

	The Hub Power Company Limited	Borrowing of moneys
	Approved by Board on 18 February 2014	

General

Funding requirement of the Company has two major outlooks:

a) Long term Funding Requirement

Long Term funding requirement usually arises when there is an expansion project taken up by the Company.

b) Short Term Running Finance Facility

Main purpose of these facilities is to bridge the gap between delayed payments received from Power Purchaser and payments required to be made to fuel suppliers and plant maintenance and administrative overheads. We have Running Finance facilities from different Financial Institutions both for Hubco & Narowal.

Objectives

- Optimal utilization of borrowed funds so to make the business viable and going concern.
- Borrowing at the lowest possible and competitive rates and terms.
- Ensuring that Company's interest is protected at all points in time.

Achievement of Objectives

These objectives will be achieved by the following:

- Follow guidelines provided by Board to meet funding requirements.
- Obtain regulatory and lender's approval, wherever necessary before raising funds.
- Meeting regulatory requirements as defined under SBP's prudential regulation in order to meet the borrowing criteria defined by the banks / financial institutions.
- Utilization of working capital lines with lowest markup in ascending order.
- Negotiating better spread with different banks to minimize our financing cost via Money Market facilities offered by banks.
- Funding the Operating Accounts in order to facilitate timely payment to suppliers (over funding is avoided).