management believes that consideration of alternative arrangement to hedge interest rate exposure is not cost effective.

(b) Credit risk

Credit risk is 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 Company's exposure to credit risk is not significant for reasons provided below.

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

	2021 (Rs. '000s)	2020 (Rs. '000s)
Deposits	22,067	22,167
Trade debts	72,205,856	75,030,992
Loans and other receivables	4,119,067	2,650,237
Bank balances	300,354	510,256
Total	76,647,344	78,213,652

Trade debts are recoverable from CPPA(G) under the PPA and are secured by guarantee from GOP under the IA. Further, the significant amount of other receivables is also recoverable from CPPA(G) and is secured under IA.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies.

		Ratings	
Banks / Financial Institutions	**Rating Agency**	**Short term**	**Long term**
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Al-Baraka Bank (Pakistan) Limited	VIS	A-1	A+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
CitiBank, N.A.	Moody's	P-1	AA3
Faysal Bank Limited	VIS	A-1+	AA
Habib Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Pak Brunei Investment Company Limited	VIS	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	VIS	A-1+	AAA
Shariah Compliant			
Meezan Bank Limited	VIS	A-1+	AAA
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
BankIslami Pakistan Limited	PACRA	A-1	A+

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Company maintains running finance facilities (refer note 26) to meet the short term funding requirements due to delay in payments by CPPA(G). The delay in payments by CPPA(G) is mainly offset by the delay in payments to PSO or by borrowing under running finance facilities.

The Company is exposed to liquidity risk because of the following:

(i) Delay in payment from Power Purchaser - CPPA(G);

(ii) long term loans obtained for funding in TEL / CPHGC / TNPTL / SECMC (refer note 22.3) may not be sufficient to meet their respective equity requirement; and

(iii) repayment / non-availability of short term borrowings (refer note 26).

The Company manages liquidity risk from its own sources and other alternative means.

Following are the contractual maturities of financial liabilities, including estimated interest payments, if any:

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	------------(Rs. '000s)------------				
2020-21					
Long term loans	2,399,707	4,937,087	31,573,672	3,792,082	42,702,548
Long term lease liabilities	33,024	32,943	232,206	154,577	452,750
Trade and other payables	35,525,334	-	-	-	35,525,334
Unclaimed dividend	227,729	-	-	-	227,729
Unpaid dividend	46,084	-	-	-	46,084
Short term borrowings	27,479,377	-	-	-	27,479,377
Total	65,711,255	4,970,030	31,805,878	3,946,659	106,433,822
2019-20					
Long term loans	2,821,584	2,001,771	35,787,628	9,461,250	50,072,233
Long term lease liabilities	30,627	31,374	254,404	197,480	513,885
Trade and other payables	51,466,383	-	-	-	51,466,383
Unclaimed dividend	207,797	-	-	-	207,797
Unpaid dividend	44,380	-	-	-	44,380
Short term borrowings	30,421,482	-	-	-	30,421,482
Total	84,992,253	2,033,145	36,042,032	9,658,730	132,726,160

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate their fair value.

Fair value of financial instruments

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investment in subsidiary companies and associates are carried at cost.

The fair value of investment in SECMC (unquoted shares) have been estimated using a valuation model. The valuation requires management to make certain assumptions about the model inputs, including forecasted dividends, the discount rate and market risk. The probabilities of the various estimates within the range are assessed and are used in management's estimate in order to determine the fair value of investment in SECMC. The fair value as at June 30, 2021 has been determined at Rs. 2,538 million (2020: Rs. 2,544 million) resulting in unrealized loss of Rs. 129 million (2020: unrealized gain of Rs. 228 million).

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs from the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	------------------------------ Rs. 000'			-------------------------------
June 2021				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	2,537,684	2,537,684
June 2020				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	2,544,436	2,544,436

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, as required under various project agreements, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	2,537,684	2,544,436
Financial assets - at amortised cost		
Deposits	22,067	22,167
Trade debts	72,205,856	75,030,992
Loans and other receivables	4,055,681	2,650,237
Cash and bank balances	300,744	511,446
Total	76,584,348	78,214,842
Financial Liabilities - at amortised cost		
Long term loans	35,219,145	34,869,117
Long term lease liabilities	293,603	317,945
Trade and other payables	35,525,334	51,466,383
Unclaimed dividend	227,729	207,797
Unpaid dividend	46,084	44,380
Short term borrowings	27,479,377	30,421,482
Total	98,791,272	117,327,104

38. INITIAL APPLICATION / WAIVER FROM APPLICATION OF STANDARDS AND INTERPRETATIONS

38.1 Revised and amended standards and interpretation that are not yet effective and not adopted in 2021

The following amendments with respect to the approved accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendments:

Amendments to standards	Effective date (annual periods beginning on or after)
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 16 - Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 1 - Presentation on Financial Statements (Amendments)	January 1, 2023

The above amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, following standards have been issued by International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards or Interpretations	Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 1, 2018
IFRS 17 - Insurance Contracts	January 1, 2023

38.2 Waiver from application of IFRS 16 "Leases"

The SECP through S.R.O. 986(1)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The Company's lease arrangement with CPPA(G) for the project site i.e. Complex is also covered under the PPA and consequently is exempt under the aforesaid S.R.O. Under IFRS-16 Leases, the consideration required to be made by lessees [CPPGA(G)] for the right to use the asset would have been accounted for as finance lease.

38.3 Waiver from application of IFRS - 9 "Financial instruments"

On September 02, 2019, SECP exempted the application of Expected Credit Loss model under IFRS – 9 in respect of financial assets due from Government of Pakistan, through S.R.O. 985 (I)/2019 for a limited period of three years upto June 30, 2021. Accordingly, the Company has applied the requirements of IAS – 39 in these unconsolidated financial statements with respect to calculation of impairment loss in respect of such financial assets.

During the year, the Company has applied to the SECP to further extend the application of Expected Credit Loss model under IFRS-9 for IPPs. In case this exemption is not extended by the SECP, the requirements of IFRS 9 with respect to the ECL shall be applicable from July 1, 2021 which will result in decrease in unappropriated profit and trade debts amounting to approximately Rs. 2,545 million on July 1, 2021.

39. SHARIAH COMPLIANCE DISCLOSURE

	2021			2020		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	------------------ (Rs. '000s) ------------------			------------------ (Rs. '000s) ------------------		
Turnover						
Revenue	5,820,746	27,018,196	32,838,942	5,856,476	21,763,303	27,619,779
Other income						
Interest income	7,162	-	7,162	62,452	-	62,452
Dividend income	-	1,438,638	1,438,638	-	1,232,003	1,232,003
Income from management services	-	3,803,702	3,803,702	-	1,862,681	1,862,681
Finance cost						
Long term loans	4,051,844	1,719,994	5,771,838	2,397,237	1,898,774	4,296,011
Short term borrowings	1,717,853	539,332	2,257,185	3,228,224	1,316,470	4,544,694
Other finance costs	439,736	62,022	501,758	521,644	32,916	554,560
Assets						
Bank balances	300,354	-	300,354	510,256	-	510,256
Liabilities						
Long term loans	17,497,474	17,500,000	34,997,474	17,261,559	17,305,627	34,567,186
Accrued mark-up	387,914	243,813	631,727	440,548	368,727	809,275
Short term borrowings	21,171,084	5,898,237	27,069,321	24,015,785	5,898,353	29,914,138

Exchange gain earned during the year was Rs. 3 million (2020: Rs. 1 million)

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

40. NUMBER OF EMPLOYEES

Total number of employees as at year end were 483 (2020: 431) and the average number of employees during the year were 448 (2020: 284). These include permanent and seconded employees.

41. ADDITIONAL DISCLOSURE

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Company's operations and financial results have not been materially impacted, since all the revenue is receivable from CPPA(G) (see note 17.2). In future also, the Company does not foresee any significant adverse impact on its operations and financial results.

42. REPRESENTATION / RECLASSIFICATION

Certain prior year figures have been represented / re-classified to reflect a more appropriate presentation of events and transactions for the purpose of consistency.

43. SUBSEQUENT EVENT

The Board of Directors proposed a final dividend for the year ended June 30, 2021 of Rs. 5.00 per share, amounting to Rs. 6,485.772 million, at their meeting held on August 30, 2021 for approval of the members at the Annual General Meeting to be held on October 05, 2021. These unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

44. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on August 30, 2021 in accordance with the resolution of the Board of Directors.

45. GENERAL

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

M. Habibullah Khan	Kamran Kamal	Abdul Nasir
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of The Hub Power Company Limited
Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of The Hub Power Company Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
(i)	**Contingent Liabilities**	
	[Refer notes 30.4 to 30.6, 30.10, 30.11.4.2, 30.11.5, 30.12 and 30.13 to the consolidated financial statements] The Group has significant contingent liabilities in respect of Income Tax, Sales Tax, Federal Excise Duty (FED), Workers Profit Participation Fund (WPPF) and First Fill claim matters, which are pending adjudication at various appellate forums and at arbitration. These are based on a range of issues such as disallowance of certain expenses for income tax purposes, apportionment of input sales tax claims, applicability of FED on services, applicability of WPPF on the operations of the Group and demand / claim by Central Power Purchasing Agency Guarantee Limited (CPPA-G). Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.	Our audit procedures, amongst others, included the following: i) obtained an understanding of the Group's process and controls over litigations through meetings with management and read the minutes of Board of Directors and Board Audit Committees; ii) obtained and assessed details of the pending tax, FED, WPPF and First Fill claim matters and discussed the same with the Group's management; iii) circularized confirmations to the Group's external legal and tax advisors for their views on matters being handled by them; iv) involved internal tax professionals to assess management's conclusion on contingent tax matters and evaluated consistency of such conclusions with the views of management and external tax advisors engaged by the Group; v) Checked correspondence of the Group with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of the related disclosures made in the consolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
(ii)	**Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G) and National Transmission and Dispatch Company Limited (NTDC)**	
	[Refer note 3.6, 19, 30.9, 3.11.9 and 42.2 to the consolidated financial statements] The Group under the Power Purchase Agreement (PPA) is required to sell the electricity to CPPA-G and NTDC, and recognises revenue based on the output delivered and capacity available. Continuous delays by CPPA-G and NTDC in settlement of invoices raised by the Group companies under the PPA, have resulted in trade debts aggregating to Rs. 101,987 million as at June 30, 2021 including overdue trade debts of Rs. 83,021 million.	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting policies of the Group; ii) checked that the invoices raised by the Group during the year are in accordance with the requirements of PPA;

S.No.	Key audit matters	How the matter was addressed in our audit
	Due to delays in recovery, the Group has financed its operations through short term and long term financing arrangements and by delaying the settlement of trade and other payables. Further, on August 21, 2020, the Holding Company and a subsidiary, Narowal Energy Limited (NEL), executed Memorandum of Understandings (MoUs) with the committee constituted by the Government of Pakistan (GoP) for negotiations with the Independent Power Producers (IPPs), whereby, at the request of GoP, in the wider national interest, these companies, voluntarily agreed to alter their contractual rights under the PPA. In this respect, on February 11, 2021, the Holding Company, NEL and CPPA-G, executed agreements in which the payment of aforementioned overdue receivable was made an integral part. Resultantly, the Holding Company received the first installment of 40% of its overdue receivables on June 4, 2021 and the remaining 60% is receivable six months thereafter, as per the mechanism agreed with the CPPA-G Additionally, the Securities and Exchange Commission of Pakistan (SECP) through SRO 985 (I) / 2019 dated September 2, 2019 notified that in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 'Financial Instruments' with respect to application of Expected Credit Losses (ECL) method shall not be applicable till June 30, 2021, accordingly, no impairment has been recognised against receivable from CPPA-G and NTDC in the enclosed consolidated financial statements as at June 30, 2021, under the ECL method. During the year, the Holding Company has applied for extension of the aforementioned exemption to the SECP. In case such exemption is not extended, ECL model will be applicable on Group's receivable from CPPA-G and NTDC w.e.f July 1, 2021, resulting in recognition of impairment charge against receivable from CPPA-G of approximately Rs. 2,695 million, based on the assessment carried out by the management of the Group. In view of the above developments, significant delays in settlement of receivables, materiality of these trade receivables and the consequential impact on the operations / financial strength of the Group, we have considered this as a key audit matter.	iii) obtained and assessed details of MoUs and discussed the same with the Group's management; iv) circularized confirmation of trade debts / receivables to CPPA-G and NTDC; v) checked the receipts from CPPA-G by tracing the amount from the bank statements; vi) obtained an understanding of the financial model used by the Group's management for the determination of impairment charge and checked the mathematical accuracy of the ECL model by performing recalculations; vii) involved our internal experts to independently evaluate the appropriateness of the Group's assumptions used to determine the ECL; viii) made inquiries with the management of the Group and read minutes of the meetings of the Board of Directors and Board Audit Committees to ascertain actions taken by them for the recoverability of these amounts; ix) checked Implementation Agreement and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against as per the applicable accounts and reporting standards; and x) assessed adequacy of the related disclosures made in the consolidated financial statements, with regards to applicable accounting and reporting standards.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.

Chartered Accountants
Karachi
Date: September 3, 2021

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Turnover	5	54,639,435	48,321,335
Operating costs	6	(21,768,718)	(17,830,929)
GROSS PROFIT		32,870,717	30,490,406
General and administration expenses	7	(1,378,990)	(1,499,790)
Other income	8	796,084	410,289
Other operating expenses	9	(508,790)	(181,347)
PROFIT FROM OPERATIONS		31,779,021	29,219,558
Finance costs	10	(7,340,718)	(11,905,155)
Share of profit from associates and joint venture - net	11	15,500,581	13,700,361
Loss on shares to be transferred to GoB	27.3	-	(1,009,029)
PROFIT BEFORE TAXATION		39,938,884	30,005,735
Taxation	12	(5,108,548)	(3,944,865)
PROFIT FOR THE YEAR		34,830,336	26,060,870
Attributable to:			
- Owners of the holding company		33,688,086	25,044,209
- Non-controlling interests		1,142,250	1,016,661
		34,830,336	26,060,870
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	39	25.97	19.31

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

M. Habibullah Khan	Kamran Kamal	Abdul Nasir
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Profit for the year		34,830,336	26,060,870
Other comprehensive (loss) / income for the year:			
Items that will not be reclassified to Profit or Loss in subsequent periods			
Gain on remeasurement of post employment benefit obligation		62,206	61,224
(Loss) / gain on revaluation of equity investment at fair value through other comprehensive income	40	(128,951)	227,778
		(66,745)	289,002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34,763,591	26,349,872
Attributable to:			
- Owners of the holding company		33,621,175	25,332,259
- Non-controlling interests		1,142,416	1,017,613
		34,763,591	26,349,872

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

M. Habibullah Khan	**Kamran Kamal**	**Abdul Nasir**
Chairman	**Chief Executive**	**Chief Financial Officer**

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	13	79,003,531	75,600,686
Intangibles	14	1,420,651	1,441,399
Long term investments	15	70,009,153	54,026,930
Long term deposits and others	16	30,102	35,531
		150,463,437	131,104,546
CURRENT ASSETS			
Stores, spares and consumables	17	2,528,895	2,893,526
Stock-in-trade	18	3,997,806	6,699,010
Trade debts	19	101,987,067	99,700,245
Loans and advances	20	76,245	46,873
Deposits, prepayments and other receivables	21	12,845,658	13,406,781
Cash and bank balances	22	6,348,860	6,537,425
		127,784,531	129,283,860
TOTAL ASSETS		278,247,968	260,388,406
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	23	17,000,000	17,000,000
Issued, subscribed and paid-up		12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		82,255,366	57,715,017
Attributable to owners of the holding company		100,826,910	76,286,561
NON-CONTROLLING INTERESTS		8,839,259	7,644,781
		109,666,169	83,931,342
NON-CURRENT LIABILITIES			
Long term loans	24	46,584,599	48,137,934
Long term lease liabilities	25	1,732,213	2,405,269
Deferred taxation	26	7,053,046	3,170,595
		55,369,858	53,713,798
CURRENT LIABILITIES			
Trade and other payables	27	69,516,102	77,322,905
Unclaimed dividend		227,729	207,797
Unpaid dividend		272,680	182,662
Interest / mark-up accrued	28	1,219,903	1,697,711
Short term borrowings	29	33,900,797	38,861,671
Current maturity of long term loans	24	7,497,118	3,852,466
Current maturity of long term lease liabilities	25	541,607	576,095
Taxation-net		36,005	41,959
		113,211,941	122,743,266
TOTAL EQUITY AND LIABILITIES		278,247,968	260,388,406
COMMITMENTS AND CONTINGENCIES	30		

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		39,938,884	30,005,735
Adjustments for:			
Depreciation		3,946,965	4,168,108
Amortisation		20,748	34,314
Gain on disposal of fixed assets		(54,049)	(12,705)
Provision against slow moving stores, spares and consumables		341,792	176,568
Write-off of fixed assets		-	26,613
Staff gratuity		50,128	78,203
Interest income		(220,098)	(350,250)
Interest / mark-up expense		6,834,181	11,352,297
Amortisation of transaction costs		108,800	110,201
Share of profit from associates and joint venture - net		(15,500,581)	(13,700,361)
Unrealized profit on management services to associate - TNPTL		298,453	-
Loss on shares to be transferred to GoB		-	1,009,029
Operating profit before working capital changes		35,765,223	32,897,752
Working capital changes	37	(15,895,505)	(18,012,765)
Cash generated from operations		19,869,718	14,884,987
Interest income received		213,304	351,794
Interest / mark-up paid		(6,975,737)	(11,305,848)
Staff gratuity paid		(36,384)	(110,173)
Taxes paid		(180,292)	(237,457)
Net cash generated from operating activities		12,890,609	3,583,303
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(333,573)	(3,876,229)
Proceeds from disposal of fixed assets		84,985	17,531
Long term investments made		(402,938)	(3,369,407)
Long term deposits, prepayments and others		5,429	26,531
Net cash used in investing activities		(646,097)	(7,201,574)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(9,058,445)	(16,944)
Dividends paid to non controlling interest		(359,069)	(214,976)
Proceeds from long term loans - net		6,066,518	18,422,877
Repayment of long term loans		(4,045,268)	(5,534,561)
Proceeds from advance received against issue of shares to non controlling interest (TEL)		499,702	557,308
Repayment of long term lease liabilities		(574,936)	(551,647)
Share issuance cost		(705)	(21,361)
Net cash (used in) / generated from financing activities		(7,472,203)	12,640,696
Net increase in cash and cash equivalents		4,772,309	9,022,425
Cash and cash equivalents at the beginning of the year		(32,324,246)	(41,346,671)
Cash and cash equivalents at the end of the year	38	(27,551,937)	(32,324,246)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

M. Habibullah Khan	Kamran Kamal	Abdul Nasir
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
ISSUED CAPITAL			
Balance at the beginning of the year		12,971,544	12,971,544
Balance at the end of the year	23	12,971,544	12,971,544
SHARE PREMIUM			
Balance at the beginning of the year		5,600,000	5,600,000
Balance at the end of the year		5,600,000	5,600,000
UNAPPROPRIATED PROFIT			
Balance at the beginning of the year		57,715,017	32,427,157
Profit for the year		33,688,086	25,044,209
Other comprehensive (loss) / income for the year		(66,911)	288,050
Total comprehensive income for the year		33,621,175	25,332,259
Transactions with owners in their capacity as owners			
First interim dividend for the fiscal year 2020-21 @ Rs. 4.00 (2019-20 @ Rs. Nil) per share		(5,188,618)	-
Second interim dividend for the fiscal year 2020-21 @ Rs. 3.00 (2019-20 @ Rs. Nil) per share		(3,891,463)	-
		(9,080,081)	-
Share issuance cost		(745)	(44,399)
Balance at the end of the year		82,255,366	57,715,017
Attributable to owners of the holding company		100,826,910	76,286,561
NON-CONTROLLING INTERESTS (NCI)			
Balance at the beginning of the year		7,644,781	6,424,007
Total comprehensive income for the year		1,142,416	1,017,613
Dividends to NCI		(447,383)	(353,258)
Investments made		499,702	557,308
Share issuance cost		(257)	(889)
Balance at the end of the year		8,839,259	7,644,781
TOTAL EQUITY		109,666,169	83,931,342

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

M. Habibullah Khan
Chairman

Kamran Kamal
Chief Executive

Abdul Nasir
Chief Financial Officer

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

The Hub Power Company Limited (the "holding company") was incorporated in Pakistan on August 1, 1991 as a public limited company. The shares of the holding company are listed on the Pakistan Stock Exchange (PSX). The principal activities of the holding company are to develop, own, operate and maintain power stations. The holding company owns an oil-fired power station of 1,200 MW (net) in Balochistan (Hub plant).

The Group consists of The Hub Power Company Limited (the holding company), following subsidiaries, associates and joint venture:

Subsidiaries:

- Laraib Energy Limited (LEL) - Holding of 74.95%;
- Hub Power Services Limited (HPSL) - Holding of 100%;
- Hub Power Holdings Limited (HPHL) - Holding of 100%;
- Narowal Energy Limited (NEL) - Holding of 100%; and
- Thar Energy Limited (TEL) - Holding of 60%.

Associates:

- China Power Hub Generation Company (Private) Limited (CPHGC) - legal ownership interest of 47.5%; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3%.

Joint Venture:

- Prime International Oil & Gas Company Limited - Holding of 50%.

Head Offices:

- The registered offices of the holding company, HPSL, HPHL, NEL and TEL are situated at 11th Floor, Ocean Tower, G-3, Block-9, Main Clifton Road, Karachi.
- The registered office of LEL is situated at Office No. 12, 2nd Floor, Executive Complex, G-8 Markaz, Islamabad.

Plants:

- Hub Plant is situated at Mouza Kund, Post Office Gaddani, District Lasbela, Balochistan.
- Narowal Plant is situated at Mouza Aroud Afghana, Muridkey Narowal Road, Narowal.
- Laraib Plant is situated at New Bong Escape Hydro-Electric Power Complex, Village Lehri, District Mirpur, Azad Jammu & Kashmir.

Laraib Energy Limited (LEL)

LEL was incorporated in Pakistan on August 9, 1995 as a public limited company which owns a 84 MW hydropower generating complex near the New Bong Escape, which is 8 km downstream of the Mangla Dam in Azad Jammu & Kashmir (AJK). The plant commenced operations on March 23, 2013.

In connection with investment in the LEL, the holding company entered into an Sponsor Support Agreement (SSA). In accordance with the terms of the SSA, the holding company entered into a Sponsor Charge and Assignment Deed with LEL's lenders pursuant to which the holding company has:

(i) charged, by way of first fixed charge:

  (a) all its right, title and interest from time to time in and to the Shares and Related Rights of LEL; and

  (b) all its rights, title and interest from time to time (whether present or future) in the Assigned Subordinated Loans and all claims in relation thereto.

(ii) assigned and has agreed to assign absolutely all rights, title and interest present or future of the holding company in respect of the Assigned Subordinated Loans.

Accordingly, all the present and future shares which the holding company holds or owns in LEL and the loans, if any, to be provided to LEL are subject to Security Interest created by Sponsor Charge and Assignment Deed above.

Pursuant to the SSA in connection with the investment in LEL, the holding company entered into a facility agreement with a bank and provided an LC of USD 23 million to LEL's lenders for cost overruns and debt repayment. The LC amount has been reduced to USD 9.487 million which the holding company is committed to continue to maintain till the last repayment of debt (expected in 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This LC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares of NEL; and (iv) present and future shares acquired in LEL including bonus shares and right shares.

Hub Power Services Limited (HPSL)

HPSL was incorporated in Pakistan on March 26, 2015 as a public limited company. The principal activities of the subsidiary are to manage operations & maintenance of power plants.

Hub Power Holdings Limited (HPHL)

HPHL was incorporated in Pakistan on March 10, 2015 as a public limited company. The principal activities of the subsidiary are to invest in new business opportunities.

Narowal Energy Limited (NEL)

NEL was incorporated in Pakistan on November 03, 2015 as a public limited company. The principal activities of the subsidiary are to own, operate and maintain a 214 MW (net) oil-fired power station in Punjab (Narowal plant).

Thar Energy Limited (TEL)

The holding company has 60% controlling interest in TEL, Fauji Fertilizer Company Limited (FFCL) has 30% interest and CMEC TEL Power Investments Limited has 10% interest. TEL was incorporated in Pakistan on May 17, 2016 as a public limited company. The principal activities of the subsidiary are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant at Thar Block II, Thar Coal Mine, Sindh.

Project status

On January 30, 2020, Private Power and Infrastructure Board (PPIB) on behalf of the Government of Pakistan notified the achievement of Financial Close (FC) of TEL.

Under the Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Any delay in achievement of RCOD can result in Liquidated Damages (LDs) amounting to USD 2.68 million for each month of delay. TEL expects to achieve COD by first half of 2022. Considering the delay in COD, TEL has requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the delayed COD of High Voltage Direct Current (HVDC) Matiari to Lahore Transmission Line project as mentioned in the PPA. Extension in RCOD is also requested due to the delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). TEL is in negotiations with the relevant government authorities for RCOD extension to minimize the financial impact due to delay; however, there are no financial implications as at reporting date.

Holding company's commitments for TEL - Sponsors' support

For the development of TEL's project and pursuant to Share Holder's Agreement dated March 15, 2018, the holding company has obtained following approvals from shareholders in general meeting and is committed to:

i. make investments in TEL up to an amount not exceeding USD 78 million (or PKR equivalent) by way of a subscription of shares. Such investment shall be made within a period up till December 2022;

ii. arrange and provide a Standby Letter of Credit (SBLC) to the Lenders of TEL or TEL to cover for the equity investment of (and up to an amount not exceeding) USD 78 million (or PKR equivalent) to guarantee the subscription of equity. Such SBLC shall be for a period up till December 2022. On November 11, 2019, the holding company issued Equity SBLC amounting to Rs. 3,767 million (equivalent to remaining USD million) to the lenders of TEL which is valid till November 10, 2021. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 24.3.1 of these consolidated financial statements;

iii. undertake to the Lenders of TEL and to arrange and/or provide working capital financing to TEL equivalent to an aggregate amount of USD 36 million. Such investment shall be for a period up till December 2032;

iv. assign its rights in respect of any investment made in TEL by way of Subordinated loan (which loan is to be treated as subordinated to the debt of the Lenders of TEL), in favour of the Lenders of TEL. Such investment shall be for a period up till December 2032. In order to fulfil this condition, the holding company has signed subordination agreement on December 20, 2018;

v. execute the Share Pledge Agreement including all necessary documentation related thereto and for the said purpose do or cause to do all acts, deeds and things that may be necessary or required in connection therewith, as may be deemed appropriate and as mutually agreed with the Lenders of TEL including any amendments thereto, or as required by law. The holding company has executed Share Pledge Agreement on July 08, 2019 to fulfil this condition;

vi. provide a guarantee (in the form of standby letter of credit) for the benefit of TEL and Intercreditor Agent for an aggregate amount of USD 31 million (or PKR equivalent) to guarantee an investment in the form of equity or subordinated debt to cover (a) cost overrun, (b) any obligation under financing documents prior to Project Completion Date ("PCD"), and (c) COD undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or December 2025. On November 15, 2019, the holding company issued Cost Overrun SBLC amounting to USD 30.420 million to the lenders of TEL. The facility is secured by way of pari passu charge over all present and future assets of the holding company, other than current assets;

vii. issue a sponsor standby letter of credit to cover for the Initial Debt Service Reserve Account Shortfall, of an amount estimated not to exceed USD 20 million (or PKR equivalent), but which may be higher. Such SBLC shall be for a period up till the earlier of first payment of the instalment of the loan or December 2023;

viii. issue a sponsor standby letter of credit to cover for the Debt Service Reserve Account, of an amount estimated not to exceed USD 20 million (or PKR equivalent), but which may be higher. Such SBLC shall be for a period up till the earlier of first payment of the installment of the loan or December 2032;

ix. provide contractual commitments up to USD 22 million (or PKR equivalent) to Lenders for the purpose of TEL taking excess debt, which is over and above the cost approved by NEPRA. Such sponsor obligation shall be for a period earlier of the tenure of the project loan or December 2032;

x. participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions (including Habib Bank Limited) ("Put Option / CRG Financiers") to the foreign lenders and contributing payment of a sum not exceeding USD 15 million, ("Put Option / CG Contribution Amount") under the same as primary obligor and USD 10 Million as mark-up on the forced loan not settled by project company (if any) and any excess exposure on account of USD / PKR devaluation in accordance with the terms of the Put Option / CRG Agreement. Such sponsor obligation shall be valid till December 2032. Accordingly, the holding company has entered into a Put Option Sponsor Support Agreement dated December 20, 2018 and fulfilled this condition by providing pari passu charge on the holding company's assets, other than current assets; and

xi. provide a contractual commitment and a parent company guarantee to TEL guaranteeing the due and punctual performance obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or December 2032. The holding company has provided Parent holding company Guarantee to TEL in the form of a corporate guarantee as per the terms of the O&M agreement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Changes in accounting standards and interpretations

Standards, interpretations and amendments to published approved accounting and reporting standards which became effective during the year:

There were certain amendments to accounting and reporting standards which became effective for the Group for the current year. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

2.3 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policy notes.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiaries' share capital and pre-acquisition reserves in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

A change in the ownership interest of the subsidiaries, without a change of control, is accounted for as an equity transaction.

The subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiaries are established and are excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Associates and joint venture

Associates and joint venture are all entities over which the Group has significant influence but not control. Investment in associates and joint venture are accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associates and joint venture. The consolidated statement of profit or loss reflects the Group's share of the results of the operations of the associates and joint venture.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the statement of profit or loss where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognised in the statement of profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognizes the same in statement of profit or loss.

3.2 Property, plant and equipment

(a) Operating fixed assets and depreciation

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates disclosed in note 13.1 to the consolidated financial statements. Depreciation on additions is charged for the full month in which an asset is available for use and on disposals up to the month immediately preceding the disposals. Gains and losses on disposals are taken to the statement of profit or loss.

Maintenance and repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalised.

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

The residual value, depreciation method and the useful lives of the significant items of property, plant and equipment are reviewed and adjusted if required, at each reporting date.

Right-of-use assets

Right-of-use assets are initially measured on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs, lease incentive and the discounted estimated asset retirement obligation. Subsequently, the right of use asset is measured at cost net of any accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis over the shorter of estimated useful lives of the right of use assets or the lease term.

(b) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Items are transferred to operating fixed assets as and when they are available for use.

3.3 Intangible assets and amortisation

(a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the holding company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and whenever there is an indication that the value may be impaired, and carried at cost less accumulated impairment losses, if any. Impairment losses on goodwill are not reversed.

(b) Other intangible assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the estimated useful lives of the assets at the rate disclosed in note 14.1 to these consolidated financial statements.

3.4 Investments

Investment in associate and joint venture

Investment in associates and joint venture are accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the holding company's share of net assets of the associate and joint venture. The statement of profit or loss reflects the Group's share of the results of the operations of the associate and joint venture.

If the ownership interest in associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognised in the statement of profit or loss.

Others

On initial recognition, the Group designate investments in equity instruments as at Fair Value Through Other Comprehensive Income (FVTOCI) if the equity investment is not held for trading or if it is contingent consideration recognised in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in retained earnings.

3.5 Impairment of non-current assets

The carrying amounts of non-current assets except goodwill are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the statement of profit or loss. An impairment loss on non-current assets except goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Impairment of financial assets

Trade debts are assessed at each reporting date to determine whether there is any objective evidence that these are impaired. These are considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Securities and Exchange Commission of Pakistan (SECP) exempted the application of Expected Credit Loss model under IFRS – 9 "Financial Instruments" in respect of debts due from Government of Pakistan, through S.R.O. 985(I) / 2019 dated September 2, 2019, for a limited period of three years up to June 30, 2021. Accordingly, the Group has applied the requirements of IAS – 39 "Financial Instruments: Recognition and Measurement" for trade debts for the preparation of these consolidated financial statements.

For financial assets other than trade debts, lifetime Expected Credit Losses (ECL) is used when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

3.7 Stores, spares and consumables

These are valued at the lower of moving average cost and net realisable value except for the items in transit which are stated at cost. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date. Provision is made for slow moving and obsolete items, if any.

3.8 Stock-in-trade

These are valued at the lower of cost determined on first-in-first-out basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.9 Share capital

Ordinary shares are classified as equity and recognised at their face value. Discount or premium on issuance of shares is separately reported in statement of changes in equity. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction, net of tax.

3.10 Provisions

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

3.11 Staff retirement benefits

Defined benefit plans

The holding company, TEL and HPSL operate funded defined benefit gratuity plans, covering eligible employees who have completed minimum service requirement with respective company. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

Defined contribution plans

LEL operates a funded defined contribution gratuity plan for the benefit of its employees, excluding Chief Executive of LEL. Monthly contributions are paid by LEL to the fund at the rate of 8.33% of basic salary. LEL is also required to pay gratuity of Chief Executive, as per terms of his employment, to the defined benefit gratuity fund maintained by the holding company.

The holding company, LEL, TEL and HPSL operate recognised contributory provident funds covering all employees who are eligible for the plan. Equal monthly contributions are made by the companies and the employees in accordance with the respective funds' rules.

In addition to above, HPSL also operates a defined contribution pension fund for employees who are eligible for the plan. HPSL is required to contribute 10% of the basic pay of the employees on monthly basis. The HPSL's contributions are recognised as employee benefit expense when they are due.

3.12 Revenue recognition

3.12.1 Sale of electricity

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)], the sole customer of the holding company, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA(G), as amended from time to time. PPA with CPPA(G) is a contract over a period of 30 years starting from 1997. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)], the sole customer of NEL, is recorded based upon the output delivered and capacity available at rates as specified under the PPA with CPPA(G). PPA with CPPA(G) is a contract over a period of 25 years starting from 2011. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

Revenue from the sale of electricity to the National Transmission and Despatch Company Limited (NTDC), the sole customer of LEL, is recorded based upon the output delivered and average energy at rates as specified under the PPA. PPA is a contract over a period of 25 years starting from 2013. Late payment interest, as per the PPA, on receivables from NTDC is recorded on accrual basis.

3.12.2 Services income

Revenue from service income is recognised on accrual basis as and when services are rendered upon satisfaction of performance obligation, in accordance with the terms of agreements.

Revenue for services is recognised to the extent it is probable that the economic benefits will flow to the Group and amount of revenue can be measured reliably.

3.12.3 Interest income

Interest income is recorded on accrual basis.

3.12.4 Other income

Revenue from sale of Certified Emission Reductions (CERs) is recognised upon delivery of the CERs.

3.13 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees which is the Group's functional currency, unless otherwise stated.

3.14 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee equivalents using the exchange rates at reporting date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. Exchange differences on foreign currency transactions and translations are included in statement of profit or loss, except as follows:

In partial modification of S.R.O. 24(I)/2012 dated January 16, 2012, the SECP, vide S.R.O. 986(I)/2019 dated September 02, 2019, has granted exemption from the requirements of International Accounting Standard (IAS) 21 to the extent of capitalization of exchange differences to all companies which have executed their Power Purchase Agreements before January 01, 2019. Accordingly, the exchange differences relating to foreign currency borrowings have been capitalized in the related 'operating property, plant and equipment' and are depreciated over the term of the PPA.

Had exchange differences, as allowed by the above mentioned S.R.O. not been capitalized, the profit for the year would have been higher by Rs. 562 million and the operating property, plant and equipment as at June 30, 2021 would have been lower by Rs. 3,236 million.

3.15 Taxation

3.15.1 Current

Income of the holding company, NEL, TEL and LEL is not liable to taxation in Pakistan, to the extent, provided in the Implementation Agreements signed with the Government of Pakistan (GOP) and the Income Tax Ordinance, 2001 (ITO 2001). Accordingly, provision for taxation, if any, is made only on the income liable to tax at the applicable rates of tax after taking into account tax credits, rebates etc.

Income of HPHL is subject to taxation in Pakistan in accordance with the provisions of the ITO 2001. Accordingly, provision for taxation has been made after taking into account tax credits etc., if any.

Income of HPSL is subject to taxation in Pakistan in accordance with the provisions of the ITO 2001 and tax laws adopted by Azad Jammu and Kashmir (AJK). Accordingly, provision for taxation has been made after taking into account tax credits etc., if any. Presently, majority of HPSL's income is being taxed on minimum tax on service income. Hence, no deferred tax has been recognised in these consolidated financial statements in respect of such income.

3.15.2 Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.16 Dividend distribution

Dividend distribution to the holding company's shareholders and NCI is recognised as a liability in the period in which it is approved.

3.17 Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. Segment reports are regularly reviewed by the board of directors.

3.18 Financial instruments

(a) Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and short term borrowings. Short term borrowings are shown in current liabilities.

(c) Borrowings

Borrowings are recognised initially at fair value, net of attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

(d) Trade and other payables

Liabilities for trade and other amounts payable are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate method.

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

3.20 Off-setting

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

3.21 Lease liabilities

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. They are remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the holding company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with the accounting and reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the periods in which the estimates are revised and in any future periods affected. Significant estimates, assumptions and judgements are disclosed in the relevant accounting policies and notes to these consolidated financial statements.

Following are the significant areas where management used estimates and judgements other than those which have been disclosed elsewhere in these consolidated financial statements:

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;

b) Distinguishing between capital spares, servicing equipment and stores and spares;

c) Provisions;

d) Recognition of taxation;

e) Recognition of provision for staff retirement benefits;

f) Impairment of goodwill, trade debts and other receivables;

g) Commitments and contingencies;

h) Determining the fair value of equity instruments designated as FVTOCI;

i) Recognition of lease liabilities and right of use assets; and

j) Recognition of income from management services.

	2021 (Rs. '000s)	2020 (Rs. '000s)
5. TURNOVER		
Capacity Purchase Price (CPP)	35,925,029	34,077,497
Energy Purchase Price (EPP)	12,203,828	6,898,851
Late Payment Interest (LPI)	8,011,503	8,243,831
Startup Charges (SC)	46,081	29,702
Part Load Adjustment Charges (PLAC)	219,267	66,484
	56,405,708	49,316,365
Less: Sales tax on EPP	(1,766,273)	(995,030)
	54,639,435	48,321,335

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
6.	**OPERATING COSTS**			
	Fuel cost		9,928,045	5,441,846
	Late payment interest to fuel suppliers		2,965,844	3,783,326
	Salaries, benefits and other allowances	6.1	1,207,708	1,276,214
	Water use charges		191,883	153,608
	Stores and spares		794,728	481,409
	Insurance		1,399,537	1,236,782
	Depreciation	13.4	3,820,965	4,032,061
	Amortisation	14.2	19,339	32,615
	Repairs, maintenance and other costs		1,440,669	1,393,068
			21,768,718	17,830,929

6.1 This includes Rs. 104 million (2020: Rs. 115 million) in respect of staff retirement benefits.

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
7.	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries, benefits and other allowances	7.1	814,656	871,904
	Travel and transportation		14,244	38,502
	Fuel and power		13,412	11,712
	Property, vehicles and equipment rentals		12,646	7,743
	Office running cost		55,525	86,476
	Repairs and maintenance		43,905	35,235
	Legal and professional charges		139,843	135,873
	Insurance		33,099	20,312
	Fee and subscription		13,553	12,491
	Training and development		4,307	4,646
	Auditors' remuneration	7.2	11,929	12,984
	Donations	7.3	33,177	38,422
	Corporate social responsibility		61,324	65,503
	Printing and stationery		7,793	12,777
	Depreciation	13.4	103,754	122,369
	Amortisation	14.2	1,001	1,413
	Miscellaneous		14,822	21,428
			1,378,990	1,499,790

7.1 This includes Rs. 56 million (2020: Rs. 74 million) in respect of staff retirement benefits.

7.2 Auditors' remuneration

The aggregate amount charged in respect of auditors' remuneration, including that of subsidiary companies, is as follows:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Statutory audits	5,998	5,998
Half yearly reviews	1,188	1,188
Other services	4,048	4,908
Out-of-pocket expenses	695	890
	11,929	12,984

7.3 No directors or their spouses had any interest in any donee to which donations were made. During the year, the holding company made donation to The Citizens Foundation amounting to Rs. 28 million (2020: Rs. 33 million).

8. OTHER INCOME

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Financial assets			
Interest income		220,098	350,250
Non-financial assets			
Gain on disposal of fixed assets - net		54,049	12,705
Income from management services	8.1	480,796	-
Income from sale of CERs - net		-	9,870
Income under shared facility agreements - net	8.2	27,212	3,176
Exchange gain - net		-	24,565
Others		13,929	9,723
		575,986	60,039
		796,084	410,289

8.1 Income from management services

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Services income	33.2	627,593	170,452
Cost of services		(146,797)	(170,452)
		480,796	-

8.2 This represents net income from provision of services to China Power Hub Generation Company (Private) Limited (CPHGC), an associate company, at Hub site on mutually agreed terms between HPSL and CPHGC.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
9. OTHER OPERATING EXPENSES			
Workers' profit participation fund	9.1	457,095	154,734
Exchange loss - net		49,220	-
Loss on dredging services		2,475	-
Fixed assets written-off		-	26,613
		508,790	181,347

9.1 Workers' profit participation fund

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Provision for Workers' profit participation fund	30.4	1,445,242	784,265
Workers' profit participation fund recoverable from CPPA(G) / NTDC		(988,147)	(629,531)
		457,095	154,734

10. FINANCE COSTS

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Interest / mark-up on long term loans		3,709,406	5,411,922
Mark-up on short term borrowings		2,974,333	5,713,278
Mark-up on long term lease liabilities		150,442	227,097
Amortization of transaction cost		108,800	110,201
Other finance costs		397,737	442,657
		7,340,718	11,905,155

11. SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURE - NET

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Associates			
- China Power Hub Generation Company (Private) Limited			
- representing 47.5% (2020: 47.5%) equity shares		16,036,145	14,150,294
- obligation in respect of profit on shares related to GoB	27.3	(506,405)	(450,585)
		15,529,740	13,699,709
- ThalNova Power Thar (Private) Limited		(15,927)	652
		15,513,813	13,700,361
Joint venture			
- Prime International Oil and Gas Company Limited		(13,232)	-
		15,500,581	13,700,361

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
12. TAXATION			
Current			
- For the year		1,228,348	779,423
- Prior year		(2,235)	(5,153)
Deferred		3,882,435	3,170,595
	12.1	5,108,548	3,944,865

12.1 Relationship between tax expense and accounting profit

	2021 (Rs. '000s)	2020 (Rs. '000s)
Profit before taxation	39,938,884	30,005,735
Tax calculated at the rate of 29% (2020: 29%)	11,582,276	8,701,663
Effect of reduced rate of tax	(644,514)	(824,955)
Effect of exempt income	(6,763,332)	(4,873,813)
Effect of minimum tax	19,101	502,938
Others	915,017	439,032
	5,108,548	3,944,865

12.2 The holding company, HPSL and HPHL (wholly owned subsidiaries), have opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	40,723,884	44,914,860
Capital work-in-progress (CWIP):			
Holding company	13.5	676	183,870
NEL	13.6	2,405	600
LEL	13.7	7,744	14,166
TEL	13.8	38,268,822	30,486,331
HPSL	13.10	-	859
		38,279,647	30,685,826
		79,003,531	75,600,686

13.1 Operating fixed assets

	Owned								Right of Use Asset			
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Leasehold land	Office building	Plant & machinery	Total
	(Rs. '000s)											
Cost:												
As at July 1, 2019	73,168	1,135,152	10,614,341	862	82,147,585	184,457	412,483	105,296	58,218	-	6,542,083	101,273,645
Additions / Transfers from CWIP	-	2,199	5,653	81,731	77,962	21,002	39,896	6,905	-	366,906	53,508	655,762
Exchange losses on loans	-	-	42,462	-	68,427	-	-	-	-	53,508		164,397
Disposals	-	-	-	-	(12,783)	(215)	(36,459)	(1,152)	-	-	-	(50,609)
As at June 30, 2020	73,168	1,137,351	10,662,456	82,593	82,281,191	205,244	415,920	111,049	58,218	420,414	6,595,591	102,043,195
Additions / Transfers from CWIP	-	-	3,400	859	316,914	1,221	12,200	4,561	-	-	-	339,155
Exchange gains on loans	-	-	(134,536)	-	(216,803)	-	-	-	-		(169,534)	(520,873)
Disposals	(1,139)	-	-	-	(20,765)	(34,147)	(42,894)	(13,200)	-	(49,864)	-	(162,009)
As at June 30, 2021	72,029	1,137,351	10,531,320	83,452	82,360,537	172,318	385,226	102,410	58,218	370,550	6,426,057	101,699,468
Depreciation:												
As at July 1, 2019	-	548,558	2,590,837	712	47,631,782	118,054	272,528	51,105	-	-	1,787,790	53,001,366
Charge for the year	-	79,111	423,027	12,288	3,205,792	24,786	68,416	19,593	1,802	56,769	276,524	4,168,108
Disposals	-	-	-	-	(8,037)	(110)	(32,250)	(742)	-	-	-	(41,139)
As at June 30, 2020	-	627,669	3,013,864	13,000	50,829,537	142,730	308,694	69,956	1,802	56,769	2,064,314	57,128,335
Charge for the year	-	76,353	367,717	16,676	3,133,822	16,335	55,815	18,177	1,663	53,950	206,457	3,946,965
Disposals	-	-	-	-	(17,980)	(13,181)	(41,584)	(7,235)	-	(19,736)	-	(99,716)
As at June 30, 2021	-	704,022	3,381,581	29,676	53,945,379	145,884	322,925	80,898	3,465	90,983	2,270,771	60,975,584
Net book value as at June 30, 2021	72,029	433,329	7,149,739	53,776	28,415,158	26,434	62,301	21,512	54,753	279,567	4,155,286	40,723,884
Net book value as at June 30, 2020	73,168	509,682	7,648,592	69,593	31,451,654	62,514	107,226	41,093	56,416	363,645	4,531,277	44,914,860
Depreciation rate % per annum	**-**	**3.33 to 25**	**4 to 10**	**3.33 to 20**	**3.33 to 50**	**10 to 20**	**20-25**	**10 to 50**	**-**	**10 to 20**	**4 to 6.67**	
Cost of fully depreciated assets as at June 30, 2021	-	65,211	-	-	968,901	102,972	181,770	23,960	-	-	-	1,342,814
Cost of fully depreciated assets as at June 30, 2020	-	65,211	-	-	722,296	104,092	116,992	17,335	-	-	-	1,025,926

13.2 Details of disposal of operating fixed assets:

Assets	Cost	Accumulated depreciation	Net book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of buyer / Relationship
	(Rs. '000s)						
Freehold land	1,139	-	1,139	28,050	26,911	Bidding	Mr. Mazher Masood
Plant & machinery	1,811	664	1,147	1,297	150	Market value	Ex-CEO holding company - Mr. Khalid Manzoor
Plant & machinery	2,252	1,435	817	547	(270)	Negotiation	Scatec Solar (Pvt.) Limited
Furniture & fixture	34,147	13,181	20,966	14,033	(6,933)	Negotiation	Scatec Solar (Pvt.) Limited
Other equipment	11,498	6,389	5,109	3,420	(1,689)	Negotiation	Scatec Solar (Pvt.) Limited
Other equipment	720	108	612	250	(362)	Market value	Ex-CEO HPSL - Mr. Tahir Javed
Items having a net book value not exceeding Rs. 500,000 each							
Plant & machinery	1,217	581	636	778	142	Market value	Ex-CEO holding company - Mr. Khalid Manzoor
Plant & machinery	913	913	-	50	50	Market value	Ex-CEO HPSL - Mr. Tahir Javed
Plant & machinery	813	788	25	25	-	As per policy	Various employees
Plant & machinery	13,759	13,599	160	812	652	Various	Various
Other equipment	982	738	244	199	(45)	Various	Various
Vehicles	13,678	13,678	-	7,425	7,425	Market value	Ex-CEO holding company - Mr. Khalid Manzoor
Vehicles	29,216	27,906	1,310	28,099	26,789	Various	Various
Total - June 30, 2021	112,145	79,980	32,165	84,985	52,820		
Total - June 30, 2020	50,609	41,139	9,470	17,531	8,061		

13.2.1 During the year, LEL's head office space acquired on rental basis was vacated resulting in net gain of Rs. 1.229 million.

13.3 Details of Group's immovable fixed assets:

Particulars	Area	Location
Freehold land and building	1,143 Acres	Hub Plant - District Lasbela, Balochistan
Freehold land and building	10 Kanal 09 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	4 Kanal 01 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	67 Acres	Narowal Plant - Tehsil and District Narowal, Punjab
Leasehold property	94.88 square yards	Marine Corner, Clifton, Karachi
Leasehold property	2,454 Kanals	Laraib Plant - New Bong Escape, Village Lehri, Mirpur AJK
Leasehold land	244 Acres	Thar Coal Block II, Taluka Islamkot, Sindh

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
13.4 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	3,820,965	4,032,061
General and administration expenses	7	103,754	122,369
Capital work-in-progress		22,246	13,678
		3,946,965	4,168,108
13.5 Capital work-in-progress - Holding company			
Opening balance		183,870	177,593
Additions during the year		1,195	52,010
Transfers during the year		(184,389)	(45,733)
		676	183,870

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
13.6	**Capital work-in-progress - NEL**			
	Opening balance		600	22,301
	Additions during the year		3,772	6,001
	Transfers during the year		(1,967)	(5,733)
	Written-off during the year		-	(21,969)
			2,405	600
13.7	**Capital work-in-progress - LEL**			
	Opening balance		14,166	4,773
	Additions during the year		31,992	14,166
	Transfers during the year		(38,414)	(4,773)
			7,744	14,166
13.8	**Capital work-in-progress - TEL**			
	Opening balance		30,486,331	19,993,656
	Additions during the year:			
	Project development cost		5,057,158	7,419,241
	Project management cost		542,177	504,151
	Water pipeline cost		794,276	2,584
	Loan arrangement fee		288,842	723,075
	Legal and professional charges		87,234	768,595
	Borrowing cost		929,540	873,368
	Other directly attributable costs	13.8.1	83,264	224,709
			7,782,491	10,515,723
	Transfers during the year		-	(23,048)
			38,268,822	30,486,331

13.8.1 This includes Rs. 14 million (2020: Rs. 11 million) in respect of staff retirement benefits.

		2021 (Rs. '000s)	2020 (Rs. '000s)
13.9	**Capital work-in-progress - HPHL**		
	Opening balance	-	9,907
	Additions during the year	-	39,068
	Transfers during the year	-	(48,975)
		-	-
13.10	**Capital work-in-progress - HPSL**		
	Opening balance	859	6,800
	Additions during the year	-	26,815
	Transfers during the year	(859)	(32,756)
		-	859

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)

14. INTANGIBLES

Intangibles	14.1	1,420,651	1,441,399

14.1 Intangibles

	Goodwill (note 14.3)	Computer softwares	Total
	(Rs. '000s)		
Cost			
As at July 1, 2019	1,414,096	252,107	1,666,203
Additions / transfers from CWIP	-	3,568	3,568
As at June 30, 2020	1,414,096	255,675	1,669,771
Write off	-	(56,667)	(56,667)
As at June 30, 2021	1,414,096	199,008	1,613,104
Amortisation			
As at July 1, 2019	-	194,058	194,058
Charge for the year	-	34,314	34,314
As at June 30, 2020	-	228,372	228,372
Charge for the year	-	20,748	20,748
Write off	-	(56,667)	(56,667)
As at June 30, 2021	-	192,453	192,453
Net book value as at June 30, 2021	1,414,096	6,555	1,420,651
Net book value as at June 30, 2020	1,414,096	27,303	1,441,399
Amortisation rate % per annum	**-**	**33.33**	**-**
Cost of fully amortised intangibles as at June 30, 2021	-	162,619	162,619
Cost of fully amortised intangibles as at June 30, 2020	-	170,510	170,510

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
14.2 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	19,339	32,615
General and administration expenses	7	1,001	1,413
Capital work-in-progress		408	286
		20,748	34,314

14.3 For impairment testing, goodwill has been allocated to 'Laraib plant' as Cash Generating Unit (CGU), which is also a reportable segment. No goodwill has been impaired as a result of annual impairment test carried out on June 30, 2021. The recoverable amount for the purpose of assessing impairment on goodwill on acquisition of the subsidiary is determined based on value in use. The calculations are based on the cash flows derived mainly under the PPA between LEL and the Power Purchaser for a term of 25 years from COD. These cash flows are denominated in USD and have been discounted using a discount rate which reflects the current market rate appropriate for the business. For the calculation, the Group has used a discount rate of 5.00% (2020: 4.18%) and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

15. LONG TERM INVESTMENTS

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Investment in associates - unquoted			
- China Power Hub Generation Company (Private) Limited (CPHGC)	15.1	62,257,314	46,221,106
- ThalNova Power Thar (Private) Limited (TNPTL)	15.2	4,946,648	5,261,388
		67,203,962	51,482,494
Investment in joint venture (under equity method) - unquoted			
- Prime International Oil and Gas Company Limited	15.3	267,507	-
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	15.4	2,537,684	2,544,436
		70,009,153	54,026,930

15.1 China Power Hub Generation Company (Private) Limited (CPHGC)

	2021	2020
Opening investment	46,221,106	28,995,221
Investment during the year	-	3,097,346
Share of profit from associate	16,036,145	14,150,294
Share of other comprehensive income from associate	63	-
Group's share in share issue cost	-	(21,755)
	62,257,314	46,221,106

In 2019, HPHL exercised the call option under Amended and Restated Shareholders' Agreement to increase its shareholding in CPHGC from 26% to 47.5%. Accordingly, as at June 30, 2021, the holding company has 47.5% legal ownership interest in China Power Hub Generation Company (Private) Limited (CPHGC), the principal business of which is to own, operate and maintain two coal-fired power generation units of 660 MW each with ancillary Jetty in the province of Balochistan. The project achieved its Commercial Operation Date (COD) on August 17, 2019.

Pursuant to Memorandum of Understanding (MOU) dated December 23, 2016 with Government of Balochistan (GoB), HPHL and China Power International (Pakistan) Investment Limited (CPIPI) are committed to transfer 3% equity shareholding in CPHGC (1.5% each by HPHL and CPIPI) to GoB. The transfer was required to be executed by COD. The legal process for transfer of shares is yet to be completed. However, in accordance with the terms of the MoU with GoB, obligation in respect of the loss arising on transfer of 1.5% of shareholding amounting to Rs. 1,009 million has been recognised by HPHL in the year 2020, as disclosed in note 27.3. HPHL is also making accruals for liability in respect of share of profit relating to such shares (refer notes 11 and 27.3).

Sponsors' support for CPHGC

Pursuant to Sponsor Support Agreement entered into with the lenders of CPHGC, the holding company is committed to arrange for working capital financing through the holding company amounting to USD 90.25 million in case CPHGC fails to arrange for working capital facility for its operations. This commitment is valid till the full repayment of project loans of CPHGC.

Shares held by HPHL in CPHGC are pledged in favour of the Security Trustee in order to secure HPHL's obligations under the financing documents of CPHGC.

The summarised financial information of CPHGC is set out below:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Non-current assets	250,546,736	268,890,442
Current assets	122,782,213	96,327,399
Total assets	373,328,949	365,217,841
Non-current liabilities	(193,165,547)	(225,564,465)
Current liabilities	(59,355,687)	(52,606,099)
Total liabilities	(252,521,234)	(278,170,564)
Net assets of the associate available for distribution	120,807,715	87,047,277
Proportion of HPHL's interest in associate	47.5%	47.5%
	57,383,665	41,347,457
Goodwill	4,873,649	4,873,649
Carrying amount of HPHL's interest in associate as at June 30	62,257,314	46,221,106
Revenue for the year	106,837,522	89,751,994
Profit for the year	33,760,305	29,584,279
Other comprehensive income for the year	133	-
Total comprehensive income for the year	33,760,438	29,584,279

The associate had no material contingency as at June 30, 2021. Outstanding commitments as at June 30, 2021 amount to USD 33 million and Rs. 5,205 million (2020: USD 20 million and Rs. 1,638 million).

CPHGC may not pay dividend to its shareholders, including HPHL, until certain conditions specified under the lenders' agreements are satisfied.

On July 14, 2021, CPHGC's power plant tripped. Based on initial assessments of CPHGC, this happened due to unusual weather conditions, which has caused damages to the CPHGC's equipment including transformer of Unit 1 of the power plant. As a precaution, Unit 2 was also temporarily brought offline for integrity testing following which Unit 2 was resynchronized with the National Grid on July 29, 2021.

In this respect, CPHGC informed CPPA(G) on July 15, 2021 and July 21, 2021 in accordance with the provisions of PPA and are in process of lodging the insurance claim. Moreover, CPHGC is in process of estimating the possible implications of these events.

15.2 ThalNova Power Thar (Private) Limited (TNPTL)

	2021 (Rs. '000s)	2020 (Rs. '000s)
Opening investment	5,261,388	5,262,908
Share of (loss) / profit from associate	(15,927)	652
Unrealized profit on management services	(298,453)	-
Group's share in share issue cost	(360)	(2,172)
	4,946,648	5,261,388

TNPTL is a private limited company, incorporated in Pakistan on April 18, 2016. The principal activities of TNPTL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant (the Project) which is under construction at Thar Block II, Thar Coal Mine, Sindh.

In 2019, the holding company through HPHL, acquired 38.3% ownership interest in TNPTL pursuant to Share Subscription Agreement (SSA) / Shareholders Agreement (SHA) entered between HPHL, TNPTL and its sponsors (Thal SPV and Nova SPV). As at June 30, 2021, HPHL has injected USD 36.31 million (Rs. 5,251 million) in TNPTL out of total equity commitment of USD 50.5 million based on the current estimated project cost.

Project status

On September 30, 2020, Private Power Infrastructure Board (PPIB) on behalf of the Government of Pakistan notified the achievement of Financial Close of TNPTL.

Under the Power Purchase Agreement (PPA), TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Any delay in achievement of RCOD, can result in Liquidated Damages (LDs) amounting to USD 2.68 million for each month of delay. TNPTL expects to achieve COD by second half of 2022. Considering the delay in COD, TNPTL has requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the delayed COD of High Voltage Direct Current (HVDC) Matiari to Lahore Transmission Line project as mentioned in the PPA. Extension in RCOD is also requested due to the delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). TNPTL is in negotiations with the relevant government authorities for RCOD extension to minimize the financial impact due to delay; however, there are no financial implications as at reporting date.

In 2020, TNPTL signed financing agreements including Syndicate Term Finance Facility Agreement amounting to Rs. 19,560 million and USD term facility amounting to USD 264 million. Furthermore, TNPTL has issued a letter of credit amounting to USD 8.25 million to CPPA(G) as required under clause 2.1 of PPA.

The holding company's commitment to TNPTL

Under the SSA and SHA, subject to the term of financing documents, the holding company is restricted to transfer or otherwise dispose the shares held in TNPTL or create encumbrance till the 6th anniversary of the Commercial Operations Date of TNPTL.

In connection with the development of TNPTL's project and pursuant to Shareholders' Agreement dated March 25, 2019, the holding company has obtained following approvals from shareholders in general meeting on April 16, 2019 and is committed to:

(i) arrange and provide a Standby Letter of Credit to the Lenders of TNPTL or to TNPTL, directly or through its subsidiary HPHL, to cover for the equity investment of (and up to an amount not exceeding) USD 50.5 million (or PKR equivalent) to guarantee the subscription of equity. Such investment shall be for a period up till July 31, 2026 or such period until the liabilities/obligations of Sponsors are discharged, whichever is later. On January 09, 2020, the holding company, through HPHL, issued equity SBLC amounting to Rs. 2,425 million (equivalent to remaining USD) to the lenders of TNPTL which is valid till January 07, 2022 by placing cash security as lien.

(ii) undertake to the Lenders of TNPTL or to arrange and/or provide working capital financing to TNPTL, directly or through its subsidiary HPHL, equivalent to an aggregate amount of USD 23 million. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities/obligations are discharged, whichever is later;

(iii) to assign its rights, benefits and interests in respect of any investment made in TNPTL by way of Subordinated loan (which loan is to be treated as subordinated to the debt of the Lenders of TNPTL) including the benefits of any indemnities, warranties and guarantees, in favour of the lenders of TNPTL, directly or through its subsidiary HPHL. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities/obligations are discharged, whichever is later. To fulfil this requirement the holding company has signed subordination agreement on July 24, 2019;

(iv) pledge its shares (if any) in TNPTL held by it from time to time, in favour of the Lenders of TNPTL, whether such shares are acquired directly by way of subscription or otherwise. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities/obligations are discharged, whichever is later. During the year, the holding company, through HPHL, has executed Share Pledge Agreement on November 08, 2019 to fulfil this condition;

(v) provide a guarantee (in the form of standby letter of credit) for the benefit of TNPTL and Intercreditor Agent for an aggregate amount of USD 20 million (or PKR equivalent) to guarantee an investment in the form of equity or subordinated debt to cover (a) cost overrun, (b) any obligation under financing documents prior to Project Completion Date ("PCD"), and (c) Commercial Operation Date ("COD") undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or July 31, 2026. On January 08, 2020, the holding company issued Cost Overrun SBLC amounting to USD 19.68 million to the lenders of TNPTL which is valid till December 31, 2024. The facility is secured by way of pari passu charge over all present and future assets of the holding company other than current assets;

(vi) issue a sponsor standby letter of credit to cover for the Initial Debt Service Reserve Account Shortfall, of an amount estimated not to exceed USD 14 million (or PKR equivalent), but which could be higher as detailed in EOGM notice dated March 14, 2019. Such SBLC shall be for a period up till the earlier of first payment of the installment of the loan or January 31, 2024;

(vii) issue a sponsor standby letter of credit to cover for the Debt Service Reserve Account, of an amount estimated not to exceed USD 14 million (or PKR equivalent), but which could be higher as detailed in EOGM notice dated March 14, 2019. Such sponsor obligation shall be for a period earlier of the tenure of the project loan or August 31, 2033;

(viii) participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions (including Habib Bank Limited) ("Put Option / CRG Financiers") in favour of the foreign lenders and contributing payment up to USD 10 million (or PKR equivalent) ("Put Option / CRG Contribution Amount") under the same as primary obligor in accordance with the terms of the Agreement Regarding Procedures Following Event of Default. Such sponsor obligation shall be valid till August 31, 2033. Accordingly, the holding company has entered into a Put Option Sponsor Support Agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the holding company's assets, other than current assets;

(ix) provide sponsor support to the Put Option / CRG Financiers for various exposures being assumed by the Put Option / CRG Financiers in respect of the Put Option / CRG to cover any shortfall that TNPTL is unable to provide to the Put Option / CRG Financiers (which includes any foreign exchange risk and mark-up / interest up to the extent of USD 7 million), or such other amount as may be agreed with the Put Option / CRG Financiers from time to time ("Put Option / CRG Support Amount"). Such Sponsor obligation shall be valid till August 31, 2033. Accordingly, the holding company has entered into a Put Option Sponsor Support agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the holding company's assets, other than current assets;

(x) provide security in form and substance acceptable to the Put Option / CRG Financiers or such other alternate/additional security as the Put Option / CRG Financiers may require from time to time up to the Put Option / CRG Support Amount and Put Option / CRG Contribution Amount with such margin and on such terms as may be deemed appropriate by the Authorized Persons. Accordingly, the holding company has entered into a Put Option Sponsor Support agreement dated July 22, 2019 and fulfilled the condition by providing pari passu charge on the holding company's assets, other than current assets; and

(xi) provide a parent company guarantee to TNPTL guaranteeing the due and punctual performance of obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or the expiry of the O&M Agreement. On September 17, 2019, the holding company provided Parent Company Guarantee to TNPTL in the form of a corporate guarantee as per the terms of the O&M agreement.

The summarised financial information of TNPTL is set out below:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Non-current assets	31,806,988	8,282,561
Current assets	295,654	821,906
Total assets	32,102,642	9,104,467
Non-current liabilities	(21,633,967)	-
Current liabilities	(1,156,566)	(255,909)
Total liabilities	(22,790,533)	(255,909)
Net assets	9,312,109	8,848,558
Less: Advance received against issue of shares	(3,496,478)	(2,990,401)
Net assets of the associate available for distribution	5,815,631	5,858,157
Proportion of the HPHL's interest in associate	38.3%	38.3%
	2,227,388	2,243,675
Advance received against issue of shares	2,989,895	2,989,895
Unrealized profit on management services	(298,453)	-
Others	27,818	27,818
Carrying amount of HPHL's interest in associate as at June 30	4,946,648	5,261,388
(Loss) / profit for the year	(41,585)	1,948

The associate had no material contingency as at June 30, 2021. Outstanding commitments as at June 30, 2021 amount to USD 147 million and Rs. 1,381 million (2020: USD 257 million and Rs. 2,978 million).

	2021 (Rs. '000s)	2020 (Rs. '000s)
15.3 Prime International Oil and Gas Company Limited (Prime)		
Opening investment	-	-
Investment during the year	280,739	-
Share of loss from associate	(13,232)	-
	267,507	-

On March 08, 2021, Prime (a 50:50 joint venture of HPHL and ENI local employees — 'the EBO Group') executed Sale and Purchase Agreements (SPAs) to acquire all the upstream operations and renewable energy assets owned by ENI in Pakistan. HPHL and the EBO Group have acquired 50% shareholding each in Prime, in accordance with the Shareholders' Agreement (SHA) entered into such effect.

Under SPAs, Prime is required to complete certain conditions precedent within 18 (eighteen) months from the date of Sale and Purchase Agreements (SPAs). These conditions include but not limited to (i) payment of a deposit as defined in SPAs and (ii) obtaining regulatory approvals from the government authorities.

HPHL paid an initial contribution in Prime amounting to Rs. 525 million on March 08, 2021, enabling Prime to make payment of deposit to ENI entities, fulfilling condition (i) above. This initial contribution included 50% contribution towards the payment of deposit by the EBO Group (Rs. 262.4 million), which was refunded to HPHL on June 08, 2021. Furthermore, under the SHA, HPHL also invested Rs. 18.08 million in Prime on March 17, 2021, to meet transaction-related expenses for ENI entities' acquisition. Prime is currently pursuing with the government authorities, including Competition Commission of Pakistan, State Bank of Pakistan, and Director General Petroleum Concessions for obtaining required approvals under the SPAs.

The SPAs stipulate a locked box date of December 31, 2019, as a cutoff date between Prime and ENI entities, after which all net profits derived from the operations of ENI entities will be available for the benefit of Prime upon the completion of the conditions precedents. Pending fulfillment of condition precedents under the SPAs, ENI entities will continue to be managed by the present owners and, accordingly, Prime cannot exercise any control over the financial and operational policies of ENI entities. Therefore, as of June 30, 2021, Prime has not accounted for any of the ENI entities' financial results in its financial statements.

HPHL is committed to provide Corporate and Bank guarantees amounting to USD 4 million and USD 3 million, respectively.

Based on the committed equity percentage of 50% and rights and obligations envisaged in the SHA, the investment in Prime is classified as a Joint Venture and is accounted for under the equity method in these consolidated financial statements.

The summarised financial information of Prime International Oil and Gas Company Limited are set out below:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Non-current assets	524,778	-
Current assets	212,048	-
Total assets	736,826	-
Current liabilities	(3,705)	-
Total liabilities	(3,705)	-
Net assets	733,121	-
Less: Advance received against issue of shares	(759,485)	-
Net assets of joint venture available for distribution	(26,364)	-
Proportion of the HPHL's interest in joint venture	50%	-
	(13,182)	-
Advance received against issue of shares	280,689	-
Carrying amount of HPHL's interest in joint venture as at June 30	267,507	-
Loss for the period (September 14, 2020 to June 30, 2021)	(26,464)	-

The joint venture had no contingency as at June 30, 2021.

15.4 Sindh Engro Coal Mining Company Limited (SECMC)

SECMC is a public unlisted company, incorporated in Pakistan on October 15, 2009. The principle activity of SECMC is to develop, construct and operate open cast lignite mine in Block II Thar Coal Mine, Sindh.

Pursuant to Share Holder's Agreement, the holding company agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. As at June 30, 2021 the holding company has injected USD 14.31 million (Rs. 1,712 million) [2020: USD 13.51 million (Rs. 1,593 million)] representing 8% equity stake in SECMC.

SECMC achieved its Commercial Operations Date (COD) for Phase-I on July 10, 2019 and achieved Financial Closure for Phase-II on December 31, 2019.

In addition to the USD 20 million equity, the holding company is committed to:

15.4.1 Sponsor Support Guarantee to cover cost overruns for an amount not exceeding USD 5 million (in equivalent Pak Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The shareholders during the Extraordinary General Meeting held on January 14, 2016 approved the cost overrun support of USD 4 million and further approved the increase in cost overrun support to USD 5 million in the Extraordinary General Meeting held on June 22, 2018.

15.4.2 Letter of credit to cover for the Initial Payment Service Reserve Account Shortfall ('PSRA') for an amount estimated not to exceed USD 6 million (which could be higher). If there is an Initial PSRA Shortfall, each sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of ordinary shares in SECMC. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon. During the Extraordinary General Meeting held on January 14, 2016, the PSRA support was approved by the members of the holding company.

The investment in SECMC for the purposes of cost overrun and PSRA will only be made in the event there is an overrun or shortfall, respectively. If the entire amount of Sponsor Support Guarantee to cover cost overrun is called and the entirety of the payment under the standby letter of credit for PSRA shortfall is demanded, the maximum investment of the holding company in SECMC shall be USD 31 million (in equivalent PKR).

On February 26, 2016, the sponsors, including the holding company, entered into a SSA with Habib Bank Limited as a condition precedent for the availability of loan facilities to SECMC in connection with the project to develop, construct, operate and maintain an open pit coal mine in Sindh, Pakistan. Pursuant to the terms and conditions set forth in the SSA, the holding company has provided Sponsor Equity Contribution Letter of Credit in the form of an irrevocable Standby letter of Credit (SBLC) in favour of Habib Bank Limited, dated March 18, 2016 for a total amount not exceeding USD 12.650 million. The SBLC has been reduced to USD 5.097 million.

Additionally, a Share Pledge Agreement was also executed by the Shareholders of SECMC including the holding company on March 09, 2016 in favour of the Security Trustee in accordance with the provisions of the Finance Documents whereby all shares of SECMC are pledged.

		Note	2021 (Rs. '000s)	2020 (Rs. '000s)
16.	**LONG TERM DEPOSITS AND OTHERS**			
	Deposits - non interest bearing		30,102	30,728
	Others		-	4,803
			30,102	35,531
17.	**STORES, SPARES AND CONSUMABLES**			
	In hand		3,304,713	3,327,552
	Provision against slow moving stores, spares and consumables	17.1	(775,818)	(434,026)
			2,528,895	2,893,526
17.1	**Movement in provision against slow moving stores, spares and consumables**			
	Opening balance		434,026	257,458
	Provision for the year		341,792	176,568
	Closing balance		775,818	434,026
18.	**STOCK-IN-TRADE**			
	Furnace oil	18.1	3,947,986	6,655,868
	Diesel		22,422	20,545
	Lubricating oil		19,340	11,648
	Light diesel oil		8,058	10,949
			3,997,806	6,699,010

18.1 As at June 30, 2021, Furnace oil of Rs. Nil (2020: Rs. 47 million) is held by a third party.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
19. TRADE DEBTS - Secured			
Considered good - Secured			
Capacity Purchase Price (CPP)		58,023,203	44,230,304
Energy Purchase Price (EPP)		12,239,963	15,177,560
Late Payment Interest (LPI)	19.1.1 & 30.9	31,179,984	38,380,467
Startup Charges (SC)		50,110	241,826
Part Load Adjustment Charges (PLAC)		231,657	694,270
Pass through items (WPPF and taxes)		262,150	975,818
	19.1	101,987,067	99,700,245

19.1 This includes an amount of Rs. 78,093 million (2020: Rs. 66,079 million) receivable from CPPA(G) and Rs. 4,928 million (2020: Rs.19,206 million) receivable from NTDC which are overdue but not impaired because the trade debts are secured by a guarantee from the GOP under Implementation Agreements.

The delay in payments from CPPA(G) carries mark-up at SBP Reverse Repo rate plus 2% per annum / three month KIBOR plus 4.5% per annum, compounded semi-annually and the delay in payment from NTDC carry mark-up at a rate of six month KIBOR plus 2% per annum compounded semi-annually for all overdue amounts except Late Payment Interest invoices.

The aging of these receivables are as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Not yet due	19.1.1 & 19.1.2	18,966,564	14,416,125
Up to 6 months		21,131,520	17,085,406
6 months to 1 year		26,180,360	22,380,899
1 year to 2 years		23,882,032	26,925,633
Over 2 years		11,826,591	18,892,182
		101,987,067	99,700,245

19.1.1 This includes Rs. 6,221 million (2020: Rs. 8,457 million) related to LPI which is not yet billed by the Group.

19.1.2 This also includes an amount of Rs. 122 million (2020: Rs. 122 million) for which the NEL's tariff application has been approved by NEPRA, however, due to pending notification of NEPRA's determination in the Official Gazette, as of reporting date the amount has not been billed to NTDC.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
20. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives		4,568	11,423
Employees		430	4,599
		4,998	16,022
Advances - unsecured			
Executives		998	3,136
Employees		322	639
Suppliers		69,927	27,076
		71,247	30,851
		76,245	46,873

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		-	359
Prepayments			
LC commission and other loan related costs		29,968	42,566
Others		21,968	27,482
		51,936	70,048
Other receivables			
Interest accrued		9,964	3,170
Income tax - refundable	21.1	352,174	1,403,436
Income tax - Contractor tax refundable	21.2	372,469	372,469
Sales tax		8,336,792	8,574,666
Advance tax		9,928	10,425
Staff gratuity	21.3	23,302	14,264
Staff retirement benefit - pension fund		762	-
Receivable from CPHGC	21.4	21,068	-
Receivable from TNPTL	21.5	31,690	169,908
Receivable from TNPTL against services agreement	21.5	63,386	46,558
Workers' profit participation fund recoverable from CPPA(G) / NTDC		3,549,385	2,561,238
Miscellaneous		22,802	180,240
		12,793,722	13,336,374
		12,845,658	13,406,781

21.1 In 1998, the Federal Board of Revenue ("FBR") made assessments under section 52/86 of the Income Tax Ordinance, 1979 ["ITO,79"] amounting to Rs. 1,896 million stating that the holding company did not withhold tax at the time of issue of shares to sponsors against project development costs incurred by them. The holding company deposited Rs. 297 million against the above assessments in accordance with the departmental procedures prevalent at that time. Appeals filed by the holding company before the Commissioner of Income tax (Appeals) [the "CIT (A)"] and thereafter with the Income Tax Appellate Tribunal ("ITAT") were decided against the holding company. Against the decision of the ITAT, the holding company filed appeals before the High Court ("HC") which were also decided against the holding company in March 2012. Against the decision of the HC, the holding company filed further appeals before the Honorable Supreme Court of Pakistan (SCP).

In order to restrict the penal exposure of the holding company, in May 2012 the holding company availed the scheme offered by the FBR vide SRO 547(I)/2012 dated May 22, 2012 and made payment of Rs. 1,615 million.

In July 2014, the SCP decided the case in favor of the holding company. Against the decision of the SCP, FBR filed review petitions which were dismissed by the SCP in June 2015. Consequently, an amount of Rs. 1,912 million became refundable from FBR. As at reporting date, the holding company has adjusted tax liability amounting to Rs. 1,560 million (2020: Rs. 509 million) against the above refund.

21.2 The holding company and the power plant construction contractors had entered into a Turnkey Construction Contract (TKC). Under the terms of the TKC, the holding company was required to pay all income tax liability on payments to contractors and sub-contractors. Under the PPA with CPPA(G), any tax paid by the holding company on behalf of construction contractors and sub-contractors was to be reimbursed by CPPA(G).

Under the provisions of the Implementation Agreement (IA) between the holding company and GOP it was agreed that payments to contractors and sub-contractors would be subject to 4% tax which would be full and final liability on account of income tax. Accordingly, the provisions of tax law were amended. However, in 1998, few years after the tax had been paid, the FBR contended that holding company was liable to pay tax at 8% instead of the agreed rate of 4% and was also liable to pay tax on taxes paid on behalf of contractors and sub-contractors on "tax on tax" basis at the corporate rates ranging from 52% to 58% instead of 4%. Accordingly, demand notices were issued and the holding company was required to pay Rs. 966 million. On payment of Rs. 966 million, the holding company immediately billed these amounts to CPPA(G). Against these demands by FBR, appeals were filed by the contractors and sub-contractors which were decided in their favour. The FBR has filed appeals before the courts which are pending adjudication.

On holding company's and other IPPs representation, the Economic Coordination Committee (ECC) of the Federal Cabinet of the GOP directed the FBR to refund the tax recovered by it over and above 4%. The FBR has so far refunded Rs. 593 million but withheld Rs. 373 million on the pretext that the ECC decision was not applicable on "tax on tax" issue and also because the FBR has filed appeals before the courts which are pending adjudication.

The holding company continued its discussions with the GOP and the FBR for the balance refund of Rs. 373 million. As a result, the tax department passed revised orders recognising refunds aggregating to Rs. 300.5 million. The tax law specifies that once an order recognising refund is passed, only then a taxpayer can apply for issuance of refund order and refund cheque. Accordingly, the holding company has filed applications with the tax department for issuance of refund orders and cheques for the above amounts. The holding company is also pursuing the tax department for issuance of revised orders recognising the balance refund amounting to Rs. 72.5 million.

The management and the holding company's tax advisors are of the opinion that the position of the contractors and the holding company is strong on legal grounds and on the basis of the above referred orders, therefore, tax of Rs. 373 million will be refunded.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)

21.3 STAFF GRATUITY

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Staff gratuity - holding company	21.3.1	19,534	6,675
Staff gratuity - HPSL	21.3.2	3,768	7,589
		23,302	14,264

Actuarial valuations were carried out as at June 30, 2021. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost Method. The details of the actuarial valuations are as follows:

21.3.1 Staff gratuity - holding company

	2021 (Rs. '000s)	2020 (Rs. '000s)
Reconciliation of the net (asset) / liability recognised in the statement of financial position		
Present value of defined benefit obligation	335,262	310,449
Fair value of plan assets	(354,796)	(317,124)
Net asset recognised in the statement of financial position	(19,534)	(6,675)
Reconciliation of the movements during the year in the net (asset) / liability recognised in the statement of financial position		
Opening net (asset) / liability	(6,675)	41,541
Expense recognised	33,588	36,041
Remeasurement gain recognised in Other Comprehensive Income (OCI)	(19,947)	(21,842)
Contributions to the fund made during the year	(26,500)	(62,415)
Closing net asset	(19,534)	(6,675)
Expense recognised		
Current service cost	34,543	32,942
Past service cost	-	1,730
Net interest	(955)	1,369
Expense recognised	33,588	36,041
Re-measurements recognised in OCI during the year		
Remeasurement gain on defined benefit obligations	(28,852)	(16,709)
Remeasurement loss / (gain) on plan assets	8,905	(5,133)
	(19,947)	(21,842)

	2021 (Rs. '000s)	2020 (Rs. '000s)
Movements in the present value of defined benefit obligation		
Present value of defined benefit obligation at opening	310,449	262,337
Current service cost	34,543	32,942
Past service cost	-	1,730
Interest cost	26,092	34,473
Benefits paid	(6,970)	(4,324)
Remeasurement gain recognised in OCI	(28,852)	(16,709)
Present value of defined benefit obligation at closing	335,262	310,449
The movement in fair value of plan assets		
Fair value of plan assets at opening	317,124	220,796
Expected return on plan assets	27,047	33,104
Contributions made	26,500	62,415
Benefits paid	(6,970)	(4,324)
Remeasurement (loss) / gain recognised in OCI	(8,905)	5,133
Fair value of plan assets at closing	354,796	317,124
Actual return on plan assets	18,142	38,237

Plan assets comprise of following:

	2021 %	2021 (Rs. '000s)	2020 %	2020 (Rs. '000s)
Pakistan Investment Bonds	71.43%	253,432	71.13%	225,575
Mutual funds	0.43%	1,528	0.36%	1,140
Term Finance Certificate	4.41%	15,657	5.62%	17,807
Treasury Bills	4.14%	14,675	6.74%	21,388
Quoted shares	19.27%	68,354	9.04%	28,665
Cash and cash equivalents	0.32%	1,150	7.11%	22,549
	100.00%	354,796	100.00%	317,124

	2021 (Rs. '000s)	2020 (Rs. '000s)
Contribution expected to be paid to the plan during the next year	29,244	33,588

	2021	2020
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	10.00%	8.50%
- Expected rate of return on plan assets per annum	10.00%	8.50%
- Expected rate of increase in salary level per annum	8.75%	5.50%
- Mortality rates	SLIC (2001-05)-1	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 1- 5 years	Over 5 years
	(Rs. '000s)		
Retirement benefit plan	9,670	152,001	312,787

Historical information of retirement benefit plan:

	2021	2020	2019	2018	2017
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	335,262	310,449	262,337	209,793	202,661
Fair value of plan assets	(354,796)	(317,124)	(220,796)	(193,457)	(185,012)
(Surplus) / Deficit	(19,534)	(6,675)	41,541	16,336	17,649

	2021 (Rs. '000s)	2020 (Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +1%	25,308	24,822
- Discount rate -1%	(28,896)	(28,332)
- Salary increases +1%	(30,283)	(29,700)
- Salary increases -1%	26,955	26,582

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The plan exposes the holding company to the actuarial risks such as:

Investment risks:

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks:

The risk arises when the actual servicing period is longer than expected. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

21.3.2 Staff gratuity - HPSL

	2021 (Rs. '000s)	2020 (Rs. '000s)
Reconciliation of the net (asset) / liability recognised in the statement of financial position		
Present value of defined benefit obligation	440,483	397,439
Fair value of plan assets	(444,251)	(405,028)
Net asset recognised in the statement of financial position	(3,768)	(7,589)
Reconciliation of the movements during the year in the net (asset) / liability recognised in the statement of financial position		
Opening net (asset) / liability	(7,589)	19,024
Expense recognised	50,692	54,094
Contributions to the fund made during the year	(5,071)	(43,705)
Remeasurement gain recognised in OCI	(41,800)	(37,002)
Closing net asset	(3,768)	(7,589)

	2021 (Rs. '000s)	2020 (Rs. '000s)
Expense recognised		
Current service cost	50,955	50,824
Net Interest expense	(263)	3,270
	50,692	54,094
Remeasurements recognised in OCI during the year		
Remeasurement gain on defined benefit obligations	(27,691)	(40,723)
Remeasurement (loss) / gain on plan assets	(14,109)	3,721
	(41,800)	(37,002)
Movements in the present value of defined benefit obligation		
Present value of defined benefits obligation at opening	397,439	348,330
Current service cost	50,955	50,824
Interest cost on defined benefits obligation	34,944	51,814
Benefits paid / payable to outgoing member(s)	(15,164)	(12,806)
Remeasurement gain recognised in OCI	(27,691)	(40,723)
Present value of defined benefits obligation at closing	440,483	397,439
The movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	405,028	329,306
Interest income on plan assets	35,207	48,544
Net amount transferred by employer to the fund	5,071	43,705
Benefits paid	(15,164)	(12,806)
Remeasurement loss / (gain) recognised in OCI	14,109	(3,721)
Fair value of plan assets at closing	444,251	405,028
Actual return on plan assets	51,133	45,119
Contribution expected to be paid to the plan during the next year	52,905	50,890

	2021 %	2021 (Rs. '000s)	2020 %	2020 (Rs. '000s)
Plan assets comprise of following:				
Mutual funds	20.14%	89,460	12.27%	49,715
Pakistan Investment Bonds	15.88%	70,559	17.88%	72,420
Treasury Bills	5.74%	25,490	8.90%	36,065
Certificates	57.00%	253,205	59.41%	240,639
Cash and cash equivalents	1.25%	5,537	1.53%	6,189
	100.00%	444,251	100.00%	405,028

	2021	2020
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	8.75%	8.50%
- Expected return on plan assets per annum	8.75%	8.50%
- Expected rate of increase in salary level per annum	8.75%	8.50%
- Mortality rates	SLIC (2001-05)	SLIC 2001-05

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 1- 5 years	Over 5 years
	---------- (Rs. '000s) ----------		
Retirement benefit plan	34,140	141,606	421,149

Historical information of retirement benefit plan:

	2021	2020	2019	2018	2017
	---------- (Rs. '000s) ----------				
As at June 30					
Present value of defined benefit obligation	440,483	397,439	348,330	302,205	255,530
Fair value of plan assets	(444,251)	(405,028)	(329,306)	(286,570)	(248,457)
(Surplus) / Deficit	(3,768)	(7,589)	19,024	15,635	7,073

	2021 (Rs. '000s)	2020 (Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +0.5%	(19,045)	17,307
- Discount rate -0.5%	20,506	(18,643)
- Long term salary increases +0.5%	21,467	(19,511)
- Long term salary increases -0.5%	(20,099)	18,261

The plan exposes the HPSL to the actuarial risks such as:

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual servicing period is longer than expected. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

21.4 These are neither past due nor impaired and are recoverable in ordinary course of business. The maximum aggregate amount due at the end of any month during the year was Rs. 21 million (2020: Rs. 2.6 million).

21.5 These are neither past due nor impaired and are recoverable in ordinary course of business. The maximum aggregate amounts due at the end of any month during the year were Rs. 1,506 million (2020: Rs. 216 million).

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
22. CASH AND BANK BALANCES			
At bank			
Savings accounts	22.1 to 22.4	2,452,721	6,290,050
Deposit account		-	245,000
Bank placements	22.4 & 22.5	2,687,000	-
		5,139,721	6,535,050
In hand			
Cash		1,765	1,575
Payorders / cheques		1,207,374	800
		1,209,139	2,375
		6,348,860	6,537,425

22.1 Savings and deposits accounts carry mark-up rates ranging between 0.25% to 5.5% (2020: 0.25% to 12.60%) per annum.

22.2 This includes Rs. 300 million (2020: Rs. 261 million) restricted for dividend payable.

22.3 This includes Rs. 1,300 million (2020: Rs. 1,511 million) deposited in debt payment accounts and maintenance reserve account which are restricted for lenders' payments and major maintenance expenses of Laraib's plant.

22.4 This includes an amount of Rs. 2,425 million (2020: Rs. 2,425 million) placed with a bank as a security for issuance of equity Standby Letter of Credit (SBLC) of TNPTL.

22.5 Bank placements represents term deposit receipts for a period of 3 and 6 months which carry mark-up at the rate of 6.95% and 6.80% per annum, respectively.

23. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised:		
1,700,000,000	1,700,000,000	Ordinary shares of Rs.10/- each	17,000,000	17,000,000
		Issued, subscribed and paid-up: Ordinary shares of Rs.10/- each		
958,773,317	958,773,317	For cash	9,587,733	9,587,733
		For consideration other than cash		
338,022,463	338,022,463	- against Project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,297,154,387	1,297,154,387		12,971,544	12,971,544

23.1 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the holding company. All shares carry one vote per share without restriction. The holding company may not pay dividend until certain financial requirements of lenders are satisfied.

23.2 Associated undertakings held 260,339,502 (2020: 260,513,522) shares in the holding company as at year end.

24. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2020	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2021
		----------	----------	----------	(Rs. '000s)	----------	----------
Holding company							
Hub plant							
Salary Refinance Scheme - SBP	24.1	318,000	314,000	(158,000)	(316,000)	-	158,000
NEL investment							
Commercial facility	24.2	556,952	-	(556,952)	-	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	24.3.1	16,479,717	753,414	-	(1,966,363)	-	15,266,768
Islamic finance facility	24.3.2	5,500,000	-	-	(627,533)	-	4,872,467
Long Term Sukuk certificates I	24.3.3	7,000,000	-	-	(1,750,000)	-	5,250,000
Long Term Sukuk certificates II	24.3.4	5,000,000	-	-	-	-	5,000,000
		33,979,717	753,414	-	(4,343,896)	-	30,389,235
Transaction costs		(287,483)	-	-	82,661	77,826	(126,996)
Long term loans of the holding company		34,567,186	1,067,414	(714,952)	(4,577,235)	77,826	30,420,239
Subsidiary - NEL							
Expansion facility	24.4.1	1,451,880	-	(1,451,880)	-	-	-
Syndicated term finance facility - II	24.4.2	2,500,000	-	-	(833,333)	-	1,666,667
Salary Refinance Scheme - SBP	24.4.3	35,100	35,726	(17,706)	(35,413)	-	17,707
Transaction costs		(1,460)	-	-	-	1,460	-
Long term loans of NEL		3,985,520	35,726	(1,469,586)	(868,746)	1,460	1,684,374
Subsidiary - LEL							
Foreign currency loans	24.5.1	6,910,967	(377,596)	(1,346,973)	(1,296,600)	-	3,889,798
Local currency loans	24.5.2	855,834	-	(342,332)	(342,334)	-	171,168
Transaction costs		(70,902)	-	-	21,392	29,514	(19,996)
Long term loans of LEL		7,695,899	(377,596)	(1,689,305)	(1,617,542)	29,514	4,040,970
Subsidiary - HPHL							
Syndicated term finance facility	24.6	2,500,000	-	(125,000)	(375,000)	-	2,000,000
Salary Refinancing Scheme - SBP	24.7	23,953	23,956	(11,977)	(23,954)	-	11,978
Long term Sukuk Certificates	24.8	-	5,282,134	-	-	-	5,282,134
Transaction cost		(45,502)	(71,190)	-	34,254	(1,612)	(84,050)
		2,478,451	5,234,900	(136,977)	(364,700)	(1,612)	7,210,062
Subsidiary - TEL							
Local currency loans	24.9	3,242,187	-	-	-	-	3,242,187
Transaction costs		(53,532)	-	-	-	5,852	(47,680)
		3,188,655	-	-	-	5,852	3,194,507
Subsidiary - HPSL							
Salary Refinancing Scheme - SBP	24.10	74,689	63,101	(34,448)	(68,895)	-	34,447
		51,990,400	6,023,545	(4,045,268)	(7,497,118)	113,040	46,584,599

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

From Banks / Financial Institutions	Note	As at July 01, 2019	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2020
		(Rs. '000s)					
Holding company							
Hub plant							
Musharaka finance facility		312,500	-	(312,500)	-	-	-
Salary Refinance Scheme - SBP	24.1	-	318,000	-	(79,500)	-	238,500
NEL investment							
Commercial facility	24.2	1,568,135	-	(1,011,183)	(556,952)	-	-
TEL / CPHGC / SECMC investment							
Syndicated term finance facility	24.3.1	16,000,000	479,717	-	-	-	16,479,717
Islamic finance facility	24.3.2	5,500,000	-	-	-	-	5,500,000
Long Term Sukuk certificates I	24.3.3	-	7,000,000	-	-	-	7,000,000
Long Term Sukuk certificates II	24.3.4	-	5,000,000	-	-	-	5,000,000
		21,500,000	12,479,717	-	-	-	33,979,717
Transaction costs		(138,055)	(194,269)	-	74,934	44,841	(212,549)
Long term loans of the holding company		23,242,580	12,603,448	(1,323,683)	(561,518)	44,841	34,005,668
Subsidiary - NEL							
Expansion facility	24.4.1	4,027,921	-	(2,576,041)	(1,451,880)	-	-
Syndicated term finance facility - I	24.4.2	2,500,000	-	-	-	-	2,500,000
Salary Refinance Scheme - SBP	24.4.3	-	35,100	-	(8,775)	-	26,325
Transaction costs		(19,303)	-	-	1,460	17,843	-
Long term loans of NEL		6,508,618	35,100	(2,576,041)	(1,459,195)	17,843	2,526,325
Subsidiary - LEL							
Foreign currency loans	24.5.1	8,084,296	119,176	(1,292,505)	(1,382,193)	-	5,528,774
Local currency loans	24.5.2	1,198,166	-	(342,332)	(342,334)	-	513,500
Transaction costs		(107,421)	-	-	29,089	36,519	(41,813)
Long term loans of LEL		9,175,041	119,176	(1,634,837)	(1,695,438)	36,519	6,000,461
Subsidiary - HPHL							
Syndicated term finance facility	24.6	-	2,500,000	-	(125,000)	-	2,375,000
Salary Refinancing Scheme - SBP	24.7	-	23,953	-	(5,988)	-	17,965
Transaction costs		-	(56,500)	-	13,345	10,998	(32,157)
Long term loans of HPHL		-	2,467,453	-	(117,643)	10,998	2,360,808
Subsidiary - TEL							
Local currency loans	24.90	-	3,242,187	-	-	-	3,242,187
Transaction costs		-	(59,626)	-	-	6,094	(53,532)
Long term loans of TEL		-	3,182,561	-	-	6,094	3,188,655
Subsidiary - HPSL							
Salary Refinancing Scheme - SBP	24.10	-	74,689	-	(18,672)	-	56,017
		38,926,239	18,482,427	(5,534,561)	(3,852,466)	116,295	48,137,934

24.1 During the year, the holding company obtained additional long term loan of Rs. 314 million under the Salary Refinancing Scheme introduced by State Bank of Pakistan (SBP). The loan carries a mark-up of 1.50% per annum which is payable on quarterly basis in arrears. The loan is repayable in eight equal quarterly installments starting from January 2021. Any late payment by the holding company is subject to the markup to be calculated at the prevailing rate of three month KIBOR plus 1.50%. The loan is secured against subordinate hypothecation charge over all present and future movable fixed assets of the holding company (excluding land and building).

24.2 This loan was fully repaid on October 1, 2020.

24.3 In order to meet investment requirements in TEL / CPHGC / SECMC / TNPTL:

24.3.1 The holding company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2020: Rs. 21,000 million) to finance equity investment in CPHGC (via HPHL), TEL and SECMC. The loan is repayable in 40 installments on quarterly basis starting from November 18, 2021. Mark-up is charged at three month KIBOR plus 0.30% per annum. The loan is secured by way of all present and future assets of the holding company other than current assets.

24.3.2 In addition, the holding company has also entered into a long term Musharaka arrangement with various banks amounting to Rs. 5,500 million to finance equity investment in CPHGC (via HPHL). The loan is repayable on quarterly basis starting from November 30, 2021. Mark-up is charged at three month KIBOR plus 0.30% per annum. The facility is secured by way of all present and future assets of the holding company other than current assets.

The holding company shall not pay dividends until certain requirements under these facilities are satisfied. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate.

24.3.3 On August 22, 2019, the holding company issued privately placed secured Sukuk Certificates amounting to Rs. 7,000 million at a mark-up of 1.9% per annum above three month KIBOR. The mark-up on the Sukuk is payable on quarterly basis in arears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

(b) subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;

(c) subordinate charge over all present and future movable fixed assets of the holding company and NEL; and

(d) pledge of 100% shares of NEL.

24.3.4 On March 19, 2020, the holding company issued privately placed secured Sukuk Certificates amounting to Rs. 5,000 million at a mark-up of 1.9% per annum above one year KIBOR. The mark-up on the Sukuk is payable on semi-annual basis in arears and the principal is payable in four equal semi-annual installments commencing from September 19, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

(b) subordinate hypothecation charge over all present and future movable fixed assets of NEL; and

(c) subordinate charge over all present and future movable current assets of the holding company.

Subsidiary - NEL

24.4 In connection with Narowal plant:

24.4.1 This loan was fully repaid on October 1, 2020.

24.4.2 The loan carries mark-up at the rate of three months KIBOR plus 0.75% per annum starting from the date of disbursement i.e. April 23, 2019. The loan is repayable in 12 equal installments on quarterly basis commencing from July 23, 2021. Any late payment by NEL is subject to an additional payment of 2% per annum above the normal mark-up rate. The loan is secured by way of second ranking / subordinated charge over fixed assets (excluding land & building) of the holding company.

24.4.3 During the year, NEL obtained additional long term loan of Rs. 36 million under the Salary Refinancing Scheme introduced by SBP. The loan carries a mark-up of 1.50% per annum which is payable on quarterly basis in arrears. The loan is repayable in eight equal quarterly installments starting from January 2021. Any late payment by NEL is subject to the markup to be calculated at the prevailing rate of three month KIBOR plus 1.50%. The loan is secured against subordinate hypothecation charge over all present and future movable fixed assets of NEL (excluding land and building).

Subsidiary - LEL

24.5 In connection with LEL:

24.5.1 LEL has entered into long-term loan facilities of USD 98.3 million with various foreign banks / financial institutions at an interest rate of six month LIBOR plus 4.75% per annum. Repayment of the principal amount of the long-term loan facilities is to be made in 24 semi-annual instalments, the first such payment commenced on November 5, 2013 and then on interest payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by LEL is subject to an additional payment of 2% per annum above normal interest rate.

24.5.2 LEL has also entered into a long-term loan facility of Rs. 3,250 million with local commercial banks at an interest rate of six month KIBOR plus 3.25% per annum. The principal amount of the loan facility is repayable in 19 semi-annual instalments, the first such payment commenced on November 5, 2013 and then on interest payment date (each January 1 and July 1) until and including the final maturity date on May 5, 2022. Any delay in payments by LEL is subject to an additional payment of 2.5% per annum above normal mark-up rate.

LEL declares dividend after satisfaction of lenders' covenants.

24.5.3 Facilities are secured by way of, inter alia;

(a) a fixed charge over the following assets namely:

(i) all proceeds, receivables and moneys payable by the security trustee from receipts account;

(ii) the assigned agreements but only as to such rights that are not effectively assigned by way of security to the security trustee under clause 5.3 (Assignments) of the Security Deed;

(iii) the authorizations and consents (to the extent permitted under any applicable law without the need to obtain the further consent of any Government entity);

(iv) all monetary claims and all related rights (if not effectively charged or assigned pursuant to the accounts charge) and only as to such rights that are not effectively assigned by way of security to the security trustee under Clause 5.3 (Assignments) of Security Trustee Deed;

(v) all intellectual property rights, including license, designs rights, copyright, patents and trademarks to the extent permitted by Applicable Law;

(vi) all goodwill of LEL's business;

(vii) all insurances;

(viii) all other present and future assets of LEL both real and personnel, tangible and intangible (if not otherwise assigned effectively charged or assigned as applicable to the security trustee); and

(ix) in charged accounts and in all authorized investments held by LEL or any of its nominee and all of benefits, right, title and interest present and future in or relating to the same;

(b) a floating charge over whole of LEL's undertakings and assets, present and future other than any asset charged or assigned under fixed charge.

The distributions account and the monies from time to time standing to the credit thereof and any investments, and the proceeds of any investments, made using such monies are out of the security package, consequently there is no fixed or floating charge over the distribution account and such investments.

Subsidiary - HPHL

24.6 On November 12, 2019, HPHL entered into a long term finance arrangement with a bank for an amount of Rs. 2,500 million to arrange for equity commitment of TNPTL. In 2020, under the circular No. 13 of 2020, dated March 26, 2020 issued by SBP, HPHL and the Syndicate Banks agreed to extend the repayment of principal loan by one year. Thereafter, the facility is repayable in eight installments on semi annual basis starting from May 18, 2021 at a mark-up rate of 3 month KIBOR plus 1.50% per annum. The mark-up is payable on quarterly basis in arrears. Any late payment by HPHL is subject to an additional mark-up of 2% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets of the holding company.

24.7 During the year, HPHL obtained additional long term loan of Rs. 24 million under the Salary Refinancing Scheme introduced by SBP. The loan carries a mark-up of 1.50% per annum which is payable on quarterly basis in arrears. The loan is repayable in eight equal quarterly installments starting from January 2021. Any late payment by HPHL is subject to the markup to be calculated at the prevailing rate of 3 month KIBOR plus 1.50%. The loan is secured against subordinate hypothecation charge over all present and future movable fixed assets of the holding company (excluding land and building) and a corporate guarantee issued by the holding company.

24.8 On November 12, 2020, HPHL issued privately placed secured Sukuk Certificates amounting to Rs. 6,000 million at a discounted value of Rs. 4,948 million covering profit payment for the first two years of the issue. The Sukuk Certificates carry mark-up at the rate of 2.5% per annum above six month KIBOR. Commencing from Dec 2022, the mark-up on the Sukuk Certificates will be payable on semi-annual basis in arears. The principal will be payable in four equal semi-annual installments commencing from May 2024. The Sukuk Certificates are secured by:

a) Ranking and subordinated charge over all present and future movable fixed assets of the holding company;

b) Ranking and subordinated floating charge over all present and future movable fixed and current assets of HPHL;

c) Revolving Cross Corporate Guarantee from the holding company for all principal repayments and profit amounts; and

d) Liquid asset (cash, cash equivalent and others) in the amount of the next payment due, inclusive of both the due and payable instalment, to be held under first pari-passu charge. Such security will be created at least ninety (90) days prior to the Payment Date.

Subsidiary - TEL

24.9 TEL had signed long-term loan facility agreements for US Dollar Loan Facility amounting to USD 262.13 million and Pak Rupee Facility amounting to Rs. 18,853 million on December 20, 2018. The Effective Date of both facilities is March 6, 2020. The Pak Rupee Facility carries mark-up at the rate of 3 months KIBOR plus 3.5% per annum payable semi-annually. The tenure of the facility is 14 years. The principal is repayable in twenty semi-annual instalments commencing from the earlier of the first principal payment date after the date falling 48 months after the Facility Effective date or the second principal payment date after the COD. The first disbursement under this facility was made on March 17, 2020. No disbursement has yet been made under the US Dollar Loan Facility.

The long term loan facility is secured against:

(i) First ranking hypothecation charge over the project assets of TEL; and

(ii) Shareholders' commitment to provide cost overrun support for 13% of entire debt, pledged shares of TEL in favour of Security Trustee and provide SBLCs for their remaining equity commitments in the project.

On July 28, 2020, TEL has executed a Supplemental Sponsor Support Agreement, wherein TEL's Sponsors have agreed to provide Additional Funding Shortfall Support upto USD 19.5 million in case a Funding Shortfall arises six months after the Required Commercial Operations Date (RCOD).

Subsidiary - HPSL

24.10 During the year ended June 30, 2021, HPSL obtained additional long term loan of Rs. 63 million under the Salary Refinancing Scheme introduced by SBP. The loan carries a mark-up of 1.50% per annum which is payable on quarterly basis in arrears. The loan is repayable in eight equal quarterly installments starting from January 2021. Any late payment by HPSL is subject to the markup to be calculated at the prevailing rate of 3 month KIBOR plus 1.50%. The loan is secured against subordinate hypothecation charge over all present and future movable fixed assets of the holding company (excluding land and building) and a guarantee of Rs. 71 million from the holding company.

25. LONG TERM LEASE LIABILITIES

	Note	As at July 01, 2020	Impact of initial application of IFRS 16	Translation / Finance cost	Repaid/ Terminated	Current portion	As at June 30, 2021
		(Rs. '000s)					
Islamic Development Bank	25.1	2,599,230	-	(143,279)	(502,500)	(485,052)	1,468,399
Lease liability - Office building		382,134	-	41,115	(102,880)	(56,555)	263,814
		2,981,364	-	(102,164)	(605,380)	(541,607)	1,732,213

	Note	As at July 01, 2019	Impact of initial application of IFRS 16	Translation	Repaid	Current portion	As at June 30, 2020
		(Rs. '000s)					
Islamic Development Bank	25.1	3,034,323	-	45,221	(480,314)	(516,003)	2,083,227
Lease liability - Office building		-	406,435	47,032	(71,333)	(60,092)	322,042
		3,034,323	406,435	92,253	(551,647)	(576,095)	2,405,269

25.1 LEL entered into a lease agreement with Islamic Development Bank in respect of plant and machinery of USD 37.3 million. The rate of return used as the discounting factor is 5.48% (2020: 7.10%) per annum. The lease rentals are payable in 24 semi-annual instalments, the first such payment commenced on November 5, 2013 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by LEL is subject to an additional payment of 2% per annum above normal return rate. The lease finance facility is secured against assets mentioned in note 24.5.3.

In addition to the above, LEL executed lease agreements with the Government of AJK ("GOAJK") for lease of land for its power project and its registered office having estimated remaining lease term between 4 to 20 years.

26. DEFERRED TAXATION

	2021 (Rs. '000s)	2020 (Rs. '000s)
The liability for deferred taxation comprises temporary difference relating to:		
Long term investments (on share of profits)	7,053,046	3,170,595

27. TRADE AND OTHER PAYABLES

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Creditors			
Trade	27.1	35,396,053	50,737,086
Others		29,288	94,206
		35,425,341	50,831,292
Accrued liabilities			
Finance costs		42,507	40,338
Miscellaneous		24,765,235	19,812,754
		24,807,742	19,853,092
Unearned income	27.2	2,425,530	1,754,380
Obligation to transfer shares to GoB	27.3	1,966,021	1,459,614
Other payables			
Workers' profit participation fund	30.4	4,798,394	3,353,152
Sales tax payable		10,178	4,912
Staff retirement benefits			
Staff gratuity	27.4	1,643	3,867
Provident funds		2,062	9,861
Pension fund		5,467	11,446
Retention money		15,682	16,734
Withholding tax		40,791	18,327
Others		17,251	6,228
		4,891,468	3,424,527
		69,516,102	77,322,905

27.1 This includes payable to Pakistan State Oil Company Limited (PSO) amounting to Rs. 34,496 (2020: Rs. 50,406), out of which overdue amount is Rs. 26,682 million (2020: Rs. 44,327 million).

The delay in payments to PSO carries mark-up at SBP Reverse Repo rate plus 2% per annum compounded semi-annually.

27.2 This includes Rs. 1,985 million (2020: Rs. 1,754 million) in respect of Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. 380 million (2020: Rs. Nil) invoiced under the services agreement with TNPTL.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)

27.3 OBLIGATION TO TRANSFER SHARES TO GOB

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Opening balance		1,459,614	-
Provision in respect of loss on shares to be transferred to GoB	15.1	-	1,009,029
		1,459,614	1,009,029
Add: Obligation representing share of profit relating to shares to be transferred to GOB	11 & 15.1	506,405	450,585
Add: Obligation representing share of OCI relating to shares to be transferred to GOB		2	-
		506,407	450,585
		1,966,021	1,459,614

27.4 STAFF GRATUITY

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Staff gratuity - LEL (Contribution plan)		427	-
Staff gratuity - TEL	27.4.1	1,216	3,867
		1,643	3,867

27.4.1 Staff gratuity - TEL

Actuarial valuations were carried out as at June 30, 2021. The present value of defined benefit obligation has been calculated using the Projected Unit Credit Actuarial Cost Method. The details of the actuarial valuations are as follows:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Reconciliation of the net liability recognised in the statement of financial position		
Present value of defined benefit obligation	5,964	3,867
Fair value of plan assets	(4,748)	-
Net liability recognised in the statement of financial position	1,216	3,867
Reconciliation of the movements during the year in the net liability recognised in the statement of financial position		
Opening net liability	3,867	3,242
Expense recognised	2,511	3,005
Remeasurement gain recognised in OCI	(414)	(2,380)
Contributions made	(4,748)	-
Closing net liability	1,216	3,867

	2021 (Rs. '000s)	2020 (Rs. '000s)
Expense recognised		
Current service cost	2,061	2,939
Past service cost	-	(561)
Net Interest	450	627
Expense recognised	2,511	3,005
Re-measurements gain recognised in OCI during the year		
Gain due to change in financial assumptions	(14)	(88)
Gain due to change in experience adjustments	(400)	(2,292)
	(414)	(2,380)
Movements in the present value of defined benefit obligation		
Present value of defined benefit obligation at opening	3,867	3,242
Current service cost	2,061	2,939
Past service cost	-	(561)
Interest cost	450	627
Remeasurement gain recognised in OCI	(414)	(2,380)
Present value of defined benefit obligation at closing	5,964	3,867
The movement in fair value of plan assets		
Fair value of plan assets at opening	-	-
Contributions made	4,748	-
Fair value of plan assets at closing	4,748	-
Contribution expected to be paid to the plan during the next year	2,512	2,511

Significant actuarial assumptions used in the actuarial valuation are as follows:	2021	2020
- Valuation discount rate per annum	8.75%	9.25%
- Expected rate of increase in salary level per annum	8.75%	9.25%
- Mortality rates	SLIC (2001-05)	SLIC(2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plans:

	Less than 1 year	Between 1- 5 years	Over 5 years
	(Rs. '000s)		
Retirement benefit plan	44	1,500	5,329

	2021 (Rs. '000s)	2020 (Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +1%	5,168	3,410
- Discount rate -1%	(6,921)	(4,413)
- Salary increases +1%	(6,944)	(4,428)
- Salary increases -1%	5,137	3,390

The plan exposes TEL to the actuarial risks such as:

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual servicing period is longer than expected. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

28. INTEREST / MARK-UP ACCRUED

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Interest / mark-up accrued on long term loans		667,012	959,075
Mark-up accrued on short term borrowings		552,891	738,636
		1,219,903	1,697,711

29. SHORT TERM BORROWINGS

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Secured			
Running finance	29.1 to 29.5	29,400,797	34,361,671
Unsecured			
Privately placed sukuks	29.6	4,500,000	4,500,000
		33,900,797	38,861,671

29.1 The facilities of holding company for running finance are available from various banks / financial institutions amounted to Rs. 27,272 million (2020: Rs. 27,400 million) at mark-up ranging between 0.40% to 2.25% per annum above one / three month KIBOR. The mark-up on the facilities is payable on monthly / quarterly basis in arrear. The facilities will expire during the period from August 31, 2021 to June 11, 2022. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the holding company for the Hub plant pari passu with the existing charge.

29.2 The holding company has also entered into Musharaka agreements amounting to Rs. 1,400 million (2020: Rs. 1,400 million) at a mark-up ranging between 0.50% to 0.75% per annum above one month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrear. These facilities will expire on August 31, 2021. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 29.1.

29.3 The facilities of NEL for running finances available from various banks / financial institutions amounted to Rs. 3,575 million (2020: Rs. 5,425 million) at mark-up ranging between 0.6% to 2.0% (2020: 0.6% to 2.25%) per annum above one / three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. The facilities will expire during the period commencing from August 31, 2021 to March 19, 2022. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

29.3.1 The facilities are secured by way of:

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the plant; and (iii) the Energy Payment Receivables of NEL.

(b) a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the NEL excluding; (i) the immoveable properties; (ii) Hypothecated Assets under first ranking charge; (iii) the Energy Payment Collection Account, Working Capital Facility Accounts and the Master Facility Account; (iv) the Energy Payment Receivables; (v) all of the NEL's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.

29.4 NEL also has Musharaka agreements with banks amounting to Rs. 4,125 million (June 2020: Rs. 3,125 million), at a mark-up ranging from 0.40% to 1.50% (June 2020: 0.70% to 1.50%) per annum above one month / three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. These facilities will expire during the period from August 31, 2021 to April 12, 2022. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 29.3.1.

29.5 The working capital facilities of LEL are available from various banks amounted to Rs. 750 million (2020: Rs. 750 million) at mark-up 1.75% per annum above three month KIBOR, payable on quarterly basis in arrears. All facilities are secured by way of subordinated charge over the current assets (including receivables, advances, deposits and prepayments) of LEL. The facilities will expire during the period from October 31, 2021 to March 31, 2022.

29.6 On May 05, 2021, the holding company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1.10% per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 05, 2021. Any late payment by the holding company is subject to mark-up at a rate of 2.00% per annum over six month KIBOR.

30. COMMITMENTS AND CONTINGENCIES

30.1 Commitments of the holding company in respect of capital and revenue expenditures amounted to Rs. 153 million (2020: Rs. 1,023 million).

30.2 The CPPA(G) was unable to meet its obligation to provide a stand by letter of credit as required under the PPA. Consequently, the holding company has been unable to meet its obligation to provide a stand by letter of credit to PSO under the Fuel Supply Agreement (FSA).

30.3 The holding company has entered into Predictivity Enhancements and Performance Improvements (PEPI) Agreement with General Electric Global Services GmbH (GE), whereby GE proposed to the holding company PEPI solutions to improve the Facility net efficiency (heat rate) to achieve a guaranteed rate. Under PEPI Agreement, Steam Turbine Retrofits were implemented on two units.

If PEPI Agreement is terminated at any time prior to March 31, 2037, the holding company will be liable to pay USD 1.5 million to GE along with residual value of the Steam Turbine Retrofits. However, non-renewal of PPA (which expires in 2027) will result in automatic termination of PEPI Agreement and the holding company will have to pay GE USD 1.5 million and the residual value of approximately USD 0.6 million.

30.4 The holding company had filed a petition in the Honorable Sindh High Court (SHC) on June 28, 2000 challenging the application of the Companies Profits (Workers' Participation) Act, 1968 (the Act) on the grounds, that since its inception, the holding company had not employed any person who falls within the definition of the term "Worker" as it has been defined in the Act.

The petition was filed subsequent to the service on the holding company of a letter of March 14, 2000 by the Labour, Manpower and Overseas Pakistanis' Division, directing the holding company to allocate 5% of its net profit (since its establishment) towards the Workers' Profit Participation Fund. The said notice demanded that the holding company deposit the entire amount of the Fund in the Federal Treasury. The petition had been filed against the Federation of Pakistan through the Secretary, Ministry of Labour, Manpower and Overseas Pakistanis, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the holding company to the Fund is a pass through item under the PPA and against the CPPA(G) as a pro forma party in the matter.

In December 2003, the holding company decided on a fresh legal review of the petition and thereafter was advised by counsel to withdraw the petition and to immediately file a fresh petition incorporating all the available grounds. Accordingly, on December 17, 2003 the holding company withdrew the petition and immediately refiled a new petition, which incorporated all the available grounds.

Both the holding company and CPPA(G) agreed that this petition should proceed and a judgment obtained on merits. During the year ended June 30, 2011, the petition was dismissed by the Honorable SHC. Against the decision of the Honorable SHC, the holding company filed petition for leave to appeal before the Honorable Supreme Court of Pakistan (SCP). In December 2011, the Honorable SCP set aside the judgement of the Honorable SHC and directed it to decide the case afresh. The matter is pending adjudication before the Honorable SHC.

As at June 30, 2021, the total financial exposure relating to the above case is Rs. 29,018 million (Rs. 3,136 million being the 5% of the profit and Rs. 25,882 million interest component and penalty on delayed payment). No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass-through item under the PPA.

Following the amendments made by the Finance Act 2006 to the Act, the holding company established the Hubco Workers' Participation Fund on August 03, 2007 to allocate the amount of annual profits stipulated by the Act for distribution amongst worker(s) eligible to receive such benefits under the Act and any amendments thereto from time to time.

The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated November 10, 2016 set aside the amendments made to the Act by Finance Acts of 2006, 2007 and 2008 as ultra vires to the provisions of the Constitution of Pakistan (the Constitution). Accordingly, the provisions of the Act are to be read as if the amendments brought about by the said Finance Acts were never made and the defined term "Worker" reverted to its original definition of prior to Finance Act 2006. However, the Federal Board of Revenue (FBR) has filed a review petition with the Honorable SCP in respect of the said decision.

Pursuant to the 18th Amendment to the Constitution (the 18th Amendment), the Sindh Provincial Assembly passed the Sindh Companies Profits (Workers' Participation) Act, 2015 (the Sindh Act).

On February 12, 2018, Honorable SHC passed an Order (SHC Order) in respect of the Sindh Act, holding that for trans-provincial companies like the holding company, the location of the workers should be considered, and an allocation should be made accordingly. The SHC Order further devised a mechanism to compute contributions for trans-provincial companies. In July 2018, the Honorable SCP suspended the SHC Order, however, Honorable SCP is yet to issue a detailed order on this matter. The interim order passed by Honorable SCP only applies inter parties and since the holding company was not a party to the case filed in the Honorable SCP, it is the SHC Order which is binding on the holding company.

In light of the SHC Order, the Sindh Act applies insofar as the holding company has any "Worker" in Sindh as defined under the Sindh Act, and the Act applies as a fractured provincial legislation to the holding company insofar as Balochistan is concerned. Accordingly, the holding company is of the view that it does not have any "Worker" as defined in the Act and there is no need to establish a Trust in Balochistan under the Act at this time.

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters have become a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act has been fractured into provisional legislation and the Fund created by the holding company in 2007 became dysfunctional and was unable to carry out its objectives. Therefore, the holding company recommended to the Trustees of the Fund that the same be dissolved. The Fund was dissolved on June 27, 2019 and the 5% WPPF allocated by the holding company since July 1, 2015 and the interest earned on that allocated amount (Rs. 1,524 million allocated by the holding company and Rs. 258 million interest earned by the Fund on the allocated amount) was transferred back to the holding company. These funds are being utilized by the holding company till a final decision of the Honorable Supreme Court or until Balochistan Provincial Assembly enacts its legislation and the holding company will then comply with the Balochistan Law. In compliance with the Sindh Act, all formalities for the registration of WPPF Trust creation in Sindh are complete; only execution of the Trust Deed is pending, which, initially could not be completed on account of the COVID-19 Pandemic and later due to promulgation of the Sindh Trusts Act, 2020, which prohibited legal persons from forming a trust.

Recently the Provincial Assembly of Sindh issued a notification dated April 28, 2021, regarding promulgation of Sindh Trusts (Amendment) Act 2021 (Amendment Act). The Amendment Act appears to have resolved the registration issues that were being faced by the employee retirement funds of companies established under the Trust Act 1882, since the enactment of the Sindh Trust Act 2020. The amendment replaces the words "natural person" with the words "any person" from the Sindh Trusts Act, 2020, meaning thereby, that now artificial persons can also create a Trust. Furthermore, a new category of trusts has been added under the heading of "Specialized Trusts" to include, amongst others, pension funds, provident funds and gratuity funds established by the Federal Government, Provincial Government, and private entities.

Accordingly, the holding company is now in the process of resuming WPPF Trust creation / registration in Sindh.

30.5 (i) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 139 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company's appeal before the Commissioner of Inland Revenue Appeals (CIR-A) and the Appellate Tribunal Inland Revenue (ATIR) were rejected. Against the order of the ATIR the holding company filed appeals before the Honorable Islamabad High Court (IHC) which were also decided against the holding company. Against the decision of the Honorable IHC, the holding company filed appeals before the Honorable SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 388 million.

(ii) FBR also imposed 2% Workers Welfare Fund (WWF) for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the holding company filed appeals before the Honorable IHC which held that the orders on WWF were void. The Honorable IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the Honorable IHC, the holding company filed appeals before the Honorable SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 17 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(iii) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2014, the FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR, the holding company filed appeal before the Honorable IHC which was also decided against the holding company. Against the decision of the Honorable IHC, the holding company filed appeal before the Honorable SCP which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 6 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR the holding company filed appeal before the Honorable IHC which held that the order on WWF was void. The Honorable IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the Honorable IHC the holding company filed appeal before the Honorable SCP which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 203 million. WWF is a pass through under the PPA and is recoverable from the CPPA (G).

(v) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, during March 2015, the FBR issued tax demand for the tax year 2013 amounting to Rs. 4 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company filed appeal before the CIR-A who deleted the tax demand. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 8 million.

(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The holding company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 346 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).

The management, tax and legal advisors are of the opinion that the position of the holding company in respect of aforementioned matters is sound on technical basis and eventual outcome is expected to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

30.6 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. In June 2012, the FBR issued demand notices amounting to Rs. 435 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which has decided the appeals in favour of the holding company. Against ATIR orders, FBR has filed appeals in the Honorable IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 991 million.

(ii) In November 2012, the FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgment of the ATIR, the FBR filed a case with the Honorable IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 24,790 million.

(iii) In March 2014 the FBR passed an order for the recovery of sales tax amounting to Rs. 3,442 million relating to fiscal year ended June 2012. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of the ATIR, the holding company filed appeal with Honorable IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 8,682 million.

(iv) In April 2014 the FBR issued a show cause notice to recover sales tax amounting to Rs. 3,692 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by Honorable IHC / Honorable LHC in other cases. Against this decision, the FBR has filed intra court appeal with Honorable IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 3,692 million.

(v) In January 2015 the FBR issued a show cause notice to recover sales tax amounting to Rs. 4,130 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by Honorable IHC / Honorable LHC in other cases. Against this decision, the FBR has filed intra court appeal with Honorable IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 4,130 million.

(vi) In October 2018 the FBR issued a show cause notice to recover sales tax amounting to Rs. 3,483 million relating to fiscal year ended June 2016. This is based on FBR's views including the point that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which asked the FBR not to pass a final order till next hearing. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 3,483 million.

(vii) In November 2018 the FBR issued a show cause notice to recover sales tax amounting to Rs. 2,665 million relating to fiscal year ended June 2017. This is based on FBR's views including the point that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which asked the FBR not to pass a final order till next hearing. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 2,665 million.

(viii) Payment to PSO under the FSA including payment of Late Payment Interest (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, the FBR issued show cause notices to recover tax amounting to Rs. 1,677 million relating to the tax years 2012 to 2014 on the pretext that LPI paid to PSO under the FSA is a payment of "profit on debt". The holding company filed Writ Petitions before the Honorable IHC which were decided against the holding company. The holding company filed further appeals with Honorable IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 1,677 million.

(ix) Under the O&M agreement with the ex-operator for the Hub plant, the holding company used to pay fixed and variable fees to the operator. In January 2015, the FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty (FED). The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. After dismissal of the holding company's appeal at the Commissioner Inland Revenue – Appeal & the ATIR, the holding company filed appeals with the Honorable IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 2,436 million.

(x) Under the O&M agreement with the ex-operator for the Hub plant, the holding company used to pay fixed and variable fees to the operator. In December 2017, the FBR issued a Show Cause Notice for the recovery of Federal Excise Duty (FED) amounting to Rs. 911 million relating to the tax years 2014 to 2017. The FBR viewed O&M as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. The holding company filed a Writ Petition in the Honorable Islamabad High Court (IHC) which asked the FBR not to issue any demand till next hearing. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 911 million.

(xi) Under the provisions of the Sales Tax Act, 1990 (STA), the holding company is entitled to claim from FBR the Provincial Sales Tax (PST) on services paid under the provincial sales tax law. However, after the imposition of Balochistan Sales Tax (BST), the FBR did not allow the adjustment of BST amounting to Rs. 209 million in the Federal Sales Tax return. Against this, the holding company filed appeal before the Honorable IHC which while allowing the appeal held that the refusal on the part of FBR to deny input tax adjustment against the sales tax on services paid under the Act of 2015 is without any lawful authority. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 303 million.

(xii) In December 2018 the FBR issued a show cause notice for the recovery of sales tax amounting to Rs. 412 million on the ground that the holding company has claimed excess input tax during different tax periods. In March 2019 on representation the FBR reduced the amount and issued demand notice amounting to Rs 31 million. The holding company filed appeal with the Commissioner Inland Revenue Appeal who remanded back the case to FBR for reassessment. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 34 million.

(xiii) In October 2019 the FBR issued income tax demand of Rs 266 million relating to fiscal year ended June 2016. This is based on FBR's views that holding company's receipt on account of supplemental charges are taxable and CPP is also liable for minimum tax. The FBR issued demand for WWF as well. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 332 million.

(xiv) In December 2019 the FBR issued a demand of Rs 19 million relating to fiscal year ended June 2016. This is based on FBR's views that during the year the holding company had not deducted tax on payments to supplier. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 23 million.

(xv) Under the IA with GOP and under the tax laws, the holding company's interest income is exempt from income tax. However, in June 2020, the FBR issued a tax demand of Rs. 27 million for tax year 2014 on this issue on the grounds that current interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% Workers Welfare Fund (WWF) on this interest income. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. The holding company's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 32 million.

(xvi) In March 2021 the FBR issued a show cause notice for the recovery of sales tax amounting to Rs. 8,212 million relating to fiscal year ended June 2017 to 2019. However a final demand of Rs 5,717 million was issued in April 2021. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company has filed appeal with the Commissioner Inland Revenue Appeal (CIR-A) which is pending adjudication. Meanwhile the Honorable SHC has granted stay against recovery till decision by the CIR-A. The holding company's maximum exposure as at June 30, 2021 is approximately Rs. 5,828 million.

The matter, stated in (ii) to (vii) and (xvi) above in respect of claiming excess input tax has already been decided by the Honorable Lahore High Court, in favor of other IPPs in similar cases. Against this decision of the Honorable LHC, the FBR has filed appeal in the Honorable Supreme Court of Pakistan.

The management is of the opinion that the position of the holding company is sound on technical basis and eventual outcome is expected to be in favour of the holding company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

30.7 In 2016, the holding company received a letter from the Power Purchaser - CPPAG stating that the holding company did not maintain the requisite fuel stock at Hub Plant as required under the PPA and has, therefore, incurred lower interest on working capital and, therefore, Power Purchaser - CPPAG is earmarking an estimated amount of Rs. 1,801 million for the Hub Plant out of the Late Payment Interest invoices owed by the Power Purchaser - CPPAG . The holding company has contested this claim.

30.8 On October 11, 2019, the holding company received an invoice of Rs. 398.5 million from the Power Purchaser, CPPA(G) in respect of Liquidated Damages (LDs) due to non-availability of Hub Power Plant for electricity generation during the operating year April 1, 2018 to March 31, 2019. The LDs invoice is for the time period during which the Hub Power Plant was not available for electricity generation due to lack of fuel caused by delay in payments by CPPA(G) which resulted in the holding company not being able to meet its payment obligations to PSO. PSO had stopped the supply of RFO to the Hub Power Plant due to delay in payments as well as non-provision of Standby Letter of Credit (SBLC) by the holding company as required under the Fuel Supply Agreement (FSA). The holding company did not establish the SBLC for PSO because CPPA(G) did not establish SBLC in favor of the holding company as required under the Power Purchase Agreement (PPA) dated August 3, 1992 (refer note 30.2).

The holding company is in a process of resolving the matter amicably with CPPA(G) and has been proactively deliberating the issue at the CPPA(G) Board level to ensure that the holding company's Forced Outage Allowance is not wrongly utilized by CPPA(G). The holding company has been defending the matter on the grounds that the Hub Power Plant ran out of fuel because of the CPPA(G)'s payment defaults and non-provision of SBLC as required under the PPA. As a result of continuous efforts by the holding company, CPPA(G) informed the holding company on November 27, 2019 that the LDs invoice has been withdrawn till a final decision is taken by the CPPA(G) Board.

In the past, similar cases arose where CPPA(G) attempted to impose LDs on other IPPs and they challenged such imposition of LDs and won at various legal forums including expert adjudication as well as International Arbitration.

Accordingly, the management is of the view that the position of the holding company is sound on technical and legal basis and that the claim is without substance and merit and has been rejected. Pending the resolution of the matter stated above, no provision has been made in these consolidated financial statements. No dispute proceedings have been initiated as envisaged in the PPA as the matter remains currently pending at the CPPA(G) Board.

30.9 The Federal Government constituted a committee for the purpose of negotiating the Power Purchase Agreement (PPA). The holding company held extensive rounds of discussions with the Committee and other members of the Federal Government. On August 21, 2020, following detailed negotiations and in the larger national interest, the Parties signed a Memorandum of Understanding (MoU). In furtherance of MoU, CPPA(G) and the holding company have executed an agreement ("Agreement") on February 11, 2021. The payment of overdue receivable is an integral part of the Agreement.

The Parties have also agreed to reduce the existing Fixed Operating Costs Element by 11%, whilst keeping the existing arrangement of indexations. However, the Parties have agreed to discontinue the USD Exchange rate and US CPI indexation on the Project Company Equity and fix the same on National Bank of Pakistan's TT/OD selling PKR/USD exchange rate prevailing as on August 21, 2020 and US CPI for the month of August 2020; however, till the current exchange rate reaches that of August 21, 2020 i.e. PKR 168.60/USD, the existing arrangement under Power Purchase Agreement (PPA) for the half year January 2021 - June 2021 shall apply for future billings.

The Parties have also agreed to engage without delay, on signing of the Agreement, in good faith negotiations and discussion and use their best endeavours to achieve pre-mature termination of the PPA, which will be mutually beneficial, resulting in compensation to the holding company, while saving GOP substantial sums in lieu of capacity payments till the expiry of the PPA. In parallel, the Parties have also agreed that certain outstanding dispute(s) shall be resolved through arbitration under the PPA.

Under the Agreement, first installment of 40% of the overdue receivables comprising 1/3rd in cash and 2/3rd in the form of financial instruments of Pakistan Investment Bonds (PIBs) and Sukuks were received on June 4, 2021 and the remaining 60% are receivable 6 months thereafter by way of similar mechanism as that of the first installment.

30.10 Pursuant to the FSA dated August 03, 1992, between the Company and Pakistan State Oil Company Limited (PSO), PSO supplied 128,000 Metric Tons (MT) of Residual Furnace Oil (RFO) as "First Fill" at no charge to the holding company in 1996. Since 1996, there had been correspondence exchanged amongst PSO, WAPDA and the holding company. PSO, in earlier days, sought payment for the cost of the First Fill RFO from WAPDA and the holding company. Both WAPDA and the holding company refused to make payment, citing that PSO's obligation under the FSA to supply First Fill RFO to the holding company was at no charge.

PSO continued to claim the cost of the First Fill RFO from WAPDA. In fact, such cost was recorded in PSO's audited accounts as a receivable due from WAPDA. The relevant disclosure in the PSO's audited accounts explicitly stated that a letter was signed between PSO and WAPDA on August 5, 1992 under which WAPDA undertook to pay PSO the cost of First Fill. Later through the intervention of President of Pakistan, an interest free loan of Rs. 802 million was sanctioned to WAPDA to enable it to settle PSO's claim for First Fill RFO. Following the payment to PSO, WAPDA started claiming reimbursement of the cost of the First Fill from the holding company. The holding company denied the same. The holding company's position was that it was under no obligation to pay to PSO under FSA.

In 2015, CPPA(G) through back-to-back arrangements with WAPDA succeeded all the rights and obligations of WAPDA under the existing Power Purchase Agreement. On November 1, 2017, CPPA(G) wrote to the holding company requesting a meeting to discuss the payment of First Fill amounting to Rs. 802 million, along with late payment interest. On November 10, 2017 the holding company wrote to CPPA(G) that the holding company is under no obligation for any payment with regards to the First Fill and considered the matter closed. Therefore, there was no point in meeting in relation to the matter. On June 13, 2018, CPPA(G) communicated to the holding company that the CPPA(G) had decided to adjust the amount of Rs. 802 million along with interest of Rs. 10,723 million against the holding company's outstanding LPI invoices.

Due to the above-mentioned action of CPPA(G), the holding company was constrained to file a suit before the Honourable Sindh High Court (SHC) (i.e., Suit No. 1411 of 2018) for a declaratory injunction against CPPA(G). The SHC via its Order dated July 9, 2018, directed that status quo be maintained with respect to the amount demanded by CPPA(G) from the holding company on account of the First Fill and restrained CPPA(G) from adjusting the First Fill claim amount.

In light of CPPA(G)'s continuous violation of the orders of the (SHC), the holding company filed application bearing CMA No. 13776/2020 in the Suit. Such application sought inter alia to restrain CPPA(G), and the Committee, from further violation of the orders of the Honourable SHC by deducting the Impugned Demand when devising the mechanism for settlement of dues of the holding company pursuant to MOU (refer note 30.9). Through order dated December 02, 2020, the Honourable SHC, by way of ad-interim relief, directed CPPA(G) not to deduct the Impugned Demand when devising a mechanism for payment of receivables of the holding company, and to abide by previous orders.

In furtherance of the MOU dated August 21, 2020, the holding company filed Suit No. 95 of 2021, wherein the SHC was pleased to pass an ad-interim order restraining the CPPA (G) and the IPP committee from deducting/adjusting the amount for the First Fill RFO supplied to the holding company by PSO i.e., amount of Rs. 802 million together with interest thereon aggregating to Rs. 11.5 billion.

Pursuant to the Master Agreement dated February 11, 2021, the holding company and CPPA(G) filed an application dated March 03, 2021, wherein the Court disposed off Suit No. 95 of 2021 and a consent order was obtained from Honorable SHC which stated that CPPA(G) would participate in the arbitration proceedings as and when initiated by the holding company, pursuant to Section 15.4(d) of the PPA, to resolve the First Fill Dispute. Accordingly, CPPA (G) and the holding company have agreed to appoint Justice (R) Khawaja as the sole arbitrator and the matter is currently undergoing Arbitration Proceedings.

30.11 In connection with NEL:

30.11.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 115 million (2020: Rs. 151 million).

30.11.2 Due to continuous payment defaults by CPPA(G), NEL called on the Sovereign Guarantee for recovery of overdue receivables. Subsequently, in light of the issue of circular debt and sovereign default, NEL filed a constitutional petition in the Honorable Supreme Court of Pakistan ("SCP") seeking an immediate recovery of these overdue receivables and to protect itself against reduction in capacity purchase price in the form of Liquidated Damages (LDs) due to non-availability of power plant for electricity generation because of lack of fuel caused by delay in payments by CPPA(G).

On January 15, 2013, the Honorable SCP passed an interim order that there shall be no reduction in capacity payment. On June 28, 2013, NEL and other Independent Power Producers ("IPPs") agreed with GOP that on settlement of all overdue amounts, NEL and other IPPs would withdraw the Honorable SCP case and pursue expert adjudication and arbitration in accordance with the Power Purchase Agreement ("PPA"). In January 2018, petitions of the IPPs before the Honorable SCP to withdraw petition have been disposed off with the direction to the Honorable Lahore High Court ("LHC") to decide IPPs Application 2 (as explained below).

The IPPs and CPPA(G) jointly filed the case with the Expert in Pakistan. The Expert through his determination of August 15, 2015 issued the determination which was generally in favor of IPPs. The Expert determined inter alia that the power purchaser is liable to forthwith make payments for the claimed deemed capacity to NEL. The Expert also determined that IPPs are not entitled to payment of interest on the deemed capacity. IPPs were willing to implement the Expert determination, however, due to CPPA(G)'s unwillingness to implement the expert's determination, the IPPs on November 02, 2015 filed for arbitration in the London Court of International Arbitration ("LCIA"). The LCIA has issued following awards:

(i) Partial Final Award on Preliminary Issues ["PFA"] dated June 08, 2017 whereby the Arbitrator beside other matters declared that the (a) current Arbitration before the LCIA has been validly commenced in accordance with the PPA, (b) Expert's Determination dated August 15, 2015 is final and binding on both CPPA(G) & IPPs etc. On July 06, 2017, CPPG(G) challenged the PFA before the High Court of Justice, Queen's Bench Division, Commercial Court, London ("HQJ") [NTDC HQJ-1]. CPPA(G) also filed application ("NTDC Application 1") before the Senior Civil Judge ("SCJ") in Lahore seeking an order that the PFA be declared null and void. The SCJ suspended the PFA against which IPPs filed revision petitions in the District Court Lahore which has adjourned the hearing indefinitely while suspending the SCJ order.

The IPPs initiated anti-suit injunction ("ASI") application before the HQJ to restrain CPPA(G) from challenging awards outside England. The IPPs also filed application ("IPPs Application 1") with the Honorable LHC for the recognition and enforcement of the PFA. Under the ASI Order, the HQJ (a) restrained CPPA(G) from pursuing NTDC Application 1 before the Senior Civil Judge in Lahore and (b) restrained CPPA(G) from taking any steps or proceedings in any court or tribunal outside England which sought to set aside or annul the PFA. HQJ also took an undertaking from IPPs (a) to compensate CPPA(G) if the HQJ later finds that due to any misrepresentation etc. by IPPs, ASI Order has caused loss to CPPA(G), (b) not take any steps in the proceedings in IPPs Application 1 & NTDC Application 1 and (c) not to commence or continue any proceedings or applications in any court or tribunal outside England in relation to the PFA and any other awards that may be rendered by the LCIA. On May 04, 2018 the Commercial Court, London has confirmed the ASI that the IPPs are entitled to a final anti-suit injunction, continuing the interim injunction granted earlier, on the entirely straightforward basis that the seat of the Arbitration is London. CPPA(G) is to be restrained on a permanent basis from challenging the Partial Final Award in proceedings in Lahore, Pakistan, or anywhere other than England and Wales.

(ii) Final Award (FA) dated October 29, 2017 in favor of IPPs by quantifying the LDs amounts along with interest, legal and other related costs (in case of NEL, the amount quantified by LCIA is Rs. 1,067 million up to October 29, 2017) payable by CPPA(G) to the IPPs. On November 24, 2017, CPPA(G) has challenged the FA before the HQJ, London ("NTDC HQJ-2"). Meanwhile the IPPs have also filed application ("IPPs Application 2") with the LHC for the recognition and enforcement of the FA. On November 29, 2017, CPPA(G) also initiated challenge proceedings against the FA in the Lahore Civil Court, so as to stop the clock of limitation (purported limitation period).

Based on the Final Award dated October 29, 2017, the IPPs including NEL asked CPPA(G) to pay the amounts quantified by the LCIA, however, CPPA(G) denied the same on the ground that the amounts are not payable till finalization of the cases by the courts of England and Pakistan. During March 2018, CPPA(G) applied to the High Court of Justice, Queen's Bench Division, Commercial Court, London, for the withdrawal of its applications NTDC HQJ-1 & NTDC HQJ-2. The IPPs including NEL informed CPPA(G) that after withdrawal of its applications from the High Court of Justice, Queen's Bench Division, Commercial Court, London, there are no challenges from CPPA(G) pending in the courts in the United Kingdom and the LCIA awards i.e. Partial Final Award on Preliminary Issues of June 08, 2017 and Final Award of October 29, 2017 attained finality. Accordingly, the IPPs including NEL demanded CPPA(G) to pay the amounts quantified by the LCIA without any further delay.

Pursuant to the Agreement signed on February 11, 2021 (refer note 30.11.9), the IPPs and CPPA(G) have agreed an amicable settlement of the matters above. This agreement entitles the IPPs to partially recover the LDs amounts and also extends the PPA life by the number of days pertaining to LDs period.

30.11.3 NEL is required to allocate and pay 5% of its profit to the Workers' profit participation fund (the "Fund"). NEL is entitled to claim this expense from National Transmission and Despatch Company Limited (NTDC) as a pass-through item.

The Honorable Supreme Court of Pakistan (SCP) vide its judgement dated November 10, 2016 set aside the amendments made to the Companies Profits (Workers' Participation) Act, 1968 (the Act) by Finance Acts of 2006, 2007 and 2008 as ultra vires to the provisions of the Constitution of Pakistan (the Constitution). Accordingly, the provisions of the Act are to be read as if the amendments brought about by the said Finance Acts were never made and the defined term "Worker" reverted to its original definition of prior to Finance Act 2006. However, the Federal Board of Revenue (FBR) has filed a review petition with the Honorable SCP in respect of the said decision.

Pursuant to the 18th Amendment to the Constitution, the Sindh Provincial Assembly passed the Sindh Companies Profits (Workers' Participation) Act, 2015 (the Sindh Act). On February 12, 2018, the Honorable Sindh High Court (SHC) passed an Order (SHC Order) in respect of the Sindh Act, holding that for trans-provincial companies like NEL, the location of the workers should be considered and an allocation should be made accordingly. The SHC Order further devised a mechanism to compute contributions for trans-provincial companies. In July 2018, the Honorable SCP suspended the SHC Order, however, the Honorable SCP is yet to issue a detailed order on this matter. The interim order passed by the Honorable SCP only applies inter parties and since NEL was not a party to the case filed in the Honorable SCP, it is the SHC Order which is binding on the NEL.

On December 02, 2020, the Government of Punjab has promulgated the Companies Profits (Worker's Participation) Act, 1968 (Act) through Amendment Ordinance 2020 (Ordinance) (Punjab WPPF Laws), requiring that a workers participation fund be established in accordance with the Scheme under the Act as amended through Ordinance. Furthermore, NEL received the letter dated March 20, 2021, with respect to the same. In addition, the work related to formation of Trust to discharge obligations under the Punjab WPPF Laws cannot be initiated by NEL as the newly promulgated Punjab Trust Act 2020 forbids legal persons from forming a trust. NEL is in the process of evaluating its legal position in the matter.

30.11.4 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants prior to Narowal Demerger effective from April 01, 2017. Pursuant to the demerger, the exposure related to Narowal Undertaking has been transferred to NEL.

Further, an agreement dated May 11, 2017 has been entered into between NEL and the holding company whereby NEL has undertaken to reimburse any cost which may directly be incurred by the holding company in respect of exposures transferred pursuant to the scheme of demerger.

30.11.4.1 Federal Board of Revenue (FBR) imposed 2% Workers Welfare Fund (WWF) for the tax year 2013 and issued a demand for Rs. 25 million. The holding company filed appeal before the Commissioner of Inland Revenue Appeals (CIR-A) who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 54 million.

WWF is a pass through under the PPA and is recoverable from CPPA(G). No provision has been made in these consolidated financial statements as any payment made by the NEL is a pass through item under the PPA.

30.11.4.2 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, the FBR issued demand notices amounting to Rs. 8 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, Islamabad, further appeals were filed with the ATIR, Islamabad which decided the appeals in favour of the holding company. Against ATIR orders, FBR filed appeals in the Honorable High Court of Islamabad (IHC) which are pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 16 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 172 million relating to fiscal years ended June 2008 to 2011. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in favour of the holding company. Against the judgment of the ATIR, the FBR filed a case with the Honorable IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 500 million.

(iii) The FBR passed an order for the recovery of sales tax amounting to Rs. 559 million relating to fiscal year ended June 2012. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against the holding company. Against the decision of the ATIR, the holding company filed appeal with the Honorable IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 1,410 million.

(iv) The FBR issued a Show Cause Notice to recover sales tax amounting to Rs. 353 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by the Honorable IHC / Honorable High Court of Lahore (LHC) in other cases. Against this decision, the FBR filed appeal with the Honorable IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2021 is Rs. 353 million.

(v) The FBR issued a show cause notice to recover sales tax amounting to Rs. 878 million relating to fiscal year ended June 2014. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by the Honorable IHC / the Honorable LHC in other cases. Against this decision, the FBR filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2021 is approximately Rs. 878 million.

(vi) The FBR issued a show cause notice to recover sales tax amounting to Rs. 511 million relating to fiscal year ended June 2016. This is based on FBR's view that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC (Islamabad High Court) which asked the FBR not to pass a final order till next hearing. NEL's maximum exposure as at June 30, 2021 is approximately Rs. 511 million.

(vii) The FBR issued a show cause notice to recover sales tax amounting to Rs. 570 million relating to fiscal year ended June 2017. This is based on FBR's view that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the Honorable IHC which asked the FBR not to pass a final order till next hearing. NEL's maximum exposure as at June 30, 2021 is approximately Rs. 570 million.

(viii) In October 2019, the FBR issued an income tax demand of Rs 75 million relating to fiscal year ended June 2016. This is based on FBR's views that holding company's receipt on account of CPP is liable for minimum tax. The FBR also issued a demand for WWF. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 92 million.

(ix) In December 2019, the FBR issued a demand of Rs. 26 million relating to fiscal year ended June 2016. This is based on FBR's views that during the year the holding company had not deducted tax on payments to supplier. The holding company has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 32 million.

The matter, stated in (ii) to (vii), of claiming excess input tax by IPPs based in Lahore has already been decided by the Honorable Lahore High Court, Lahore in favor of IPPs.

30.11.5 In January 2020, the FBR issued a demand of Rs. 342 million relating to fiscal year ended June 2018. This is based on FBR's views that (a) NEL wrongly claimed the sales tax credit amounting to Rs. 299 million which was the amount transferred from Hubco to NEL under the demerger scheme duly approved by the Honorable High Court of Sindh (SHC) and FBR and (b) NEL wrongly claimed Rs. 43 million input sales tax paid on goods used for production of electrical energy. NEL had filed appeal with the Commissioner Inland Revenue Appeal who, vide his order of May 2020, remanded back the case to FBR with the direction for reassessment of the case based on the instructions of the FBR and the principles laid down by the Honorable Supreme Court of Pakistan. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 362 million.

30.11.6 In February 2021, the FBR issued a demand of Rs. 409 million relating to the periods July 2017 to June 2019. This is based on FBR's views that NEL has claimed input tax on goods and services including O&M services provided by HPSL used for maintaining the capacity of the plant and not for production of electricity. NEL filed appeal with the Commissioner of Inland Revenue Appeals (CIR-A) which is pending adjudication. Meanwhile NEL filed an application with the Honorable SHC which stayed the recovery till disposal of appeal by CIR-A. NEL's maximum exposure as at June 30, 2021 including the principal amount, penalty and default surcharge is approximately Rs. 416 million.

The management and their tax and legal advisors are of the opinion that the position of NEL is sound on technical basis and eventual outcome is expected to be in favour of NEL. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

30.11.7 NEL received a letter from the Power Purchaser stating that NEL did not maintain the requisite fuel stock at Narowal plant as required under the PPA and has therefore incurred lower interest on working capital and therefore Power Purchaser is earmarking an estimated amount of Rs. 857 million out of the Late Payment Interest invoices owed by the Power Purchaser. NEL has contested the claim.

30.11.8 In 2019, an investigation was initiated under the Punjab Environmental Protection Act-1997 against NEL on complaint for violation of environmental law. NEL had denied the allegations and had filed an application under Section 205 of the Code of Criminal Procedure, 1898, for dismissal of the Complaint, which was rejected by the Punjab Environmental Tribunal. However, a Writ Petition was filed in the the Honorable Lahore High Court (LHC) as the management and the legal advisors believed the Order was illegal and had no substantial grounds. The proceedings at the Punjab Environmental Tribunal are automatically adjourned till the case is decided by the Honorable LHC. The management and the legal advisors are of the opinion the eventual outcome will be in favour of NEL and therefore no provision is required to be made in these consolidated financial statements.

30.11.9 During the previous year, the Federal Government constituted a committee for the purpose of negotiating the Power Purchase Agreement (PPA) for IPPs falling under the 2002 Power Policy, including NEL. NEL held extensive rounds of discussions with the Committee and other members of the Federal Government. On August 12, 2020, following detailed negotiations and in the larger national interest, the Parties agreed to alter their existing contractual arrangements and signed a Memorandum of Understanding (MoU) pursuant to which certain tariff components under the PPA were to be revised and some other changes were to be made in the PPA.

In furtherance of the MOU, Central Power Purchasing Agency (Guarantee) Limited (Power Purchaser) and NEL executed an agreement (“Agreement”) on February 11, 2021. Under the Agreement, it was agreed that future O&M savings and heat rate efficiency shall be shared by the Parties. The payment of overdue receivables formed an integral part of the Agreement. On payment of the said receivables, Late Payment Interest (LPI) on future invoices will be lowered to KIBOR + 2.0% for the first sixty (60) days and then shall revert to KIBOR + 4.5% as per the PPA, while ensuring that payments follow the PPA mandated FIFO payment principles for this rate to be effective.

The ROE/ROEDC rate shall be changed from the current rate of 15% in USD to 17% in PKR, with no future USD indexation and the USD equity shall be converted to PKR using exchange rate PKR/USD of 148. However, the current indexation shall continue to be applied until the date the applicable exchange rate under the present Tariff reaches PKR/USD of 168. Further, on full implementation of the Competitive Trading Arrangement, subject to mutual agreement between the Parties, the plant will move to Take & Pay basis. Reconciliation and terms of assessment of alleged savings made by NEL are also part of this Agreement. Settlement of withheld Capacity Payments dispute settled by LCIA pending enforcement before the Honorable Lahore High Court is also part of the Agreement (refer note 30.11.2).

The terms of the Agreement have been approved by the Board of Directors of NEL, holding company, NEPRA and the Federal Cabinet. However, in July 2021, NEL has learned that the Government / CPPA(G) intends to renegotiate the February 11, 2021 Agreement.

30.12 In connection with LEL:

(i) LEL's commitments in respect of capital and revenue expenditures amounted to Rs. 4.93 million (2020: Rs. 22.18 million) and Rs. 294.93 million (2020: Rs. 305.54 million), respectively.

(ii) LEL entered into a land lease agreement with the Government of AJK ("GOAJK") for lease of 424 kanal of land for the project. LEL is obligated to pay Rs. 0.17 million per annum as rental for such land starting from October 09, 2003, the date of the notification issued by the GOAJK, till the end of 30 years term.

LEL also entered into a land lease agreement dated July 30, 2009 with the GOAJK for lease of 7,243 kanal and 13 marlas of land for the project. As per the terms of the lease agreement, LEL had paid advance rental for a term of 5 years after which land measuring 3,237 kanal, required for permanent structures, would be leased again for a further period of 20 years while the remaining land would be reverted to the Government. The process for reverting the excess land and renewal of the lease agreement is in progress. Under AJK Implementation Agreement, the GOAJK has agreed to extend the term of the land lease agreement to match the term of the PPA, at least three years prior to expiry of such term.

Pursuant to the land lease agreement, LEL is obligated to construct a cadet college, for welfare of the affected community, within 5 years after the commercial operations date of the project, the required land will be provided by the GOAJK one year before start of construction of the cadet college. LEL, however, has requested GOAJK for the removal of this obligation under the land lease agreement and the matter is under discussion.

(iii) Certain legal cases in relation to project land leasehold rights / compensation amounting to Rs. 481.99 million (2020: Rs. 481.99 million) are pending in courts. The management, based on the opinion of LEL's legal counsel, is of the view that the ultimate disposition of these cases will not have any material impact on the financial statements of LEL.

(iv) As per terms of the Power Purchase Agreement (PPA), LEL is liable to pay the NTDC Liquidated Damages (LDs) for each KWh of Excess Outage Energy at the rate given in the PPA. During the year ended June 30, 2017, LEL received an invoice of Rs. 214.58 million from the NTDC on account of LDs for the first Agreement Year under the PPA. However, LEL disputed this invoice on the basis that LDs charged by the NTDC are not in accordance with the provisions of the PPA. Accordingly, LEL issued an Invoice Dispute Notice to the NTDC for Rs. 201.15 million. As the parties were not able to amicably resolve this dispute, the matter was referred to Expert Mediation Proceedings in accordance with the provisions of the PPA.

The Expert issued his recommendations to the Parties on October 01, 2020 wherein the Expert concluded that NTDC has rightly claimed LDs in the amount of Rs. 214.58 million and the dispute raised by LEL to the said claim is contractually untenable. The Expert's recommendations are non-binding on the Parties, as stated in the PPA, and LEL did not accept the Expert's recommendations and also challenged the adjustment of Rs. 276.28 million by NTDC as being illegal and contrary to the PPA. Accordingly, LEL has initiated arbitration proceedings in accordance with sections 15.3(h) and 15.4 of the PPA under the Rules of Arbitration of the International Chamber of Commerce (ICC). ICC is in the process of constitution of the arbitral tribunal, including appointment of the Tribunal President.

Further, as per terms of the Construction and Supply Contracts dated June 19, 2009 (the EPC Contracts), LDs, if determined to be payable by LEL, are recoverable from Sambu Construction Co. Limited (the EPC Contractor) and therefore the final settlement of this matter is not expected to result in net cash outflow from LEL. In this regard, LEL has continuously kept the EPC Contractor informed about the status of the dispute resolution procedure viz a viz the liquidated damages dispute with the NTDC, including progress of the Expert Mediation Proceedings, while asserting throughout that it is entitled to recover any loss suffered by it, on this account, from the EPC Contractor.

(v) Pursuant to the terms of the AJK Implementation Agreement, LEL is exclusively liable (a) for all expenditure incurred in connection with environmental liabilities, (b) for fines or other penalties for non-compliance with the laws of AJK or other governmental actions, (c) for maintenance of major project insurances; and (d) to provide security personnel to ensure reasonable security and protection of the site and in unusual circumstances to request the GOAJK for additional security forces against a payment of up to USD 0.10 million (Rs. 15.83 million) in any agreement year.

(vi) LEL's appeal filed before Commissioner Inland Revenue Appeals (CIR-A) against the Order of the Taxation Officer for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank was decided against LEL. The CIR-A while deciding the case against LEL enhanced the original demand of Rs. 13.45 million to Rs. 24.63 million out of which LEL had already paid Rs. 11.39 million in prior years.

LEL's appeal filed before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR-A has also been decided. The ATIR reversed the enhancement of the original demand by the CIR-A by directing that the assessment made by the Taxation Officer shall hold field. LEL has filed reference applications to the Honorable High Court of AJK against the decision of the ATIR insofar decided against LEL, which is pending adjudication. Based on the opinion of LEL's legal counsel, LEL expects a favourable outcome.

(vii) The EPC Contractor’s obligation to indemnify LEL on account of the liquidated damages imposed by NTDC (as mentioned above) arises inter alia under the EPC Contracts as well as under the Settlement Agreement between the Parties, dated January 09, 2015 (Settlement Agreement), wherein it was expressly agreed that the EPC Contractor will pay LEL the liquidated damages for unexcused Forced or Partial Forced Outages, that are imposed by NTDC. Furthermore, to secure its obligations, the EPC Contractor had provided a Bank Guarantee as Performance Security in the amount of USD 600,000/- (the Performance Security) in favour of LEL. The Performance Security was to originally expire on March 22, 2017, however, following correspondence between the Parties after NTDC issued the LD Invoice, and in order to secure its obligations under the EPC Contracts and the Settlement Agreement, including its obligation to make payment of any liquidated damages imposed or recovered by NTDC from LEL, the EPC Contractor agreed to extend the Performance Security from time to time with the Performance Security being valid until September 10, 2021.

However, the EPC Contractor has filed a civil suit before the District Court at Islamabad, seeking to restrain LEL from encashing or demanding enhancement of the Performance Guarantee of USD 600,000 as well as declaratory relief to the effect that the EPC Contractor is not liable to indemnify LEL for LDs imposed/recovered by NTDC for excess outages. The proceedings in the said civil suit have been split up, with one Court hearing the stay application (F.A.O No. 38/2021) filed by the EPC Contractor and the other Court hearing the main suit (in line with recent amendments to the Civil Procedure Code as applicable in the Islamabad Capital Territory). LEL, which is being represented through external counsel, has filed applications/replies in both proceedings.

The Honorable Islamabad High Court announced its judgment in F.A.O No. 38/2021 on July 26, 2021. The appeal filed by Sambu Construction (seeking to restrain Laraib from encashing Sambu's Performance Guarantee) has been dismissed and the case has been decided in favour of LEL. On August 09, 2021 LEL has enchased the Performance Guarantee.

(viii) The dispute in the Arbitration Proceedings arose out of an EPC Contract dated March 12, 2012, entered into between the parties, for the construction of the road bridge over the tailrace channel and approach roads of NBE Power Complex and the substantial delays in the execution and completion of the Project by ASCENT, resulting in the eventual termination of the Contract by LEL and the subsequent hiring of a new contractor for the completion of the remaining works. In this regard, ASCENT , had filed a suit of arbitration award amounting to Rs. 18.51 million plus interest on delayed payment, as may be determined, against LEL in the Court of Civil Judge, Islamabad. During the year ended June 30, 2018, the Civil Judge, decided the case against LEL and the arbitration award was made a rule of the Court. LEL filed an appeal thereagainst before the Honorable Islamabad High Court, which has been decided in the LEL's favour during the year ended June 30, 2019, and the Honorable Islamabad High Court set aside the judgment of the Civil Judge, along with the arbitration award, and appointed a former Chief Justice of Pakistan as the sole arbitrator to adjudicate upon the dispute.

The Arbitrator granted an Award of Rs. 2.115 million in favour of ASCENT vide its decision dated January 22, 2021 (Award). The Award is considered to be a positive outcome for LEL, as only Rs. 2.12 million has been awarded to ASCENT out of its total claim of Rs. 126.45 million.

ASCENT filed an application on February 18, 2021 (the Application) with the Arbitrator, requesting that the Award be filed in Court, however, also stated in its Application that it is not satisfied with the findings made by the Arbitrator and reserves the right to file objections to the said Award. Pursuant to the said Application, the Arbitrator filed the Award in Court on February 25, 2021. Through order dated February 25, 2021 (the Order), the Court registered the Application and issued notice / summons to LEL for the next date of hearing in the matter. On the said date, external counsel appeared on behalf of LEL and filed an application under section 17 of the Arbitration Act, 1940, in the proceedings, for making the Award a Rule of the Court and submitted that LEL has no objections to the Award. The Civil Judge directed that notices be issued to ASCENT and fixed the case on April 22, 2021 for further adjudication. However, ASCENT has now filed objections to making the award a Rule of Court and the case is fixed for September 16, 2021 for filing LEL’s reply to the Claimant’s objections.

The management, based on the opinion of its legal counsel, is of the view that the position of LEL is sound on contractual and legal grounds. Accordingly, provision to the extent of amount of the Award has been made in these consolidated financial statements.

(ix) The Deputy Commissioner Inland Revenue (the DCIR) had issued an order dated June 3, 2015 as a consequence of sales tax audit of LEL and raised a tax demand of Rs. 24.05 million mainly on account of alleged inadmissible adjustment of input tax. LEL filed an application to the Board of Revenue, AJK against the decision of the DCIR for issuance of appropriate orders under section 45A of the Sales Tax Act, 1990 in order to delete the entire demand of Rs. 24.05 million which was rejected by the Board of Revenue, AJK. LEL has challenged the decision of the Board of Revenue, AJK before the Appellate Tribunal (ATIR). The ATIR, vide its order dated August 05, 2021 has dismissed LEL's appeal. LEL is in process of filing appeal at higher legal forums against the decision of the ATIR order.

The Honorable AJK High Court has also dismissed LEL's writ petition against the decision of the AJK CBR regarding rejection of revised sales tax returns on the ground that LEL had already filed an appeal before Appellate Tribunal, which is pending adjudication. The management in consultation with tax consultant is of the view that LEL has a defendable case. Accordingly, no provision for the above referred demand has been made in these consolidated financial statements.

(x) The Assistant Commissioner Inland Revenue (the ACIR) issued an order dated January 08, 2021 as a consequence of sales tax audit of LEL for the period 2014 to 2018 and raised a tax demand of Rs. 161.768 million mainly on account of sales tax imposed for exempt period and inadmissible adjustment of input tax based on apportionment.

LEL has filed appeal to the Commissioner Inland Revenue (Appeals) which has not been heard yet. Based on LEL's tax consultant's opinion, LEL has a defendable case. Accordingly, no provision for the above referred demand has been made in these consolidated financial statements.

The management and legal counsel of LEL are of the opinion that the position of LEL is sound on contractual and legal grounds and the eventual outcome ought to be in favour of LEL.

30.13 In connection with the development and construction of the power plant of TEL:

30.13.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 16,782 million (2020: Rs. 22,728 million).

(i) During the year, the Deputy Commissioner Inland Revenue passed an order under section 161(1) of ITO 2001 relating to tax year 2018 raising demand of Rs. 15 million with respect to default surcharge on late payment of withholding tax. TEL has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication.

(ii) During the year, the Deputy Commissioner Inland Revenue passed an order under section 161(1) of ITO 2001 relating to tax year 2019 raising demand of Rs. 6.7 million with respect to default surcharge on late payment of withholding tax. TEL has filed appeal with the Commissioner Inland Revenue Appeal which is pending adjudication.

TEL, in respect of above mentioned orders, filed application before the High Court of Sindh and stay granted till the decision of the appeal.

No provision has been recognised in these consolidated financial statements against the aforesaid orders as the management considers that the appeals would be decided in favour of TEL.

31. REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amounts incurred during the year for remuneration, including all benefits to the Chief Executives, Directors and Executives of the Group were as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
		Chief Executives	
Managerial remuneration	31.1	210,376	203,923
Bonus		53,668	27,855
Utilities		2,662	2,662
Other benefits		21,111	20,157
Ex-gratia		36,331	-
		324,148	254,597
Number of persons		5	5
		Directors	
Fees	31.2	10,475	6,940
Number of persons		15	15
		Executives	
Managerial remuneration		410,126	468,714
Bonus		102,607	52,511
House rent		156,266	174,560
Utilities		95,521	38,768
Retirement benefits		90,807	100,416
Other benefits		269,799	253,438
		1,125,126	1,088,407
Number of persons		151	157
		Total	
Managerial remuneration / Fees		630,977	679,577
Bonus		156,275	80,366
House rent		156,266	174,560
Utilities		98,183	41,430
Retirement benefits		90,807	100,416
Other benefits		290,910	273,595
Ex-gratia		36,331	-
		1,459,749	1,349,944
Number of persons	31.4	171	177

31.1 Retirement benefits to certain Chief Executives are paid as part of monthly emoluments.

31.2 This represents fee paid to Directors of the Group for attending meetings.

31.3 The Chief Executives and certain Executives are provided with the use of Company maintained automobiles and certain other benefits.

31.4 The number of persons does not include those who resigned during the year but remuneration paid to them is included in the above amounts.

32. SEGMENT INFORMATION

32.1 SEGMENT ANALYSIS

The management has determined the operating segments based on the information that is presented to the Board of Directors of the holding company for allocation of resources and assessment of performance. The Group has three reportable segments; power generation business, which includes the Hub plant, Narowal plant & Laraib plant, operations and maintenance business and investments in CPHGC, TEL, TNPTL, SECMC and Prime.

The unallocated items of profit and loss and assets and liabilities include items which cannot be allocated to a specific segment on a reasonable basis.

	2021							
	Power Generation			Operations and Maintenance	Investments	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant					
	(Rs. '000s)							
Turnover	32,292,268	15,335,138	7,012,237	542,560	-	-	(542,768)	54,639,435
Operating costs	(11,896,844)	(8,444,097)	(1,573,916)	(326,863)	-	-	473,002	(21,768,718)
GROSS PROFIT	20,395,424	6,891,041	5,438,321	215,697	-	-	(69,766)	32,870,717
General and administration expenses	(789,402)	(95,793)	(168,143)	(86,699)	(241,897)	-	2,944	(1,378,990)
Other income	58,536	10,199	(3,344)	30,592	153,363	9,141,894	(8,595,156)	796,084
Other operating expenses	(41,438)	-	-	-	-	(418,132)	(49,220)	(508,790)
PROFIT FROM OPERATIONS	19,623,120	6,805,447	5,266,834	159,590	(88,534)	8,723,762	(8,711,198)	31,779,021
Finance costs	(1,772,475)	(935,230)	(609,868)	(1,647)	(4,583,500)	(5,413)	567,415	(7,340,718)
Share of profit from associates	-	-	-	-	15,500,581	-	-	15,500,581
PROFIT BEFORE TAXATION	17,850,645	5,870,217	4,656,966	157,943	10,828,547	8,718,349	(8,143,783)	39,938,884
Taxation	(1,317)	(886)	(9,355)	(46,627)	(3,910,475)	(1,139,888)	-	(5,108,548)
PROFIT FOR THE YEAR	17,849,328	5,869,331	4,647,611	111,316	6,918,072	7,578,461	(8,143,783)	34,830,336
Assets	102,558,582	40,528,932	26,090,757	593,482	115,062,214	54,911,022	(61,497,021)	278,247,968
Liabilities	69,750,478	11,699,438	9,585,590	391,497	81,676,989	599,245	(5,121,438)	168,581,799
Depreciation and amortisation	1,923,419	1,012,282	933,858	13,673	23,065	22,654	38,762	3,967,713
Capital expenditure	28,824	60,687	58,225	2,134	1,616,799	-	(1,433,096)	333,573

	2020							
	Power Generation			Operations and Maintenance	Investments	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant					
	(Rs. '000s)							
Turnover	27,523,565	13,838,056	6,959,714	1,496,030	-	-	(1,496,030)	48,321,335
Operating costs	(9,630,271)	(6,942,524)	(1,754,322)	(923,553)	-	-	1,419,741	(17,830,929)
GROSS PROFIT	17,893,294	6,895,532	5,205,392	572,477	-	-	(76,289)	30,490,406
General and administration expenses	(756,542)	(94,686)	(154,687)	(185,139)	(317,185)	-	8,449	(1,499,790)
Other income	67,515	4,941	72,676	30,200	244,645	3,094,684	(3,104,372)	410,289
Other operating expenses	-	(21,969)	(4,644)	-	-	(154,734)	-	(181,347)
PROFIT FROM OPERATIONS	17,204,267	6,783,818	5,118,737	417,538	(72,540)	2,939,950	(3,172,212)	29,219,558
Finance costs	(3,370,356)	(2,002,187)	(987,069)	(610)	(6,161,040)	(126,978)	743,085	(11,905,155)
Share of profit from associates	-	-	-	-	13,700,361	-	-	13,700,361
Loss on shares to be transferred to GoB	-	-	-	-	(1,009,029)	-	-	(1,009,029)
PROFIT BEFORE TAXATION	13,833,911	4,781,631	4,131,668	416,928	6,457,752	2,812,972	(2,429,127)	30,005,735
Taxation	-	(1,431)	(9,200)	(136,895)	(3,215,126)	(582,213)	-	(3,944,865)
PROFIT FOR THE YEAR	13,833,911	4,780,200	4,122,468	280,033	3,242,626	2,230,759	(2,429,127)	26,060,870
Assets	107,841,625	36,773,400	25,769,571	320,180	89,916,313	54,135,232	(54,367,915)	260,388,406
Liabilities	86,805,155	13,813,237	12,125,994	171,311	64,035,965	1,056,741	(1,551,339)	176,457,064
Depreciation and amortisation	1,953,489	1,005,762	1,149,592	15,428	25,148	13,964	39,039	4,202,422
Capital expenditure	80,156	36,536	34,146	35,120	5,445,934	-	(1,755,663)	3,876,229

32.2 The customers of the Group are CPPA-G and NTDC (Power Purchasers) under the long term PPAs of the respective power plants. The obligations of Power Purchasers are guaranteed by the GOP under the IAs of the respective power plants.

33. RELATED PARTY TRANSACTIONS

Related parties comprise of associates, retirement benefit funds, directors and key management personnel. Significant transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements are as follows:

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
Associates			
Investment in CPHGC		-	3,097,346
Services rendered to CPHGC		60,612	3,956
Income under shared facilities agreements - net		27,212	3,176
Amount received against services rendered to TNPTL		1,469,641	140,000
Services rendered to TNPTL	33.2	1,017,170	170,452
Reimbursable expenses incurred on behalf of TNPTL		236,909	187,786
Receipt against reimbursement of expenses from TNPTL		283,810	47,634
Other related parties			
Proceeds from disposal of assets	33.3	10,074	2,445
Remuneration to key management personnel			
Salaries, benefits and other allowances		379,933	335,288
Retirement benefits		10,617	17,391
		390,550	352,679
Directors' fee	31.2	10,475	6,940
Contribution to staff retirement benefit plans		112,582	195,552
Dividend paid to NCI - Coate & Co. Private Limited		341,230	204,297

33.1 Transactions with Key Management Personnel (KMP) are carried out under the terms of their employment. KMP are also provided with the use of Company maintained automobiles and certain other benefits.

33.2 The holding company has entered into services agreements with TNPTL (an associate company). In accordance with the terms of the agreements, the holding company provides assistance to TNPTL in performance of its obligations under relevant project agreements including Power Purchase Agreement, Coal Supply Agreement, Water Use Agreement, Implementation Agreement, EPC Contracts and O&M Agreement.

33.3 This represents proceeds from disposal of assets having written down value of Rs. 2.67 million (2020: Rs. Nil) to key management personnel.

33.4 The transactions with related parties are made under mutually agreed terms and conditions.

33.5 The Group provided loans of Rs. Nil (2020: Rs. 4.49 million) to key management personnel which are recoverable in 12 equal monthly installments in accordance with the Group policy. As at reporting date, outstanding balance is Rs. Nil (2020: Rs. 1.5 million).

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

34. RELATED PARTIES AND ASSOCIATED COMPANIES / UNDERTAKINGS

Following are the details of related parties and associated companies / undertakings with whom the Group had entered into transactions or had arrangements in place during the year, in accordance with the Companies Act, 2017:

Particulars	Relationship	% equity interest
ThalNova Power Thar (Private) Limited	Associate	38.3%
China Power Hub Generation Company (Private) Limited	Associate	47.5%
Prime International Oil & Gas Company Limited	Joint Venture	50%
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
Pakistan State Oil Company Limited	Interested Persons	-
Bank Al-Habib Limited	Interested Persons	-
Meezan Bank Limited	Interested Persons	-
Habib Bank Limited	Interested Persons	-
Habib Metropolitan Bank Limited	Interested Persons	-
Standard Chartered Bank Limited	Interested Persons	-
United Bank Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
Adamjee Insurance Company Limited	Interested Persons	-
Mr. Khalid Mansoor (Resigned w.e.f. June 30, 2021)	Chief Executive / Director	-
Mr. Ruhail Mohammed	Chief Executive	-
Mr. Tahir Jawaid (Resigned w.e.f. June 30, 2021)	Chief Executive	-
Mr. Kamran Kamal	Chief Executive	-
Mr. Saleemullah Memon	Chief Executive	-
Mr. Abdul Nasir	Key Management Personnel	-
Mr. Sohail Kassamali (Appointed w.e.f. September 09, 2020)	Key Management Personnel	-
Mr. Shaharyar Nashat (Resigned w.e.f. September 08, 2020)	Key Management Personnel	-
Mr. Asim Rafat Khan	Key Management Personnel	-
Ms. Fatima Maryam	Key Management Personnel	-
Mr. Danyaal Jamal	Key Management Personnel	-
Mr. Farhan Naqvi	Key Management Personnel	-
Ms. Rabia Sattar	Key Management Personnel	-
Mr. Fayyaz Ahmad Bhatti	Key Management Personnel	-
Ms. Saniya Saeed	Key Management Personnel	-
Mr. Javed Akbar	Director	-
Mr. Nadeem Inayat	Director	-
Mr. Iqbal Alimohamed	Director	-
Mr. Owais Shahid	Director	-
Mr. Muhammad Ejaz Sanjrani	Director	-
Mr. Manzoor Ahmed	Director	-
Syed Mohammad Ali	Director	-
Mr. Saad Iqbal	Director	-

Particulars	Relationship	% equity interest
Mr. Aly Khan	Director	-
Mr. Nazoor Baig	Director	-
Lt Gen Tariq Khan	Director	-
Mr. Mohammad Munir Malik	Director	-
Mr. Ahmad Muazzam	Director	-
Mr. Omar Khalid Faizi	Director	-
Mr. Abdul Wahab Abbasi	Director	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Employees' Provident Fund	Retirement benefit fund	-
Hub Power Services Limited - Staff Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Staff Pension Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Gratuity Fund	Retirement benefit fund	-
Thar Energy Limited Employees Provident Fund	Retirement benefit fund	-
Thar Energy Limited Employees Gratuity Fund	Retirement benefit fund	-

35. PROVIDENT FUND TRUSTS

Contribution to defined contribution plan of the holding company, TEL and HPSL, of members who consented, was transferred to Meezan Tahaffuz Pension Fund (MTPF) / UBL Fund Managers, the voluntary pension system (VPS) with the consent of all members of provident funds, as allowed under clause (aa) of sub-rule (1) of Rule 103 of the Income Tax Rules, 2002.

36. PLANT CAPACITY AND PRODUCTION

HUB PLANT	2021	2020
Theoretical Maximum Output	10,512 GWh	10,541 GWh
Total Output	188 GWh	36 GWh
Load Factor	1.79%	0.34%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,794 GWh (2020: 9,886 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

NAROWAL PLANT	2021	2020
Theoretical Maximum Output	1,873 GWh	1,878 GWh
Total Output	496 GWh	338 GWh
Load Factor	26%	18%

Practical maximum output for the power plant, taking into account all the scheduled outages is 1,829 GWh (June 2020: 1,860 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

LARAIB PLANT

	2021	2020
Theoretical Maximum Output	736 GWh	736 GWh
Total Output	465 GWh	384 GWh
Load Factor	63.23%	52.17%

Output produced by the plant is dependent on available hydrology and the plant availability.

	Note	2021 (Rs. '000s)	2020 (Rs. '000s)
37. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and consumables		22,839	54,415
Stock-in-trade		2,701,204	(854,354)
Trade debts		(2,286,822)	(14,425,765)
Loans and advances		(26,004)	5,812
Deposits, prepayments and other receivables		(483,842)	(1,442,475)
		(72,625)	(16,662,367)
Decrease in current liabilities			
Trade and other payables		(15,822,880)	(1,350,398)
		(15,895,505)	(18,012,765)
38. CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	6,348,860	6,537,425
Short term borrowings	29	(33,900,797)	(38,861,671)
		(27,551,937)	(32,324,246)

39. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY

39.1 Basic

	2021	2020
Profit for the year (Rupees in thousands)	33,688,086	25,044,209
Weighted average number of ordinary shares outstanding during the year	1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)	25.97	19.31

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders of the holding company by the weighted average number of ordinary shares outstanding during the year.

39.2 There is no dilutive effect on the earnings per share of the holding company.

40. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks namely market risk (including price risk, currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The overall risk management of the Group is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Group.

The Group's overall risk management procedures to minimize the potential adverse effects of these risks on the Group's performance are as follows:

(a) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of holdings of financial instruments. The Group is not exposed to equity price risk. The exposure to other two risks and their management is explained below:

(i) Foreign exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Financial assets of the Group include Rs. 1,447 million (2020: Rs. 2,192 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 34,100 million (2020: Rs. 29,103 million) in foreign currencies which are subject to currency risk exposure. LEL is covered under the PPA to recover the forex loss on loans under the tariff.

The Group believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow and fair value interest rate risks

The Group's exposure to the risk of changes in interest rates relates primarily to the following:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	5,026,222	6,535,050
Financial liabilities		
Long term loans	666,394	451,742

	2021 (Rs. '000s)	2020 (Rs. '000s)
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	64,399,766	58,093,538
Other receivables	11,388	42,407
	64,411,154	58,135,945
Financial liabilities		
Long term loans	53,415,323	51,538,658
Long term lease liabilities	2,247,054	2,981,364
Trade and other payables	13,317,055	23,332,277
Short term borrowings	33,900,797	38,861,671
	102,880,229	116,713,970

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest / mark-up would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Owing to cash flow difficulties and delays in payment by CPPA(G) and NTDC, the holding company has delayed payments to PSO. The holding company, NEL and LEL have also obtained short term borrowings to meet their short term funding requirements. The holding company, NEL and LEL receive interest on delayed payments from CPPA-G and NTDC at variable rate provided under the relevant PPAs and pay interest on delayed payments to PSO at variable rate provided under the FSA. The rates on all these financial instruments are almost similar and move in the same direction, therefore, any change in the variable rate does not significantly affect the statement of profit or loss.

In order to finance investments in CPHGC (via HPHL), TNPTL (via HPHL), TEL and SECMC the holding company entered into long term financing arrangements (refer note 24). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in KIBOR. As at June 30, 2021, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 303 million (2020: Rs. 292 million).

NEL has entered into syndicated term finance facility (refer note 24.4.2). NEL has to manage the related finance cost from its own sources which expose NEL to the risk of change in 3 month KIBOR. As at June 30, 2021, if interest rate on the NEL's borrowings was 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 25 million (2020: Rs. 25 million).

LEL has entered into long-term loans / finance facilities with various lenders / financial institutions, which exposes it to the risk of change in six month LIBOR and six month KIBOR. However, the risk is substantially mitigated as LEL is covered under the PPA to recover any interest rate risk under the tariff.

In order to finance investment in TNPTL, HPHL entered into long term financing arrangement (refer note 24.6). HPHL has to manage the related finance cost from its own sources which exposes HPHL to the risk of change in KIBOR. As at June 30, 2021, if interest rate on HPHL's borrowings were 1% higher / lower with all other variables held constant, the profit for the year would have been lower / higher by Rs. 24 million (2020: Rs. 15 million).

The impact of change in KIBOR will have no impact on the interest expense of long term Sukuk certificates (refer note 24.8) issued by HPHL during the year as the profit rate is fixed for the first two years of the issue, ending on December 2022.

Since the impact of interest rate exposure is not significant to the Group, the management believes that consideration of alternative arrangement to hedge interest rate exposure is not cost effective.

(b) Credit risk

Credit risk is 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 Group's exposure to credit risk is not significant for reasons provided below.

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

	2021 (Rs. '000s)	2020 (Rs. '000s)
Deposits	30,102	31,087
Trade debts	101,987,067	99,700,245
Loans and other receivables	3,698,295	2,977,136
Bank balances	5,139,721	6,535,050
Total	110,855,185	109,243,518

Trade debts are recoverable from CPPA(G) / NTDC under the PPAs and are secured by guarantees from GOP under the IAs. Further, the significant amounts of other receivables are also recoverable from CPPA(G) / NTDC and are secured under IAs.

	Ratings		
Banks / Financial Institutions	**Rating agency**	**Short term**	**Long term**
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Al-Barka Bank (Pakistan) Limited	VIS	A-1	A+

	Ratings		
Banks / Financial Institutions	**Rating agency**	**Short term**	**Long term**
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
CitiBank, N.A.	Moody's	P-1	AA3
Faysal Bank Limited	VIS	A-1+	AA
Habib Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Pak Brunei Investment Company Limited	VIS	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	VIS	A-1+	AAA
Standard Chartered Bank (Hong Kong) Limited	Moody's	P1	A1
Shariah Compliant			
Meezan Bank Limited	VIS	A-1+	AAA
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA
Faysal Bank Limited	PACRA	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
BankIslami Pakistan Limited	PACRA	A-1	A+

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient funds to meet its liabilities when due without incurring unacceptable losses.

The Group maintains running finance facilities (refer note 29) to meet the short term funding requirements due to delay in payments by CPPA(G) / NTDC. The delay in payments by CPPA(G) is mainly offset by the delay in payments to PSO or by borrowing from running finance facilities.

The Group is exposed to liquidity risk because of the following:

(i) Delay in payment from Power Purchaser (CPPA(G) / NTDC);

(ii) long term loans obtained for funding in TEL / CPHGC / TNPTL / SECMC (refer note 24.3) may not be sufficient to meet their respective equity requirement;

(iii) the cashflows from NEL operations may not be sufficient to meet the funding requirements for long term loan (refer note 24.4.2); and

(iv) repayment / non-availability of short term borrowings (refer note 29).

The Group manages liquidity risk from its own sources and other alternative means.

Following are the contractual maturities of financial liabilities, including estimated interest payments, if any:

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rs. '000s)				
2020-21					
Long term loans	4,174,545	7,012,979	50,288,915	6,417,622	67,894,061
Long term lease liabilities	353,937	322,410	1,835,463	154,577	2,666,387
Trade and other payables	62,239,566	-	-	-	62,239,566
Unclaimed dividend	227,729	-	-	-	227,729
Unpaid dividend	272,680	-	-	-	272,680
Short term borrowings	34,453,688	-	-	-	34,453,688
Total	101,722,145	7,335,389	52,124,378	6,572,199	167,754,111

	Less than 6 months	Between 6 to 12 months	Between 1 to 5 years	Between 5 to 10 years	Total
	(Rs. '000s)				
2019-20					
Long term loans	5,841,676	3,697,314	51,403,663	12,086,790	73,029,443
Long term lease liabilities	419,269	372,838	2,693,830	197,480	3,683,417
Trade and other payables	72,192,134	-	-	-	72,192,134
Unclaimed dividend	207,797	-	-	-	207,797
Unpaid dividend	182,662	-	-	-	182,662
Short term borrowings	39,600,307	-	-	-	39,600,307
Total	118,443,845	4,070,152	54,097,493	12,284,270	188,895,760

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying amount of the financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Fair value of financial instruments

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale.

The fair value of investment in SECMC (unquoted shares) have been estimated using a valuation model. The valuation requires management to make certain assumptions about the model inputs, including forecasted dividends, the discount rate and market risk. The probabilities of the various estimates within the range are assessed and are used in management's estimate in order to determine the fair value of investment in SECMC. The fair value as at June 30, 2021, has been determined Rs. 2,538 million (2020: Rs. 2,544 million) resulting in unrealized loss of Rs. 129 million (2020: unrealized gain of Rs. 228 million).

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 - Inputs from the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	---------- Rs. 000'			----------
June 2021				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	2,537,684	2,537,684
June 2020				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	2,544,436	2,544,436

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, as required under various project agreements, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2021 (Rs. '000s)	2020 (Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	2,537,684	2,544,436
Financial assets - at amortised cost		
Deposits	30,102	31,087
Trade debts	101,987,067	99,700,245
Loans and other receivables	3,698,295	2,977,136
Cash and bank balances	6,348,860	6,537,425
Total	112,064,324	109,245,893
Financial Liabilities - at amortised cost		
Long term loans	53,415,323	51,990,400
Liabilities against assets subject to finance lease	2,273,820	2,981,364
Trade and other payables	62,239,566	72,192,134
Unclaimed dividend	227,729	207,797
Unpaid dividend	272,680	182,662
Short term borrowings	33,900,797	38,861,671
Total	152,329,915	166,416,028

42. INITIAL APPLICATION / WAIVER FROM APPLICATION OF STANDARDS AND INTERPRETATIONS

42.1 Revised and amended standards and interpretation that are not yet effective and not adopted in 2021

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendments:

Amendments to standards	Effective date (annual periods beginning on or after)
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IAS 16 - Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 1 - Presentation on Financial Statements (Amendments)	January 1, 2023

The above amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards or Interpretations	Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 1, 2018
IFRS 17 - Insurance Contracts	January 1, 2023

42.2 Waiver from application of standards and interpretations

IFRS - 16 "Leases"

The SECP through S.R.O. 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The holding company and NEL's lease arrangement with CPPA(G) for the project sites i.e. Complex are also covered under respective PPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 'Leases', the consideration required to be made by lessees for the right to use the asset would have been accounted for as finance lease.

IFRS - 9 "Financial instruments"

On September 02, 2019, SECP exempted the application of Expected Credit Loss model under IFRS – 9 in respect of financial assets due from Government of Pakistan, through S.R.O. 985 (I)/2019 for a limited period of three years upto June 30, 2021. Accordingly, the Group has applied the requirements of IAS – 39 in these consolidated financial statements with respect to calculation of impairment loss in respect of such financial assets.

During the year, the holding company has applied to the SECP to further extend the application of Expected Credit model under IFRS-9 for IPPs. In case this exemption is not extended by the SECP, the requirements of IFRS 9 with respect to the ECL shall be applicable from July 1, 2021 which will result in decrease in Group unappropriated profit and trade debts amounting to approximately Rs. 2,695 million on July 1, 2021.

IFRIC - 12 “Service Concession Arrangements”

The Group has not applied IFRIC Interpretation 12 ‘Service Concession Arrangements' (IFRIC 12) in preparation of these consolidated financial statements. The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 24/(I)/2012 dated January 16, 2012 has granted waiver in respect of application of IFRIC 12 to all companies including Power Sector Companies.

Under IFRIC 12, the infrastructure is not recognised as property, plant and equipment rather a financial asset is recognised to the extent the Group has an unconditional contractual right to receive cash irrespective of the usage of infrastructure. The revenue and costs relating to construction of infrastructure or upgrade services and operation services are recognised in accordance with IFRS 15 'Revenue from Contracts with Customers'. Any contractual obligation to maintain or restore infrastructure, except for upgrade services, is recognised in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'.

43. SHARIAH COMPLIANCE DISCLOSURE

	2021			2020		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	(Rs. '000s)			(Rs. '000s)		
Turnover						
Revenue	8,011,503	48,394,205	56,405,708	8,243,831	41,072,534	49,316,365
Other income						
Interest income	220,098	-	220,098	350,250	-	350,250
Income from other services	-	548,774	548,774	-	12,899	12,899
Finance cost						
Long term loans	1,877,628	1,831,778	3,709,406	3,513,148	1,898,774	5,411,922
Short term borrowings	2,186,193	788,140	2,974,333	3,975,676	1,737,602	5,713,278
Other finance cost	594,957	62,022	656,979	747,039	32,916	779,955
Assets						
Bank balances	5,139,721	-	5,139,721	6,535,050	-	6,535,050
Liabilities						
Long term loans	29,319,366	24,762,351	54,081,717	34,684,773	17,305,627	51,990,400
Accrued Mark-up	866,828	353,075	1,219,903	1,246,075	451,636	1,697,711
Short term borrowings	24,261,376	9,639,421	33,900,797	29,840,655	9,021,016	38,861,671

Exchange gain earned during the year was Rs. Nil (2020: Rs. 25 million).

44. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 744 (2020: 686) and the average number of persons employed during the year were 713 (2020: 660).

45. ADDITIONAL DISCLOSURE

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, the Group's operations and financial results have not been materially impacted, since all the revenue is receivable from CPPA(G) / NTDC (see note 19.1). In future also, the Group does not foresee any significant adverse impact on its operations and financial results, except for delay in COD of TEL/TNPTL as explained in note 1 and note 15.2.

46. REPRESENTATION / RECLASSIFICATION

Certain prior year figures have been represented / re-classified to reflect a more appropriate presentation of events and transactions for the purpose of consistency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

47. SUBSEQUENT EVENT

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2021 of Rs. 5.00 per share, amounting to Rs. 6,485.772 million, at their meeting held on August 30, 2021 for approval of the members at the Annual General Meeting to be held on October 05, 2021. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

48. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 30, 2021 in accordance with the resolution of the Board of Directors.

49. GENERAL

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

M. Habibullah Khan	Kamran Kamal	Abdul Nasir
Chairman	Chief Executive	Chief Financial Officer

SHAREHOLDER'S INFORMATION

For the Year Ended June 30, 2021

PATTERN OF **SHAREHOLDING**

As at June 30, 2021

Number of Shareholders	Number of Shares From	To	Number of Shares Held
1,088	1	100	56,178
5,271	101	500	2,428,808
2,129	501	1,000	1,777,262
3,528	1,001	5,000	9,479,712
1,334	5,001	10,000	9,960,542
648	10,001	15,000	8,171,621
401	15,001	20,000	7,204,839
287	20,001	25,000	6,638,136
180	25,001	30,000	5,060,115
160	30,001	35,000	5,263,779
105	35,001	40,000	4,004,856
74	40,001	45,000	3,190,559
124	45,001	50,000	6,047,097
71	50,001	55,000	3,735,744
76	55,001	60,000	4,380,551
37	60,001	65,000	2,312,754
52	65,001	70,000	3,532,925
36	70,001	75,000	2,646,119
31	75,001	80,000	2,417,079
29	80,001	85,000	2,410,353
26	85,001	90,000	2,291,265
16	90,001	95,000	1,478,825
70	95,001	100,000	6,938,873
20	100,001	105,000	2,047,343
14	105,001	110,000	1,508,049
34	110,001	115,000	3,825,785
14	115,001	120,000	1,652,526
11	120,001	125,000	1,351,311
13	125,001	130,000	1,665,417
11	130,001	135,000	1,462,710
10	135,001	140,000	1,374,081
10	140,001	145,000	1,420,829
15	145,001	150,000	2,224,591
11	150,001	155,000	1,677,200
9	155,001	160,000	1,428,796
7	160,001	165,000	1,136,047
11	165,001	170,000	1,848,163
6	170,001	175,000	1,048,000
10	175,001	180,000	1,776,746
10	180,001	185,000	1,823,879
6	185,001	190,000	1,127,374

Number of Shareholders	Number of Shares From	To	Number of Shares Held
5	190,001	195,000	967,231
29	195,001	200,000	5,796,111
8	200,001	205,000	1,625,055
4	205,001	210,000	829,653
11	210,001	215,000	2,339,989
5	215,001	220,000	1,090,684
6	220,001	225,000	1,341,431
5	225,001	230,000	1,149,302
2	230,001	235,000	462,808
8	235,001	240,000	1,902,678
7	240,001	245,000	1,700,477
9	245,001	250,000	2,247,173
4	250,001	255,000	1,010,414
6	255,001	260,000	1,548,395
4	260,001	265,000	1,047,913
5	265,001	270,000	1,350,000
5	270,001	275,000	1,369,519
1	275,001	280,000	277,140
3	280,001	285,000	848,024
6	290,001	295,000	1,756,272
9	295,001	300,000	2,694,500
2	305,001	310,000	613,841
5	310,001	315,000	1,558,099
2	315,001	320,000	636,753
4	320,001	325,000	1,289,550
3	325,001	330,000	977,848
1	330,001	335,000	333,565
7	335,001	340,000	2,364,544
1	340,001	345,000	340,002
9	345,001	350,000	3,147,505
2	350,001	355,000	709,069
4	355,001	360,000	1,431,332
2	360,001	365,000	724,537
2	365,001	370,000	737,975
2	370,001	375,000	746,000
3	375,001	380,000	1,133,389
1	380,001	385,000	384,498
1	385,001	390,000	386,740
1	390,001	395,000	394,000
8	395,001	400,000	3,200,000
1	400,001	405,000	402,425

PATTERN OF **SHAREHOLDING**

As at June 30, 2021

Number of Shareholders	Number of Shares From	To	Number of Shares Held
3	405,001	410,000	1,226,852
1	410,001	415,000	410,669
1	415,001	420,000	415,689
2	420,001	425,000	848,592
3	425,001	430,000	1,285,974
4	430,001	435,000	1,732,031
1	435,001	440,000	435,458
1	440,001	445,000	443,000
5	445,001	450,000	2,241,288
1	450,001	455,000	454,200
1	455,001	460,000	456,000
3	460,001	465,000	1,388,385
2	465,001	470,000	937,131
3	470,001	475,000	1,420,720
1	475,001	480,000	480,000
1	480,001	485,000	485,000
1	485,001	490,000	489,086
5	495,001	500,000	2,495,815
2	500,001	505,000	1,006,003
1	505,001	510,000	508,871
3	525,001	530,000	1,586,444
1	530,001	535,000	530,054
1	540,001	545,000	542,816
4	545,001	550,000	2,193,268
2	550,001	555,000	1,104,958
4	560,001	565,000	2,244,480
2	570,001	575,000	1,147,440
1	590,001	595,000	594,000
5	595,001	600,000	3,000,000
1	605,001	610,000	605,909
1	610,001	615,000	614,790
1	615,001	620,000	619,900
1	620,001	625,000	620,079
1	635,001	640,000	637,300
2	645,001	650,000	1,297,000
3	650,001	655,000	1,960,998
2	660,001	665,000	1,326,415
2	670,001	675,000	1,347,591
1	675,001	680,000	677,461
1	685,001	690,000	687,000
1	690,001	695,000	691,121

Number of Shareholders	Number of Shares From	To	Number of Shares Held
3	695,001	700,000	2,100,000
2	715,001	720,000	1,434,012
2	720,001	725,000	1,448,897
1	725,001	730,000	725,278
1	735,001	740,000	739,641
1	740,001	745,000	742,350
2	745,001	750,000	1,498,394
3	770,001	775,000	2,315,479
1	795,001	800,000	800,000
1	800,001	805,000	800,091
1	805,001	810,000	810,000
2	810,001	815,000	1,625,617
2	815,001	820,000	1,634,856
1	820,001	825,000	823,085
1	840,001	845,000	840,739
1	855,001	860,000	857,362
1	860,001	865,000	863,692
1	915,001	920,000	918,200
1	925,001	930,000	926,000
1	940,001	945,000	941,792
2	945,001	950,000	1,900,000
1	965,001	970,000	967,150
1	970,001	975,000	973,709
1	975,001	980,000	979,742
2	980,001	985,000	1,962,769
2	995,001	1,000,000	2,000,000
1	1,020,001	1,025,000	1,023,000
1	1,025,001	1,030,000	1,025,714
2	1,040,001	1,045,000	2,081,761
1	1,085,001	1,090,000	1,085,398
1	1,095,001	1,100,000	1,096,885
1	1,100,001	1,105,000	1,103,643
2	1,120,001	1,125,000	2,242,986
1	1,170,001	1,175,000	1,171,579
1	1,175,001	1,180,000	1,175,140
1	1,195,001	1,200,000	1,200,000
1	1,220,001	1,225,000	1,223,727
2	1,250,001	1,255,000	2,504,506
1	1,255,001	1,260,000	1,256,405
1	1,280,001	1,285,000	1,282,013
1	1,285,001	1,290,000	1,288,826

PATTERN OF **SHAREHOLDING**

As at June 30, 2021

Number of Shareholders	Number of Shares From	To	Number of Shares Held
1	1,290,001	1,295,000	1,294,739
1	1,300,001	1,305,000	1,300,529
1	1,310,001	1,315,000	1,314,110
1	1,315,001	1,320,000	1,320,000
1	1,320,001	1,325,000	1,320,773
1	1,340,001	1,345,000	1,342,506
1	1,410,001	1,415,000	1,414,900
1	1,440,001	1,445,000	1,441,252
1	1,450,001	1,455,000	1,453,813
1	1,470,001	1,475,000	1,474,478
1	1,490,001	1,495,000	1,493,870
1	1,545,001	1,550,000	1,549,000
2	1,605,001	1,610,000	3,215,882
2	1,610,001	1,615,000	3,230,000
1	1,680,001	1,685,000	1,682,060
1	1,695,001	1,700,000	1,700,000
1	1,705,001	1,710,000	1,709,836
2	1,720,001	1,725,000	3,448,714
1	1,745,001	1,750,000	1,748,441
1	1,750,001	1,755,000	1,751,700
2	1,755,001	1,760,000	3,514,021
1	1,760,001	1,765,000	1,762,690
1	1,775,001	1,780,000	1,780,000
1	1,800,001	1,805,000	1,801,316
1	1,805,001	1,810,000	1,806,993
1	1,845,001	1,850,000	1,850,000
1	1,885,001	1,890,000	1,887,380
1	1,910,001	1,915,000	1,910,721
1	1,945,001	1,950,000	1,950,000
2	1,995,001	2,000,000	4,000,000
1	2,005,001	2,010,000	2,008,944
1	2,125,001	2,130,000	2,129,500
1	2,160,001	2,165,000	2,161,261
1	2,175,001	2,180,000	2,179,735
1	2,220,001	2,225,000	2,224,543
1	2,240,001	2,245,000	2,241,972
1	2,250,001	2,255,000	2,250,800
1	2,565,001	2,570,000	2,569,540
2	2,570,001	2,575,000	5,149,688
2	2,610,001	2,615,000	5,225,749
1	2,635,001	2,640,000	2,636,859

Number of Shareholders	Number of Shares From	To	Number of Shares Held
1	2,660,001	2,665,000	2,660,027
1	2,705,001	2,710,000	2,707,384
1	2,790,001	2,795,000	2,793,236
1	2,965,001	2,970,000	2,967,731
1	2,975,001	2,980,000	2,979,371
1	3,050,001	3,055,000	3,052,916
1	3,110,001	3,115,000	3,111,000
1	3,145,001	3,150,000	3,149,085
1	3,150,001	3,155,000	3,151,540
1	3,200,001	3,205,000	3,202,367
1	3,325,001	3,330,000	3,327,500
1	3,465,001	3,470,000	3,469,154
2	3,495,001	3,500,000	7,000,000
1	3,535,001	3,540,000	3,535,650
1	3,700,001	3,705,000	3,702,976
1	3,815,001	3,820,000	3,816,455
1	3,845,001	3,850,000	3,847,350
1	4,230,001	4,235,000	4,233,480
1	4,365,001	4,370,000	4,366,353
1	4,485,001	4,490,000	4,487,818
1	4,600,001	4,605,000	4,600,584
1	4,620,001	4,625,000	4,621,000
1	4,750,001	4,755,000	4,753,950
1	4,795,001	4,800,000	4,796,500
1	4,800,001	4,805,000	4,800,063
1	4,915,001	4,920,000	4,915,812
1	4,935,001	4,940,000	4,938,431
1	5,040,001	5,045,000	5,044,473
1	5,075,001	5,080,000	5,077,026
1	5,145,001	5,150,000	5,148,540
1	5,325,001	5,330,000	5,329,626
1	5,770,001	5,775,000	5,770,149
1	6,300,001	6,305,000	6,304,308
1	7,215,001	7,220,000	7,220,000
1	7,710,001	7,715,000	7,714,820
1	7,740,001	7,745,000	7,742,529
1	7,835,001	7,840,000	7,840,000
1	8,535,001	8,540,000	8,538,954
1	8,590,001	8,595,000	8,591,708
1	8,660,001	8,665,000	8,660,143
1	9,145,001	9,150,000	9,147,080

PATTERN OF **SHAREHOLDING**

As at June 30, 2021

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
1	10,140,001	10,145,000	10,140,341
1	10,995,001	11,000,000	10,999,816
1	12,135,001	12,140,000	12,138,839
1	12,530,001	12,535,000	12,532,450
1	13,175,001	13,180,000	13,178,273
1	14,190,001	14,195,000	14,191,423
1	15,230,001	15,235,000	15,230,850
1	15,690,001	15,695,000	15,691,465
1	19,095,001	19,100,000	19,100,000
1	21,565,001	21,570,000	21,567,753
1	28,210,001	28,215,000	28,213,975
1	29,250,001	29,255,000	29,250,363
1	30,505,001	30,510,000	30,508,325
1	46,675,001	46,680,000	46,676,300
1	52,185,001	52,190,000	52,185,586
1	57,185,001	57,190,000	57,186,669
1	110,290,001	110,295,000	110,294,985
1	224,425,001	224,430,000	224,428,064
16,444			**1,297,154,387**

CATEGORIES OF **SHAREHOLDING**

As at June 30, 2021

Sr. No.	Categories	No. of Shareholders	No. of Shares Held	Percentage
1	**Individuals**			
	Local	15,299	253,180,737	19.52%
	Foreign	342	1,664,292	0.13%
2	Joint Stock Companies	230	49,023,437	3.77%
3	Financial Institutions	69	196,509,543	15.15%
4	Investment Companies	30	20,771,348	1.60%
5	Insurance Companies	27	138,947,445	10.71%
6	Associated Companies	8	260,339,502	20.07%
7	Directors	10	652,943	0.05%
8	Executives	42	296,110	0.02%
9	Nit & ICP	-	-	-
10	Modaraba/Mutual Fund & Leasing Companies	112	147,137,057	11.34%
	OTHERS			
	Others - Government of Balochistan	1	358,607	0.03%
	Others - GDR Depository	1	10,140,341	0.78%
	Others - Charitable Trusts	52	131,016,585	10.10%
	Others - Cooperative Societies	12	1,230,653	0.09%
	Others - Provident/Pension/Gratuity Fund etc	208	73,353,337	5.65%
	Employee's Old Age Benefits Inst.	1	12,532,450	0.97%
		16,444	**1,297,154,387**	**100%**

KEY SHAREHOLDING

As At June 30, 2021

Associated Companies, Undertakings and related parties (name wise details)

S.No	Name	Holding
1	IMPERIAL DEVELOPERS AND BUILDER (PRIVATE) LIMITED	235,967
2	MEGA CONGLOMERATE (PVT.) LIMITED	28,213,975
3	SONERI BANK LIMITED	3,500
4	INSERVEY PAKISTAN (PVT) LTD.	216,910
5	INSHIPPING (PRIVATE) LIMITED.	1,910,721
6	MEGA CONGLOMERATE (PVT.) LIMITED	224,428,064
7	FORBES SHIPPING COMPANY (PRIVATE) LIMITED	1,096,885
8	ASKARI BANK LIMITED	4,233,480
	TOTAL	**260,339,502**

Directors, CEO

S.No	Name	Holding
1	MUHAMMAD ALI	560
2	JAVED AKBAR	5
3	MUHAMMAD HABIB ULLAH KHAN	560
4	ALY KHAN	560
5	ALEEYA KHAN	560
6	KHALID MANSOOR	230,813
7	SAAD IQBAL	68,992
8	OWAIS SHAHID	100,888
9	MANZOOR AHMED	5
10	KHALID MANSOOR	250,000

Executives

	Total Holding	**296,100**

KEY SHAREHOLDING

As At June 30, 2021

Modaraba / Mutual Fund and Leasing Companies

S.No	Name	Holding
1	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	12,138,839
2	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	3,535,650
3	FSST FIDELITY TOTAL INTERNATIONAL INDEX FUND	410,669
4	ISHARES EMERGING MARKETS IMI EQUITY INDEX FUND	46,610
5	KYBURG INSTITUTIONAL FUND-AKTIEN EMERGING MARKETS	105,428
6	PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 2	219,583
7	AQR EMERGING SMALL CAP EQUITY FUND L.P.	112,200
8	FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX FD	371,000
9	VANGUARD EMERGING MARKETS STOCK INDEX FUND	14,191,423
10	EMERGING MKTS SML CAPITALIZATION EQTY INDEX NON-LENDABLE FD	2,660,027
11	EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX FUND B	243,161
12	VARIABLE INSURANCE PRODUCTS FUND II INTERNTNL INDX PORTFLIO	7,169
13	FIDELITY SALEM STREET TRUST-FIDELITY ZERO INTL INDEX FUND	54,669
14	VANGUARD FUNDS PLC-VANGUARD ESG GLOBAL ALL CAP UCITS ETF	1,824
15	FIRST PRUDENTIAL MODARABA	54,367
16	B.F.MODARABA	22,419
17	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	5,148,540
18	MCBFSL - TRUSTEE JS VALUE FUND	252,000
19	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	35,000
20	CDC - TRUSTEE PICIC INVESTMENT FUND	605,909
21	CDC - TRUSTEE JS LARGE CAP. FUND	295,300
22	CDC - TRUSTEE PICIC GROWTH FUND	814,856
23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1,607,193
24	CDC - TRUSTEE ATLAS STOCK MARKET FUND	6,304,308
25	CDC - TRUSTEE MEEZAN BALANCED FUND	967,150
26	CDC - TRUSTEE UBL GROWTH AND INCOME FUND	230,000
27	CDC - TRUSTEE JS ISLAMIC FUND	354,069
28	CDC - TRUSTEE ALFALAH GHP VALUE FUND	317,091
29	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	475,000
30	CDC - TRUSTEE AKD INDEX TRACKER FUND	231,995
31	CDC - TRUSTEE HBL ENERGY FUND	1,085,398
32	CDC - TRUSTEE AKD OPPORTUNITY FUND	1,950,000
33	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1,000,000

KEY SHAREHOLDING

As At June 30, 2021

S.No	Name	Holding
34	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,801,316
35	CDC - TRUSTEE MEEZAN ISLAMIC FUND	13,178,273
36	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	5,044,473
37	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1,608,689
38	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	7,742,529
39	CDC - TRUSTEE NBP STOCK FUND	8,591,708
40	CDC - TRUSTEE NBP BALANCED FUND	664,415
41	CDC - TRUSTEE ALFALAH GHP INCOME FUND	76,500
42	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - 'EQUITY SUB FUND	2,224,543
43	CDC - TRUSTEE APF-EQUITY SUB FUND	333,565
44	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITYACCOUNT	129,696
45	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,171,579
46	CDC - TRUSTEE HBL - STOCK FUND	552,558
47	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	3,816,455
48	CDC - TRUSTEE APIF - EQUITY SUB FUND	335,393
49	MC FSL TRUSTEE JS - INCOME FUND	9,500
50	MC FSL - TRUSTEE JS GROWTH FUND	918,200
51	CDC - TRUSTEE HBL MULTI - ASSET FUND	64,483
52	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	2,256
53	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	105,415
54	CDC - TRUSTEE ALFALAH GHP STOCK FUND	980,902
55	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	473,371
56	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,025,714
57	CDC - TRUSTEE ABL STOCK FUND	3,702,976
58	CDC - TRUSTEE FIRST HABIB STOCK FUND	79,400
59	CDC - TRUSTEE LAKSON EQUITY FUND	1,314,110
60	CDC - TRUSTEE NBP SARMAYA IZAFA FUND	620,079
61	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	15,000
62	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	28,916
63	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	377,841
64	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	109,431
65	CDC - TRUSTEE HBL PF EQUITY SUB FUND	78,340
66	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	6,777
67	CDC - TRUSTEE KSE MEEZAN INDEX FUND	2,636,859
68	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	126,000
69	CDC - TRUSTEE ATLAS INCOME FUND - MT	1,806,993
70	CDC-TRUSTEE UBL INCOME OPPORTUNITY FUND	700,000
71	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	2,614,638
72	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	214,253
73	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,693
74	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	739,641
75	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1,762,690

S.No	Name	Holding
76	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1,256,405
77	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	4,915,812
78	CDC - TRUSTEE AWT INCOME FUND	20,000
79	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	238,687
80	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	58,178
81	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	78,860
82	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	4,487,818
83	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,707,384
84	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	117,525
85	CDC-TRUSTEE NITPF EQUITY SUB-FUND	86,654
86	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	29,500
87	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	432,690
88	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	63,687
89	CDC - TRUSTEE FAYSAL MTS FUND - MT	21,832
90	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	797
91	CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1,300,529
92	CDC - TRUSTEE LAKSON TACTICAL FUND	168,220
93	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	82,328
94	CDC - TRUSTEE MEEZAN ENERGY FUND	526,444
95	CDC - TRUSTEE PAKISTAN INCOME FUND - MT	71,090
96	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	472,349
97	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	235,256
98	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	376,655
99	CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	15,500
100	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND	770,500
101	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	26,335
102	CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1,103,643
103	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	26,830
104	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	183,470
105	CDC - TRUSTEE ALLIED FINERGY FUND	816,656
106	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	176,500
107	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1,780,000
108	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	508,871
109	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	47,600
110	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	69,875
111	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	59,010
112	CDC - TRUSTEE HBL INCOME FUND - MT	153,550

KEY SHAREHOLDING

As At June 30, 2021

Others:
Governor of Balochistan

S.No	Name	Holding
1	GOVERNOR OF BALOCHISTAN	358,607
	TOTAL	358,607

SHAREHOLDERS' **ENQUIRIES**

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited, 11th Floor,
Ocean Tower, Block-9, Main Clifton Road,
P.O. Box No. 13841, Karachi-75600.

Enquiries relating to Shares should be addressed to:

FAMCO Associates (Pvt) Limited,
8-F, Nursery, Next to Faran Hotel,
Block 6, PECHS, Shaharah-e-Faisal, Karachi.

Enquiries relating to GDRs should be addressed to:

(1) BNY Mellon
240 Greenwich Street
New York, NY 10286 USA

(2) Standard Chartered Bank (Pakistan) Limited,
Chundrigar Road, Karachi.

DETAILS OF TRADING IN SHARES BY **DIRECTORS, EXECUTIVES AND THEIR SPOUSE / MINOR CHILDREN**

JULY 01, 2020 TO JUNE 30, 2021

S.No	Name of Employee	Date of Purchase / Sale	Purchased	Sold	Rate per Share (Rs.)
1	Syed Muhammad Asim	6-Jul-20		800	71.42
2	Sheraz Pervaiz	9-Jul-20		6,650	72.05
3	Iqbal Muhammad	10-Jul-20	810		70.60
4	Iqbal Muhammad	10-Jul-20	190		70.60
5	Naveed Rabbani	17-Jul-20	2,000		70.95
6	Syed Muhammad Asim	20-Jul-20		1500	79.00
7	Iqbal Muhammad	22-Jul-20		1,000	75.30
8	Syed Muhammad Asim	30-Jul-20	500		81.35
9	Syed Muhammad Asim	4-Aug-20	500		83.5
10	Syed Muhammad Asim	11-Aug-20	1,000		86.25
11	Syed Muhammad Asim	12-Aug-20		1000	89.47
12	Syed Muhammad Asim	12-Aug-20	1,000		91.5
13	Syed Muhammad Asim	13-Aug-20		500	89.9
14	Iqbal Muhammad	17-Aug-20		1,500	90.00
15	Syed Muhammad Asim	17-Aug-20	5000		83.46
16	Syed Muhammad Asim	20-Aug-20		500	83.2
17	Syed Muhammad Asim	21-Aug-20		500	80.58
18	Syed Muhammad Asim	24-Aug-20		500	81
19	Syed Muhammad Asim	25-Aug-20		500	81.06
20	Syed Muhammad Asim	2-Sep-20		600	86
21	Syed Muhammad Asim	14-Sep-20	2000		85.2
22	Shah Mahmood Shah	19-Oct-20		3,150	75.82
23	Muhammad Talha	9-Nov-20		5,450	81.79
24	Syed Muhammad Asim	4-Dec-20	500		84.55
25	Syed Muhammad Asim	7-Dec-20	500		84.85
26	Syed Muhammad Asim	10-Dec-20		1000	79.87
27	Khalid Mansoor	18-Dec-20	250000		78.92
28	Naveed Rabbani	24-Dec-20		2,000	78.13
29	Syed Muhammad Asim	4-Jan-21	1,000		89.8
30	Syed Muhammad Asim	5-Jan-21	1,000		87
31	Fahad Noor	6-Jan-21		3,000	85.61
32	Syed Muhammad Asim	6-Jan-21	1000		85.42
33	Syed Muhammad Asim	20-Jan-21		1500	86.24
34	Atif Naeem	2-Feb-21		500	90.35
35	Syed Muhammad Asim	2-Feb-21		500	91.56

S.No	Name of Employee	Date of Purchase / Sale	Purchased	Sold	Rate per Share (Rs.)
36	Atif Naeem	15-Feb-21		400	88.67
37	Muhammad Sumair	4-Mar-21		4,000	85.36
38	Muhammad Usman	9-Mar-21	3,000		84.13
39	Syed Muhammad Asim	12-Apr-21		500	79.61
40	Bilal Iqbal	24-May-21	5,000		77.90
41	Bilal Iqbal	27-May-21	3,500		77.65
42	Syed Muhammad Asim	4-Jun-21		2000	79.98
43	Syed Muhammad Asim	7-Jun-21		1,000	81.45
44	Muhammad Sumair	10-Jun-21		1,450	78.53
45	Syed Muhammad Asim	10-Jun-21		1600	78.76
46	Fahad Noor	17-Jun-21		2,000	79.00
47	Syed Muhammad Asim	17-Jun-21	7000		80.64

GLOSSARY

ANNUAL GENERAL MEETING (AGM)

Annual General Meeting of shareholders of the Company.

BAC
Board Audit Committee

BCC
Board Compensation Committee

BCP
Business Continuity Planning

BIC
Board Investment Committee

BTC
Board Technical Committee

CAPACITY (INSTALLED)

Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power

CDM
Clean Development Mechanism

CEO
Chief Executive Officer

CER
Certified Emission Reductions

CFO
Chief Financial Officer

COD
Commercial Operations Date

CPP
Capacity Purchase Price means the fixed element of the Tariff under the Power Purchase Agreement

THE COMPANY

The Hub Power Company Ltd

COMPANIES ORDINANCE
The Companies Ordnance, 1984

CSR
Corporate Social Responsibility

EARNINGS PER SHARE (EPS)

Calculated by dividing the profit after interest, tax and noncontrolling interests by the weighted average number of Ordinary Shares in issue

FBR
Federal Board of Revenue

GOP
Government of Pakistan

GW
Gigawatt, one thousand million watts

GIGAWATT-HOUR (GWH)
A watt hour is the amount of energy used by a onewatt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants

HR
Human Resource

HSE
Health, Safety & Environment

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standard

IFRSC
International Financial Reporting Standard Committee

IPP
Independent Power Producer

A standard for the management of environmental matters that is widely used in various parts of the world

KW
Kilowatt – 1,000 watts

KILOWATT-HOUR (KWH)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of energy by small power plants. A typica household uses several hundred kilowatt-hours per month.

LOAD FACTOR
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity

MAX
Manufacturing Excellence

MW
Megawatt; one MW equals 1,000 kilowatts or one million watts

MEGAWATT-HOUR (MWH)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour. A megawatt-hour (MWh) is 1,000 times larger than the kilowatt-hour and is used for measuring the energy output of large power plants

NEPRA
National Electrical Power Regulatory Authority

NTDC
National Transmission and Dispatch Company Limited

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station

OHSAS 18001
Occupational Health and Safety Assessment Series 18001. A management system specification developed by British Standards Institute which is now an accepted international standard, for health and safety and is compatible with ISO 9001:1994 (Quality) and ISO 14001:1996 (Environmental) management

OUTAGE
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned

PACRA
The Pakistan Credit Rating Agency Limited

POWER PURCHASE AGREEMENT (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services)

PSO
Pakistan State Oil Company Limited

PSX
Pakistan Stock Exchange

SECP
Securities and Exchange Commission of Pakistan

SMART
Self-Monitoring and Reporting Technique

TRIR
Total Recordable Injury Rate

UNFCCC
United Nations Framework Convention on Climate Change

WATT
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt)

WAPDA
Water and Power Development Authority

WPPF
Workers' Profit Participation Fund

WWF
Workers' Welfare Fund

NOTICE OF THE 30th
ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting ("AGM") of the Company will be held on Tuesday, October 05, 2021 at 10:00 am via Video Conferencing to transact the following business:

A. ORDINARY BUSINESS

1. To receive and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Directors' and Auditor's Reports thereon.

2. To approve and declare the final dividend of PKR 5.00 (50%) per share as recommended by the Board of Directors for the year ended June 30, 2021.

3. To appoint A.F.Ferguson & Co. , Chartered Accountants as Auditors of the Company and to fix their remuneration for the year ending June 30, 2022.

4. To elect 7 (Seven) Directors in accordance with the Companies Act, 2017 for a term of three years commencing from the date of holding of AGM i.e. October 05, 2021.

The following Directors of the Company will cease to hold office upon the election of a new Board of Directors:

1) Mr. M. Habibullah Khan
2) Mr. Aly Khan
3) Ms. Aleeya Khan
4) Mr. Muhammad Ali
5) Mr. Saad Iqbal
6) Mr. Manzoor Ahmed
7) Mr. Javed Akbar
8) Mr. Owais Shahid
9) Dr. Nadeem Inayat

B. SPECIAL BUSINESS

To consider and if thought appropriate, to pass with or without modification, the following resolution as special resolution:

Completion Guarantee/ Standby Letter of Credit:

To consider and if thought appropriate, to pass with or without modification, the following resolution as special resolution:

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017 to extend the term of the guarantee (in the form of standby letter of credit) for a maximum period of 3 years provided to the lenders of CPHGC for an aggregate amount of USD 150 million to guarantee an investment in the form of equity or subordinated debt (either directly or through HPHL) to (a) satisfy the funding shortfall, if any, in CPHGC to achieve completion of the Project to the satisfaction of the lenders; and (b) repay all principal, interest, fees or any other amounts that may fall due by CPHGC under the finance documents to the finance parties."

"FURTHER RESOLVED THAT, subject to Shareholders' approval, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary, acting jointly or severally are authorized to negotiate and to do all acts necessary to procure the guarantee (in the form of standby letter of credit) from banks/ financial institution(s)."

C. OTHER BUSINESS

1. To transact any other business with the permission of the Chair.

By Order of the Board

Faiza Kapadia Raffay
Company Secretary

Date: August 30, 2021
Place: Karachi

NOTES:

i. All members are entitled to attend and vote at Meeting.

ii. The Share Transfer Books of the Company will remain closed from Saturday, September 25, 2021 to Tuesday, October 05, 2021 (both days included) and the final dividend will be paid to the shareholders whose names appear in the Register of Members on September 24, 2021.

iii. In view of the prevailing & worsening situation and ensuring the health safety of our shareholder due to pandemic COVID-19 and in line with the direction issued to listed companies by the Securities & Exchange Commission of Pakistan, vide its Circular No.4 of 2021dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the Company intends to convene this AGM virtually via video conference facility while ensuring compliance with the quorum requirements and request to the Members to consolidate their attendance and voting at the AGM through proxies.

The special arrangement for attending the AGM through electronic means will be as under:

a) AGM will be held through Zoom application via a video link facility.

b) Shareholders/Proxyholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for AGM" at the earliest but not later than Friday, October 01, 2021 on E-mail: hubco.cg@hubpower.com along with a valid copy of both sides of CNIC.

Shareholders/Proxyholder are advised to mention their Name, Folio/CDC Account Number, CNIC Number and cell number.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their email address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphones / computer devices.

Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on above email.

iv. The term of the office of the present Board of Directors of the Company will expire on October 04, 2021. In terms of Section 159(1) of the Companies Act, 2017 ("Act") the Board of Directors in its meeting held on August 30, 2021 has fixed the number of elected Directors at 7 (Seven) to be elected in the AGM of the Company for the period of next three years.

Any person who seeks to contest the election to the office of a director, whether the retiring director or otherwise, shall file the following documents with the Company Secretary, at the Registered Office of the Company located at 11th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi, not later than 14 days before the date of AGM.

a) Notice of his / her intention to offer him / herself for the election to the Office of Director in terms of section 159(3) of the Act;

b) Consent to act as Director in Form-28, as prescribed under the Companies (General Provisions and Forms) Regulation, 2018;

c) A detail profile along with his/her office address as required under SECP' SRO 634(1)2014 dated July 10, 2014;

d) Declaration in respect of being compliant with the requirement of the Listed Companies (Code of Corporate Governance) Regulations 2019 and the eligibility criteria, as set out in Section 153 of the Act to act as director or an independent director of a listed company;

e) A director must be holding 1 qualification share of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable for instances mentioned in Section 153(i) of the Act;

f) Attested copy of valid CNIC and NTN;

g) Independent director(s) will be elected through the process of election of director in terms of section 159 of the Act and he/she shall meet the criteria laid down in Section 166 of the Act, the Companies (Manner and Selection of Independent Directors) Regulations 2018 and Guide Book on Corporate Governance and Frequently Asked Question June 5, 2020, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:

   - Declaration by independent director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019;

   - Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018;

The Final list of contesting directors will be circulated no later than seven days before the date of said meeting, in term of section 159 (4). Further, the website of the Company will be updated with the required information.

v. A member entitled to attend and vote at the AGM may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the meeting as are available to a member.

vi. Form of Proxy is attached in the Annual report, which is also available on the company's website (www.hubpower.com), the website of the Pakistan Stock Exchange and will be circulated via email to all shareholders who have provided their email address to the Company.

vii. Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at 11th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi not later than 48 hours before the time of the meeting, excluding holidays i.e Friday 01, October 2021:

a) In case of individuals, the Account Holders of Sub-account Holders and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit their proxy forms as per the above-mentioned requirements.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form;

c) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form;

d) In case of a corporate entity, the Board of Directors resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

viii. Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Famco Associates (Pvt.) Ltd, 8F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

ix. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors, where in case number of contestants are more than the number of directors to be elected, members will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid Regulation.

x. Form of Proxy is enclosed.

STATEMENT PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017

Pursuant to Section 134 of the Companies Act, 2017, this Statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the AGM of the Company to be held on 05th October 2021.

Extension of Guarantee / Standby Letter of Credit

The Company through its wholly-owned subsidiary, Hub Power Holdings Limited ("HPHL") and its Chinese partner, China Power International Holding Limited ("CPIH"), through its wholly owned subsidiary China Power International (Pakistan) Investment Limited ("CPIPL"), has formed a Joint Venture Company, China Power Hub Generation Company (Private) Limited ("CPHGC") in September, 2015. The principal activities of CPHGC are to develop, own, operate and maintain a 2x660 MW coal fired power plant each within one facility along with a jetty and ancillary facilities at the Hub Plant Site in the province of Balochistan Pakistan ('Project'). HPHL owns 47.5% shares in CPHGC of which 1.5% would be transferred to Government of Balochistan, as per the Memorandum of Understanding dated December 23 2016. As a condition precedent to making finance facilities available to CPHGC for the development of 2 x 660MW (gross) coal-fired power plant and related facilities in Hub, Balochistan Province, Pakistan, the Company had sought approval from its shareholders via its Extraordinary General Meeting held on May 25 2017 as required by the lenders of CPHGC to enter into a deed of completion guarantee and pursuant thereto a guarantee/standby letter credit for an aggregate amount of US$150 million or equivalent PKR (the "Approved Limit") to guarantee an investment in the form of equity or subordinated debt (either directly or through HPHL) to (a) satisfy the funding shortfall, if any, in CPHGC to achieve completion of the Project to the satisfaction of the lenders; and (b) repay all principal, interest, fees or any other amounts that may fall due by CPHGC under the finance documents to the finance parties.

As the guarantee/standby letter of credit expires on November 23 2021, the Company requires approval from its shareholders to extend the standby letter of credit for a maximum period of 3 years. Accordingly, approval is being sought from the members of the Company for extension of the guarantee/standby letter of credit to the lenders of CPHGC for an amount not exceeding US$150 million or equivalent PKR.

If the guarantee is called it would be booked by CPHGC either as equity or subordinated loan, subject to CPHGC Board and Lenders approval.

Information pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the "Regulations")

(a) Disclosures required under Regulation 3(a):

<table>
<tr><th>Information Required</th><th>Information Provided</th></tr>
<tr><td>Name of the "associated company"</td><td>China Power Hub Generation Company (Private) Limited</td></tr>
<tr><td>Basis of relationship;</td><td>The Company through its wholly owned subsidiary ("HPHL") owns 47.5% shares in the Joint Venture Company</td></tr>
<tr><td>Earnings per share for the last three years;</td><td>2020 | 6.29
2019 | 1.80
2018 | (0.33)</td></tr>
<tr><td>Break-up value per share, based on latest audited financial statements;</td><td>PKR 6.29 per share as of December 31, 2020</td></tr>
<tr><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Position as of and for the year ended December 31, 2020
In '000'
Total Assets 365,047,359
Equity 103,605,945
Liabilities 261,441,414
General and Administration Expenses 2,851,894
Profit for the Year 35,115,897</td></tr>
<tr><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</td><td></td></tr>
<tr><td>(I) Description of the project and its history since conceptualization;</td><td>(I) Please see preamble above for project description.</td></tr>
<tr><td>(II) Starting date and expected date of completion of work;</td><td>(II) Work has commenced on the Project since August 2016 and the Project achieved Commercial Operations Date ("COD") on August 2019.</td></tr>
<tr><td>(III) Time by which such project shall become commercially operational;</td><td>(III) The Project has achieved Commercial Operations Date on August 2019.</td></tr>
<tr><td>(IV) Expected time by which the project shall start paying return on investment; and</td><td>(IV) The Project shall start paying return on investment after i t has achieved project completion date as required by the lenders.</td></tr>
<tr><td>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</td><td>(V) As at June 30, 2021, the Company has invested USD 249 Million in CPHGC through HPHL.</td></tr>
</table>

Maximum amount of investment to be made;	The maximum securities invested amount is USD 150 Million divided by par value of PKR 10 or at premium per share, as applicable.
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	To construct, own, and operate 1320 MW imported coal -based facility along with a jetty and ancillary facilities at the Site in the province of Balochistan Pakistan ('Project') at a total cost of about US$ 2 Billion. In terms of the benefits to the Company, the Project is being set under the 2015 Power Policy which offers a return of 27% in ROE terms over the life of the Project, following the COD.
Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds, (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) cost benefit analysis;	(I) The return from the investment would be greater than the mark-up that would be payable on the borrowing. (II) Pari passu charge on all fixed assets of the Company (III) Project is anticipated to offer an IRR of 17% in US$ following COD
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	No agreement has been entered into with CPHGC with regards to the proposed investment.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company through HPHL currently owns 47.5% shares in the JV Company.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	All major project agreements, including Power Purchase Agreement, Implementation Agreement and Plant and Jetty EPC contracts have been signed. In terms of the benefits to the Company, the Project is being set under the 2015 Power Policy which offers a return of 27% in ROE terms over the life ofthe Project, following the COD. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures required under Regulation 3(b):

Maximum price at which securities will be acquired	PKR 10 per share or at premium, as applicable.
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A

Maximum number of securities to be acquired	The maximum securities acquired is equivalent to USD 150 Million converted into PKR at the rate prevailing on the date of subscription divided by par value of PKR 10 or at premium per share, as applicable.
Number of securities and percentage thereof held before and after the proposed investment	Present holding – 47.5% (equivalent PKR) through HPHL (1.5% of which to be transferred to GoB).
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	N/A
Fair value determined in terms of subregulation (1) of regulation 5 for investments in unlisted securities;	Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 provides that in case of investment in unlisted equity securities of an associated company or undertaking, the fair value for such securities shall be determined based on the generally accepted valuation techniques and latest financial statements of the associated company.

(c) Disclosures required under Regulation 3(c):

(a) Disclosures under Regulation 3(c)

Category-wise amount of investment;	As mentioned above in preamble.
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return forShariah compliant products	~7%.
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee would be around 0.15% per quarter or any other charges as may be agreed with Bank providing the Guarantee. In the event the amount is invested as a loan the Company shall require CPHGC to pay interest at the standard bank rates, to be mutually agreed between the parties
Particulars of collateral or security to be obtained in relation to the proposed investment	No security will be obtained from the borrowing company as it will be a subordinated loan fromthe Company to CPHGC
If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	Any amount (other than equity investments) paid to CPHGC or its lenders pursuant to the letter of credit shall be marked as a subordinated debt which shall be repayable after the repayment of lenders entire loan.
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	Any amount (other than equity investments) paid to CPHGC or its lenders pursuant to the letter of credit shall be marked as a subordinated debt which shall be repayable after the repayment of lenders entire loan.

PROXY FORM

The Company Secretary,
The Hub Power Company Limited
11th Floor, Ocean Tower, Block 9
Main Clifton Road
Karachi

I/We ____ of ___________being a member of THE HUB POWER COMPANY LIMITED and holder of _____________________________Ordinary Shares as per the Share Register Folio No.______________ and/or CDC Participant ID No. __________________and Account / Sub-Account No. _______________hereby appoint ____of _________ or failing him/her _________________________as my/our proxy for me & on my/our behalf at the 30th Annual General Meeting of the Company to be held on Tuesday, October 05, 2021 at 10:00am via Video Conferencing.

Signature on
Revenue Stamp
of PKR 5/-

Signature of Shareholder
Folio / CDC Nos.

Witnesses:

(1) Signature________________	(2) Signature________________
Name_____________________	Name_____________________
Address___________________	Address___________________
_________________________	_________________________
_________________________	_________________________
CNIC / Passport No.____________	CNIC / Passport No.____________

Notes:

- A member entitled to attend the meeting may appoint a proxy in writing to attend the meeting on the member's behalf. A Proxy need not be a member of the Company.

- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 11th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi-75600 so as to reach no less than 48 hours before the time of the meeting, excluding holidays i.e Friday 01, October 2021.

- **For CDC Account Holders / Corporate Entities**
  In addition to the above, the following requirements have to be met:
  (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

  (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

  In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.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The Company Secretary
The Hub Power Company Limited
11th Floor, Ocean Tower, Block 9,
Main Clifton Road P.O. Box No. 13841,
Karachi – 75600

تشکیل نیابت داری

جناب کمپنی سیکریٹری
دی حب پاور کمپنی لمیٹڈ
11 فلور، اوشین ٹاور، بلاک 9، مین کلفٹن روڈ، کراچی

میں / ہم ____________________

ساکن ____________ بحیثیت دی حب پاور کمپنی لمیٹڈ کے رکن وحامل ____________

عام حصص بمطابق شیئر رجسٹرڈ فولیونمبر ____________ اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________

اور ذیلی کھاتہ نمبر ____________ محترم / محترمہ ____________

ساکن ____________ یا بصورت دیگر محترم / محترمہ ____________

ساکن ____________ کو اپنی جگہ بروز منگل مورخہ 5 اکتوبر 2021 بوقت 10:00 بجے صبح بذریعہ وڈیو لنک ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

(1) دستخط ____________
نام ____________
پتہ ____________
سی این آئی سی یا پاسپورٹ نمبر ____________

ریونیوٹکٹ چسپاں کریں۔

____
دستخط

(دستخط کمپنی میں پہلے سے موجود
نمونہ کے مطابق ہونے چاہیئے)

(2) دستخط ____________
نام ____________
پتہ ____________
سی این آئی سی یا پاسپورٹ نمبر ____________

نوٹ: نیابت داروں کے موثر ہونے کے لیے ضروری ہے کہ انکی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔
سی ڈی سی شیئر ہولڈرز اوران کے نیابت داروں سے گزارش ہے کہ وہ اپنے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پراکسی فارم کے ساتھ منسلک کریں۔

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The Company Secretary
The Hub Power Company Limited
11th Floor, Ocean Tower, Block 9,
Main Clifton Road P.O. Box No. 13841,
Karachi – 75600

HUBCO

11th Floor, Ocean Tower, G-3, Block-9,
Main Clifton Road, P.O. Box No. 13841,
Karachi - 75600