

POWERING A PROMISING FUTURE

ANNUAL REPORT - 2022



As the largest independent provider of reliable and uninterrupted energy across the country, HUBCO prizes its significant contribution to the power sector. With our diverse array of fuel sources, exceptional O&M capabilities, and indigenous and affordable power generation, HUBCO is proud to pave the way for a brighter tomorrow. As HUBCO gears up to expand its capacity and generation to fuel lives through energy, we lay the foundation for a promising future for the nation.



TABLE OF CONTENTS

Organizational Overview	06	Sustainability and Diversity	66
Vision, Mission & Core Values	07	Corporate Social Responsibility	68
Group Structure	08	Human Resources	70
Geographical Presence	09	Diverse Endeavors	72
Key Highlights	10	Awards & Achievements	74
Company Information	12		
A Brief History of HUBCO	14		
SWOT Analysis	16		
Business Strategy	17		

Governance	18	Financial Performance	76
Board & Leadership	20	Financial Ratios	78
Board & Functional Committees	25	Dupont Analysis	79
Leadership Team	26	Horizontal and Vertical Analysis of Statement of Profit or Loss	80
Organizational Structure	27	Horizontal Analysis of Statement of Financial Position	82
Chairman's Review	28	Vertical Analysis of Statement of Financial Position	84
CEO's Message	30	Six Years Statement of Profit or Loss at a Glance	86
Report of the Directors	32	Six Years Statement of Financial Position at a Glance	87
Urdu Translation of Report of the Directors	52	Summary of Six Years Cash Flow at a Glance	88
Independent Auditor's Review Report	53	Statement of Value Addition	89
Statement of Compliance	54	Quarterly Financial Analysis	90
Independent Assurance Report	56	Statement of Cash Flow – Direct Method	91
Statement of Compliance with the Shariah Governance Regulations, 2018	58	Graphical Presentation	92
Shariah Compliance Review	59	Share Price Sensitivity Analysis	95
Shariah Compliance Reports	60		
Corporate Governance	62		
Calendar of Corporate Events	64		
Calendar of Major Events	65		

Unconsolidated Financial Statements	97	Shareholders' Information	251
Independent Auditors' Report	98	Pattern of Shareholding	252
Unconsolidated Profit and Loss Account	103	Categories of Shareholding	259
Unconsolidated Statement of Comprehensive Income	104	Key Shareholding	260
Unconsolidated Statement of Financial Position	105	Shareholders' Enquiries	264
Unconsolidated Statement of Cash Flows	106	Details of Trading in Shares by Directors, Executives, Their Spouse/Minors	265
Unconsolidated Statement of Changes in Equity	107	Glossary	266
Notes to the Unconsolidated Financial Statements	108	Notice of the 31 Annual General Meeting	268
		Proxy Form	285
		Proxy Form (Urdu)	287

Consolidated Financial Statements	161
Independent Auditors Report	162
Consolidated Profit and Loss Account	167
Consolidated Statement of Comprehensive Income	168
Consolidated Statement of Financial Position	169
Consolidated Statement of Cash Flows	170
Consolidated Statement of Changes in Equity	171
Notes to the Consolidated Financial Statements	172

ORGANIZATIONAL OVERVIEW

COMPANY PROFILE

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



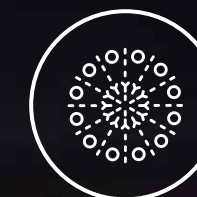
PASSION



OWNERSHIP



WINNING



ENJOYMENT



RENEWAL

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.
- China Power Hub Operating Company Limited (CPIME and HUBCO)

OTHERS

- Sindh Engro Coal Mining Company Limited (SECMC)

GEOGRAPHICAL PRESENCE



* Coal Mining Capacity

KEY HIGHLIGHTS

GENERATION
CAPACITY

3,251
MW

REVENUE

97
BN
IN PKR

NET PROFIT

29.6
BN
IN PKR

NO. OF EMPLOYEES

686

PHILANTHROPY

201.9
MILLION
IN PKR

O&M LANDSCAPE:

1. Hub Plant
2. Narowal Plant
3. Laraib Plant
4. Thar Energy Limited Plant
5. ThalNova (TNPTL) Plant
6. CPHGC (through a joint venture company CPHOC)

*Thar Energy Limited - 330MW lignite power plant will achieve its COD in September 2022.

COMPANY INFORMATION

Board of Directors

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

Company Secretary

Ms. Faiza Kapadia Raffay

Audit Committee

Mr. Manzoor Ahmed	Chairman BAC
Mr. Saad Iqbal	Member
Mr. Aly Khan	Member
Dr. Nadeem Inayat	Member
Mr. Muhammad Irfan Iqbal	Secretary

Leadership Team

Mr. Muhammad Kamran Kamal	- Chairman
Mr. Saleemullah Memon	- Member
Mr. Abdul Nasir	- Member
Mr. Amjad Ali Raja	- Member
Mr. Fayyaz Ahmad Bhatti	- Member
Ms. Faiza Kapadia Raffay	- Member
Mr. Muhammad Talha	- Member & Secretary

Head Office Address

9th 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

- Allied Bank of Pakistan
- Askari Bank Limited
- Bank Alfalah Limited
- Bank Al-Habib Limited
- Bank Islami Pakistan Limited
- Bank of Punjab
- Albaraka Bank Limited
- Citibank N.A. Pakistan
- Dubai Islamic Bank Pakistan Limited
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- Industrial & Commercial Bank of China
- JS Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Pak Brunei Investment Company Limited
- Pak China Investment Company Limited
- Samba Bank Limited
- Standard Chartered Bank (Pakistan) Ltd.
- United Bank Limited
- Pak Kuwait Investment Company (Pvt) Ltd.

INTER-CREDITOR AGENTS

- Habib Bank Limited
- Allied Bank Limited

Legal Advisor

Syed Jamil Shah

Auditors

A.F. Ferguson & Co. Chartered Accountants

Registrar

FAMCO Associates (Pvt) Ltd.

Shariah Auditors

Reanda Haroon Zakaria & Co.

Shariah Advisors

Alhamd Shariah Advisory Services (Pvt) Ltd.
Mufti Bashir Ahmed

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 Limited

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

1995



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

1997



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

2011



Narowal (225MW) HUBCO-Narowal Power Plant, Thermal Power Project Narowal

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)

O&M:

- HUBCO (HPSL) undertakes O&M of Hub Plant on August 1, 2015

2016



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

2018



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

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

2019



Increase of shareholding in 1320MW CPHGC from 26% to 47.5%.

HUBCO (HPSL) signs a contract for the mobilization, operations, maintenance and overhauling of TEL (330MW) & TNPTL (330MW)

2020



HUBCO achieves Financial Close of 330MW Thar Energy Limited and ThalNova Power Thar (Pvt.) Ltd.

2021



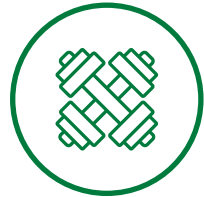
HUBCO, formation of PIOGCL which is 50:50 JV to acquire ENI Pakistan's business

2022



HUBCO, undertakes the O&M of CPHGC through CPHOC.

SWOT ANALYSIS



STRENGTHS

- Solid technical expertise in diverse power generation technologies
- Indigenous fuel-based power generation
- 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
- Fluctuating demand of RFO based power generation



OPPORTUNITIES

- Increasing need for clean energy, stress on energy independence and launch of CTBCM by NEPRA allowing for B2B business allaying payment concerns
- Diversification via energy value chains other than power generation
- Inevitable water scarcity requires immediate Water Solutions.
- The acquisition of ENI will open numerous possibilities in the Oil & Gas sector



THREATS

- Government unable to resolve Circular Debt issue
- Weak macro-fundamentals along with volatile FX rates
- Persistently high fossil fuel and other commodity prices depleting competitiveness of domestic energy and fueling inflation

BUSINESS STRATEGY

Through our relentless pursuit of growth and advancement and an uncompromising dedication to increasing value for our shareholders, we have demonstrated our commitment to developing and revolutionizing the energy landscape of Pakistan. As part of our growth strategy, we seek to diversify and expand our existing portfolio.

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

- Maintaining our HSE systems with the best of the international practices
- Increasing the 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

Through fostering such success, we endeavor to cultivate prosperity that we can share with our local communities, partners, and other stakeholders. By investing a certain portion of our earnings in developmental initiatives, we hope to transform the socio-economic landscape.

GOVERNANCE

Our pioneers, experts in their fields, are committed to leading HUBCO to new uncharted territories and exploring new possibilities in the realm of energy generation.



BOARD & LEADERSHIP



MR. M. HABIBULLAH KHAN
Chairman

Mr. Habib Ullah Khan is the Founder and Chairman of Mega Conglomerate. The 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 the progressive real-estate developer responsible for the only L.E.E.D. certified commercial building in Pakistan. He joined the board in 2018 and has served as Chairman of the Hub Power Company (HUBCO) since.

As a prolific philanthropist, Mr. Khan has been a patron of many social and environmental initiatives over the last four decades and has become strongly associated with various charitable causes. Most recently, he made the generous endowment of a building for visiting professors at The Institute of Business Administration in Karachi.



MR. KAMRAN KAMAL
Chief Executive Officer

Mr. 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 Masters in Public Policy from Harvard University and a Bachelors 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, Mr. Kamal 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 Portfolios and his work there allowed the organization to grow into new geographical locations and expand their commodities portfolio. During his tenure at Engro, Mr. Kamal 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, Mr. Kamal 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 holds a Master of Sciences from Boston College and a Bachelor of Sciences 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.

In Pakistan, 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 10,000 ton per day cement plant, and growing one of the country's largest dairy businesses' sales to 600,000 liters per day.

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



MS. ALEEYA KHAN

Ms. Aleeya Khan holds a Master's in Architecture from Columbia University and a Bachelor's 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.

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

**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.170bn. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes 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 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 the diverse sectors of 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 member of the Defence Authority Country and Golf Club - Karachi.

**MR. EJAZ SANJRANI**

Mr. Ejaz Sanjrani holds a directorship position on the Board of ENAR Petrotech Services under the Ministry of Industries & Production, and serves as Director for the Sanjrani Mining Company, Sanjrani Construction Company, and Sanjrani Coal Company.

Mr Sanjrani has extensive experience in social and human resource management in the public and private sectors and holds a Master's degree from the University of Westminster, United Kingdom.

**Mr. SAAD IQBAL**

Mr. Saad Iqbal holds a bachelor's in business communication from Curry College, USA, and 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, Swift Textile Mills (Private) Limited, Metro Solar Power Limited, Metro Power Company Limited and Metro Wind Power Limited.

**Dr. NADEEM INAYAT**

Dr Nadeem Inayat has been with the group for over fifteen years, leading the Strategy and M&A Division of Fauji Foundation. He holds Doctorate in Economics and has over 37 years of diversified experience in the corporate sector with a focus on corporate governance, policy formulation, project appraisal, implementation, monitoring and evaluation, restructuring, mergers and acquisitions.

He has conducted various academic courses own economics, international trade and finance at reputable institutions of higher education in Pakistan. He is a member of Pakistan Institute of Development Economics (PIDE).

Mr Inayat is on Board of Directors of following entities; Mari Petroleum Company Limited, Fauji Fertilizer Company Limited, Askari Bank Limited, Fauji Cement Company Limited, Fauji Fertilizer Bin Qasim Limited, Askari Cement Limited, Daharki Power Holdings Limited, Fauji Akbar Portia Marine Terminals Limited, Fauji Foods Limited, Fauji Fresh n Freeze Limited, Fauji Infrainvest Foods Limited, Fauji Kabirwala Power Company Limited, Fauji Meet Limited, Fauji Oil Terminal and Distribution Company Limited, Fauji Trans Terminal Limited, FFBL Foods Limited, FFBL Power Company Limited, Foundation Power Company Dharaki Limited, Foundation Wind Energy-I Limited, Foundation Wind Energy-II Limited, The HUB Power Company Limited, Pakistan Maroc Phosphore S.A. (PMP).



MR. SHAFIUDDIN GHANI KHAN

Mr. Shafiuddin Ghani Khan holds a Bachelor of Science in Finance from University of Oregon, USA. After completing his education, he returned to Pakistan and developed his family real estate and construction business. He was instrumental in building several town houses projects in the city of Karachi, especially in the areas of DHA and Clifton.

Mr. Ghani has more than two decades of management experience in the field of Construction, real estate, and telecommunications. He had an illustrious career with M/s Forbes Group / Forbes Forbes Campbell & Co. (Private) Limited, where he rose to the rank of Chief Executive Officer and was looking after operational affairs of many business units of the group, including shipping lines logistics and communication equipment. His professional responsibilities included an array of business units of diversified nature including marketing and sales, customer services and customer support, accounts, finance and administration. Mr. Khan is a Non-Executive Director and member of audit and remuneration committees on the Board of Pioneer Cement Limited where he has been providing guidance and leadership to the management since 2009.

For the last many years, he has also been serving as a Non-Executive Director of a renowned dairy manufacturing company, Haleeb Foods Limited, providing leadership, guidance in development and diversification of the products portfolio.

BOARD & FUNCTIONAL COMMITTEES

The Board has established two Committees to conduct smooth operations of the Board and assist in decision making. Both the committees are chaired by independent directors.

The election for the Board of Directors was held on 5th October 2021 and the Board committees were reconstituted as follows:

Board Audit Committee	Board Nomination & Compensation Committee
Mr. Manzoor Ahmed (Chairman)	Mr. Saad Iqbal (Chairman)
Mr. Aly Khan	Mr. Aly Khan
Mr. Saad Iqbal	Ms. Aleeya Khan
Mr. Nadeem Inayat	Mr. Manzoor Ahmed

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 BAC met five (5) times during the year and the attendance was as follows:

Names	Meetings Attended
1. Manzoor Ahmed Chairman	5/5
2. Saad Iqbal	5/5
3. Aly Khan	5/5
4. Nadeem Inayat	4/5
5. Owais Shahid	1/1 (up till election of directors held on October 5, 2021)

Secretary: 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 BNCC met once during the year and the attendance was as follows:

Names	Meetings Attended
1. Javed Akbar - Chairman	1/1 (up till election of directors held on October 5, 2021)
2. Muhammad Ali	1/1 (up till election of directors held on October 5, 2021)
3. Aly Khan	1/1
4. Aleeya Khan	1/1
5. Manzoor Ahmed	1/1

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
Chairman



Mr. Abdul Nasir
Member



Mr. Saleemullah Memon
Member



Mr. Amjad Raja
Member



Mr. Fayyaz Bhatti
Member

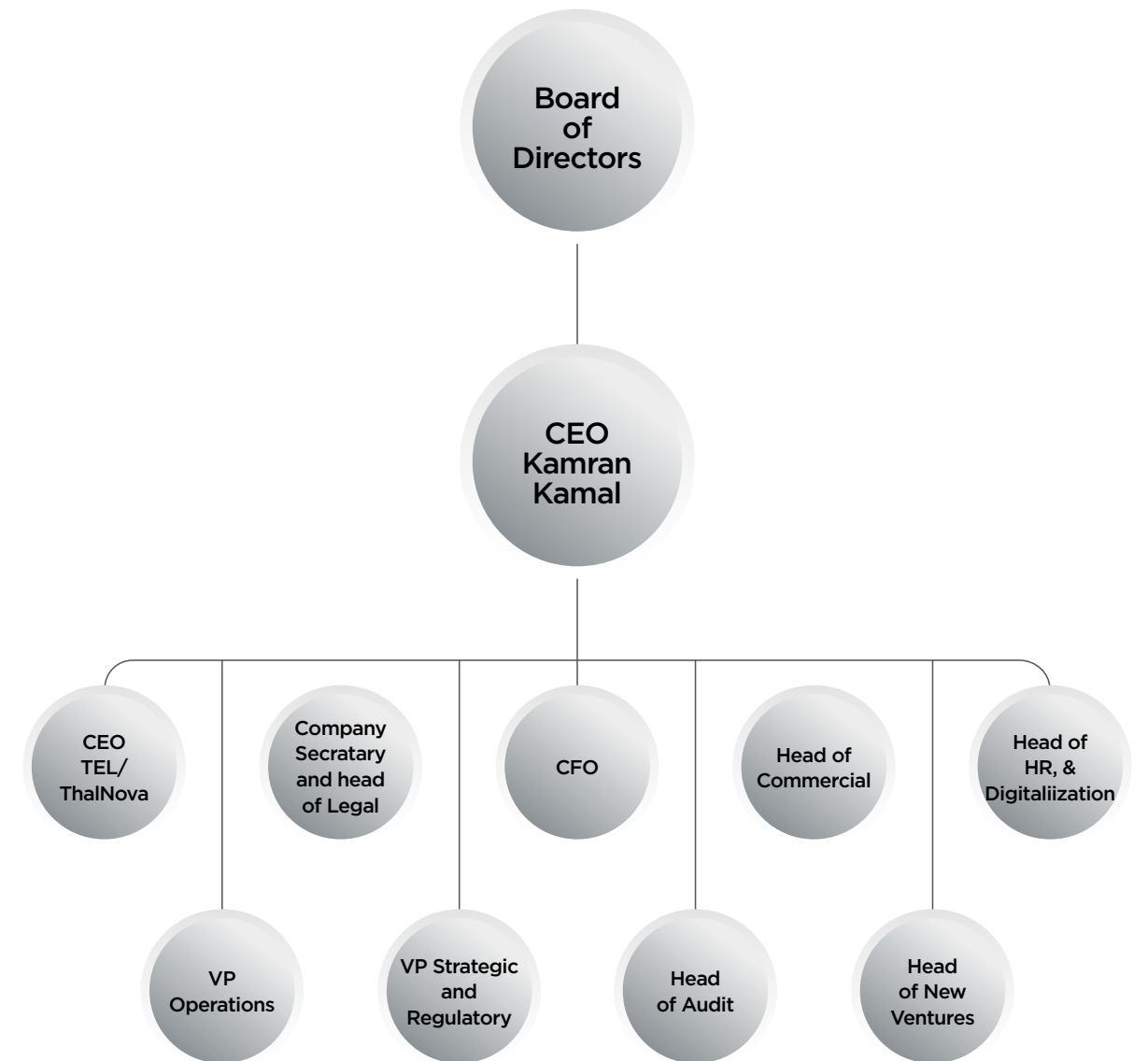


Mrs. Faiza Kapadia Raffay
Member



Mr. Muhammad Talha
Member & Secretary

ORGANIZATIONAL STRUCTURE



Saleemullah Memon | Faiza Kapadia Raffay | Abdul Nasir | Mustafa Giani | Muhammad Talha
Amjad Raja | Fayyaz Bhatti | Irfan Iqbal | Danish Khaliq

CHAIRMAN'S REVIEW

Dear Stakeholders,

During the last fiscal year, we decided to move towards transformation and turnaround in our company's overall strategy in order to create value and a lasting impact for yourselves and the organization. The difficult economic and geo-political situation wrought havoc on our sector presenting a range of challenges, including inflation, circular debt, currency devaluation, a global commodity super cycle, supply chain disruptions and increased pressures on energy provisioning.

Although the consequences of these issues have been immense; we have taken them as an opportunity to respond and persevere.

As an organization that has always been at the forefront of advancement and progress in the country, we remain conscious of Pakistan's shifting energy needs considering the rising global cost of power generation and have adapted accordingly by positioning ourselves to provide electricity through indigenous and affordable sources of fuel. The advent of our new power plants, Thar Energy Limited (TEL) and ThalNova Power Thar (Pvt.) Limited (TNPTL) usher in a new era for power generation. TEL, which has already synchronized with the national grid, and TNPTL, that nears its final phase of completion, will together help generate 660 MW of power that will strengthen the energy security of the country.

We also remain committed to continuous growth and expansion. Over the last four years we have more than doubled our generation capacity from 1600 MW to 3581 MW as well as entered large scale operations and management contracts for a variety of different power plants with multiple different sources of fuel: from coal to furnace oil to hydro. Additionally, our acquisition of ENI Pakistan's business through our Joint Venture Prime International Oil & Gas Company Limited is advancing and upon completion will help HUBCO diversify into the oil and gas sector and further develop indigenous fuel sources for the country.

Unfortunately, despite being the only IPP that has expanded in national interest, we continue to be disappointed with late payments by our off taker. Our receivables once again stand at the same levels they did prior to signing the IPP Master Agreements with the Government of Pakistan in 2020.

As we look towards the future, we are confident that our policies are aligned with the demands and trials of our country's energy landscape enabling us to realize the benefits of our expansion. Our resilience has been demonstrated through strong financial results with Earnings per Share (EPS) growing from Rs. 9 to Rs. 21.95 over the last 5 years. In the foreseeable future we expect additional earnings taking our eps number up to 40 on a consolidated basis with accumulated dividends in our 4 CPEC projects (which are investments of close to 4.5 billion U.S. Dollars) adding to our dividend distribution to shareholders; an already historically highest ever number of Rs. 18.5 per share in the last 20 months.

This push in our overall strategy will continue to not only create value addition in the company's portfolio in the future, but also enable HUBCO, as the largest IPP in the country, to further contribute to Pakistan's GDP and move towards a transition into renewables, water initiatives and above all digitalization of the company's operations, enhancing our capabilities towards becoming a service-oriented entity with an optimized synergy within the group's overall performance and profitability.

It is with this in mind that we renew our commitment to fueling the nation and developing more sustainable means of doing so, both economically and environmentally. I hope that the upcoming year marks a new era of achievement and growth for our company and look forward to your continued support.

Finally, I would like to extend my heartfelt gratitude to all our stakeholders and employees for their contribution in creating a uniquely progressive entity that symbolizes the national resolve to excel with unmatched levels of commitment and achievement.

Thank you for your unwavering trust in our endeavor,
Warmest Personal Regards.



M. Habibullah Khan
Chairman

“As we look towards the future, we are confident that our policies are aligned with the demands and trials of our country's energy landscape enabling us to realize the benefits of our expansion. Our resilience has been demonstrated through strong financial results with Earnings per Share (EPS) growing from Rs. 9 to Rs. 21.95 over the last 5 years.”



CEO'S MESSAGE

Each year brings with it a unique set of challenges but when seen as opportunities to grow and evolve, even the most insurmountable challenges yield to determination and resolve. While FY 2022 was a welcome reprieve from the debilitating impacts of COVID, several other hurdles presented themselves along the way. HUBCO successfully overcame all of these obstacles through the unrelenting efforts of our employees.

The Company has achieved a consolidated net profit of Rs. 28.47 billion for the year under review, translating to an earnings per share (EPS) of Rs. 21.95, compared to last year's net profit of Rs. 33.7 billion and EPS of Rs. 25.97. Despite numerous challenges, HUBCO was able to pay its shareholders a total dividend of Rs. 6.5 per share during the current fiscal year. Based on the revised agreements with the Government, the Company received the first and second installments of the overdue receivables for HUBCO and Narowal Energy Limited. It was a matter of tremendous relief to ease some of our financial constraints through these payments. To help further streamline our finances in the time of a global financial crisis, HUBCO tightened its expenditure, curbed operational costs, and increased the efficiency of existing systems.

We have made tremendous strides in the development of our indigenous energy projects, Thar Energy Limited (TEL) and ThalNova Power Thar (Pvt.) Limited (TNPTL) with TEL achieving first synchronization with the national grid on 3rd August and successfully completing 20 million safe man hours. The COD of the TEL plant is anticipated in the beginning of September. TNPTL has also made immense progress and is currently nearing its final phase of completion. The accomplishment of these milestones will manifest in the form of 660 MW of affordable energy utilizing indigenous sources of fuel, further cementing HUBCO's leading role in the energy sector.

As we position ourselves for exponential growth within the power sector, we are also breaking new ground and our acquisition of ENI Pakistan's business through a 50:50 joint venture with Prime International Oil & Gas Company is progressing as per plan and will mark HUBCO's first foray into the oil and gas sector. To cater to the increasing demand for alternative sources of energy, projects that will add to HUBCO's portfolio of sustainable energy solutions are underway. Similarly, to help alleviate the burden on the nation due to water scarcity, HUBCO is in the process of developing possible wastewater recycling solutions for the industry that could greatly benefit the country.

In line with our commitment to upholding the highest standards for Health, Safety, and the Environment (HSE), we continue to align with global best practices as we follow a comprehensive Process Safety Management (PSM) framework built around OSHA standards. Our operating plants achieved remarkable ratings in the independent audit of our HSE systems. As digitalization ushers in a new era in energy provisioning, our wholly owned subsidiary Hub Power Services Limited (HPSL) intends to digitalize operations for all plants in its portfolio. Developing more technological solutions to aid in the efficiency and convenience of everyday operations will help us identify problems and devise efficient, timely solutions.

In line with our commitment to fueling lives through energy, we continue our prolific CSR efforts in the areas we operate in. Some of our ongoing projects include: operating a network of schools, providing vocational training and providing potable water and medical facilities to the villages near our plants. In total, the Company invested Rs. 201 million in its CSR initiatives for the year under review.

As HUBCO continues its journey of transforming Pakistan's energy landscape, I express my sincere hope that issues such as the circular debt, and devaluation of the Pakistani rupee reach some form of resolution. When these restrictive forces cease to impede progress, HUBCO can rise to newer, unprecedented heights.

I am confident that HUBCO is well-positioned to meet Pakistan's future energy needs and will continue to be a trail-blazer in the country's energy sector. I would like to express my heartfelt gratitude for the exemplary efforts of our employees, and the unwavering faith of our stakeholders in HUBCO's ability to deliver and succeed.

Warm regards,



Kamran Kamal

“While FY 2022 was a welcome reprieve from the debilitating impacts of COVID, several other hurdles presented themselves along the way. HUBCO successfully overcame all of these obstacles through the unrelenting efforts of our employees”



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, 2022.

About the Company

The Hub Power Company Limited (HUBCO) is the first and largest Independent Power Producer (IPP) in the Country with a combined installed power generation capacity of 2921MW and an additional 660MW capacity is under construction at Thar, Sindh. 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 company with China Power International Holdings (CPIH). CPHGC is a 1320MW imported coal-based power plant with an integrated coal jetty situated in Hub. CPHGC started its commercial operations in August 2019 and providing affordable and uninterrupted energy.

The Company has established wholly owned subsidiaries for its 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 also preparing to undertake O&M of our indigenous coal-based growth projects, in addition to exploring other onshore and offshore business opportunities. HPSL is currently operating the Hub, Narowal & Laraib Plants. HPhL through a joint venture is operating CPHGC.

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), which hold 30% and 10% shares, respectively in the project.

The Company also holds 38.3% shares and has management control in 330MW ThalNova Power Thar Pvt. Ltd (TNPTL) mine-mouth lignite-fired power plant, a project similar to TEL offering significant 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 reserve of coal in the World. SECMC achieved Commercial Operations for Phase I of 3.8 Mt/annum on July 10, 2019. Phase II of the Project for expansion of the mining capacity to 7.6 Mt/annum is near completion and undergoing Tests of Completion. Phase II will cater for the two additional 330MW Power Plants including HUBCO's Thar Energy Limited and ThalNova Power Thar (Pvt.) Limited.

HPhL is in the process of completing the acquisition process of ENI's Pakistan Business through a 50:50 joint venture (Prime International Oil and Gas Co.). Once completed, the Company will strive to further expand its footprint in the Oil & Gas Sector of Pakistan through both new expansions and organic growth in owned assets.

The Company is pursuing potential projects in Public-Private Partnership mode with Karachi Water and Sewerage Board, and Government of Sindh whilst also exploring various other opportunities in providing water solutions to fulfil the domestic industrial and residential needs.

The Company is optimistic about the future of the Power Sector and expects accelerated settlement of overdue of the Company, which will alleviate current liquidity crunch. Based on the revised agreements with the Government, HUBCO received first and second instalments of 40% and 60% of the overdue receivables on June 4, 2021 and November 29, 2021 respectively. Similarly, Narowal Energy Limited received first and second instalments of 40% and 60% of the overdue receivables on January 6, 2022 and June 30, 2022 respectively.

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:

Plant Name		FY 2021-22	FY 2020-21
Hub Plant	Generation	1229 GWh	189 GWh
	Load Factor	11.69%	1.79%
Narowal Plant	Generation	868 GWh	496 GWh
	Load Factor	46%	26%
Laraib Plant	Generation	413 GWh	465 GWh
	Load Factor	56.08%	63%
CPHGC Plant	Generation	6,755 GWh	7,923 GWh
	Load Factor	62%	72%

Market Share Information

Pakistan's installed power generation capacity is around 44,000MW of which hydel is 24%, thermal is 62%, renewables is 6% and nuclear power is 8%.

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 (%)
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%
2021-22 ¹	157,880	9,265	5.9%

¹ Estimated

FUTURE OUTLOOK

Thar Projects:

330MW Lignite Fired Power Project - Thar Energy Limited (TEL)

The lignite based 330MW Thar Energy Limited (TEL) Project in Thar Block II has completed 97.5% of Project Construction and targets to achieve Commercial Operations Date (COD) by 3rd quarter of CY 2022. Financial close of TEL was achieved on January 30, 2020. Subsequently, USD and PKR loans are being utilized for the Project. As of August 3rd, 2022 TEL has successfully achieved synchronization with the National Grid.

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 83.01% of Project Construction and targets to achieve Commercial Operations Date (COD) by 4th quarter of CY 2022. Financial close of TN was achieved on September 30, 2020. Subsequently USD and PKR loans are being utilized for the Project.

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). Phase II of the Project for expansion of the mining capacity to 7.6 Mt/annum is near to completion and undergoing Tests of Completion. Phase II will cater for the two additional 330MW Power Plants including Thar Energy Limited and ThalNova Power Thar (Pvt.) Limited.

Acquisition of ENI

HUBCO is in the process of acquiring the business of ENI in Pakistan, through a 50:50 joint venture company, Prime International Oil & Gas Co. As part of the E&P sector strategy, the JV will pursue organic growth opportunities in owned assets as well as potential growth opportunities in new fields based on government auctions.

Water Solutions

In line with the vision to resolve the water scarcity issue of Karachi, HUBCO developed a concept for first of its kind Wastewater Recycling project and submitted an Unsolicited Proposal (USP) to the Government of Sindh (GoS). The project aims to recycle untreated municipal water being discharged into the sea from the SITE industrial area and provide it back for industrial consumption thereby creating a sustainable, consistent and environmentally friendly solution for domestic industries. The USP was accepted by the KW&SB and the Right of First Refusal has been awarded. HUBCO continues to actively pursue the project as GoS moves forward towards a competitive bidding phase and we hope to further expand our business and diversification interests while creating positive externalities.

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	4
Other Non-Executive Directors	3
Executive Director	1
Non-Executive Female Director	1

During the year, six meetings of the Board of Directors were held. The Election of Directors was held on October 05, 2021 with one (1) meeting prior to the election and five (5) after the election. Attendance of the Directors was as follows:

Pre-Election

Names	Attendance
Mr. M. Habibullah Khan	1/1
Mr. Aly Khan	1/1
Ms. Aleeya Khan	1/1
Mr. Manzoor Ahmed	1/1
Mr. Saad Iqbal	1/1
Dr. Nadeem Inayat	0/1
Mr. Ejaz Sanjrani	1/1
Mr. Owais Shahid	1/1
Mr. Javed Akbar	1/1
Mr. Muhammad Ali	1/1
Mr. Muhammad Kamran Kamal	1/1

Post-Election

Names	Attendance
Mr. M. Habibullah Khan	5/5
Mr. Aly Khan	5/5
MS. Aleeya Khan	4/5
Mr. Manzoor Ahmed	5/5
Mr. Saad Iqbal	5/5
Mr. Shafiuddin Ghani Khan	5/5
Dr. Nadeem Inayat	4/5
Mr. Ejaz Sanjrani	2/5
Mr. Muhammad Kamran Kamal	5/5

Mr. Muhammad Kamran Kamal was appointed as CEO in place of Mr. Khalid Mansoor on July 01, 2021.

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 252 of the Annual Report.

Committees of the Board

The Board committees and their members are disclosed on page 25 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. The details of the remuneration package for chief executive and directors are provided at note 29 of the Notes to unconsolidated financial statements for the year ended June 30, 2022.

Directors' Training

Of the nine (9) Directors, one (1) Director is exempt from the Corporate Governance Leadership Skills (CGLS) training based on his experience as Director on the Board of Listed Companies. A total of seven 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:

Rs. in million

Consolidated	Year ended June 30, 2022	Year ended June 30, 2021
Turnover	97,158	54,639
Operating Costs	64,056	21,769
*Net profit	28,472	33,688
*Earnings per share	21.95	25.97

*attributable to owners of the holding company

The Consolidated net profit during the year under review is Rs. 28,472 million resulting in earnings per share of Rs. 21.95 compared to net profit of Rs. 33,688 million and earnings per share of Rs. 25.97 last year. The decrease in profits is mainly due to lower share of profit from associate, China Power Hub Generation Company (Pvt.) Limited (CPHGC).

Rs. in million

Unconsolidated	Year ended June 30, 2022	Year ended June 30, 2021
Turnover	62,544	32,292
Operating Costs	39,140	11,897
Net Profit	21,128	21,434
Earnings per share (Rs.)	16.29	16.52

The Unconsolidated net profit earned by the Company during the year under review is Rs. 21,128 million, resulting in earnings per share of Rs. 16.29 compared to a net profit of Rs. 21,434 million and earnings per share of Rs. 16.52 last year. The decrease in unconsolidated profit is mainly due to lower dividend income from subsidiaries, higher financing cost and impact of 4% additional super tax on other income partly offset by impact of depreciation of Rupee against USD.

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 107 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 the 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 Limited ThalNova Power Thar (Private) Limited	Reimbursement of Expenses and others	To share the common resources/expenses on proportionate 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 management experience of the Company.

The details of related party transactions are disclosed on Note 30 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- and short-term rating is A1+ which are indicative of very high credit quality and very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

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:

- 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;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- IFRSs as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed; and
- 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 ending June	2022	2021	2020	2019	2018	2017
Turnover	62,544	32,292	27,524	36,029	76,676	78,590
Profit	21,128	21,434	10,167	8,037	8,565	9,600
Assets	154,008	160,007	164,521	153,728	136,617	114,983
Dividend	14,917	9,080	-	3,240	8,216	9,257

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as of June 30, 2021 are as follows:

Fund	Rs. in million
Provident Fund	0.198
Gratuity Fund	355

Risk Management & Strategy for Mitigating Risks

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

- 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, Narowal and Laraib plants.
- Financial Risks**
The financial risk management is disclosed on Note 37 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. During the current year, HPSL sites initiated the roadmap for implementation of OHIH (Occupational Health & Industrial Hygiene) management system. In this regard, level-1 procedures have been developed and implemented.

The Company continuously monitors the impact of its operations on environment and ensures compliance to applicable environmental protection standards. During the year 2021-22, The Company completed - 3.08 million man-hours across its three operational power stations. The Total Recordable Incident Rate (TRIR) of the Company remained 0.06.

Human Resources

This year our focus remained of developing the skills of our workforce to successfully takeover the O&M of TEL & TN Projects. This was a significant step in the development and diversification of our employees' skillsets and helped us provide career advancements and enrichment opportunities to our internal talent.

Another major development of the year was the centralization of our major business support functions. With a more centralized structure, day to day tasks can now be performed with more ease, efficiency, and collaboration.

The spread of COVID-19 necessitated the development of a robust work from home system which also allowed us to move away from traditional working methods to more flexible, technology-powered systems. This enabled us to optimize and reduce our office workspace and upscale our infrastructure to facilitate a hybrid working environment. To further digitize and streamline the HR processes an in-house system, 'People Hub', was launched which provides employees with multiple HR solutions digitally.

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. 88 million towards initiatives related to CSR, details of which are provided in the Annual Report under a dedicated section on Company's CSR efforts on page 68.

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

آڈیٹرز

ریٹائر ہونے والے آڈیٹرز، میسرز ایف فرگوسن اینڈ کو (M/s A.F.Ferguson & Co.)، چارٹرڈ اکاؤنٹنٹس، نے اہل ہونے کی بنا پر خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔

کمپنی اپنے حصص یافتگان، ملازمین، بزنس پارٹنرز اور دیگر تمام اسٹیک ہولڈرز کی مشکور ہے کہ ان کے اعتماد اور حمایت کے باعث کمپنی کی ترقی اور خوشحالی کا سفر جاری ہے۔

بحکم بورڈ



ایم حبیب اللہ خان
چیرمین



کامران کمال
چیف ایگزیکٹو آفیسر

انسانی وسائل

اس سال ہماری توجہ تھرانزجی لمٹیڈ اور تھل نوواپرو جیکٹس کی دیکھ بھال کی ذمہ داریاں سنبھالنے کی غرض سے افرادی قوت میں مہارتوں کو ترقی دینے پر مرکوز رہی۔ یہ ملازمین میں مہارتوں کو ترقی دینے، تنوع پیدا کرنے اور انہیں اپنے کیریئر میں پیش رفت کے مواقع فراہم کرنے کے علاوہ ہمارے اندرونی ٹیلنٹ کو بھرپور بنانے کی جانب ایک اہم قدم تھا۔

اس سال ایک اہم کام ہمارے کاروباری سپورٹ کے بڑے شعبوں میں مرکزیت پیدا کرنا تھا۔ زیادہ مرکزیت والے ڈھانچے کے ساتھ، روزمرہ کے امور اب زیادہ آسانی، عمدگی اور باہمی تعاون کی بنیاد پر انجام دیئے جاتے ہیں۔

کووڈ-19 کے پھیلاؤ نے اس بات کو ضروری بنایا کہ ہم ورک فرام ہوم کے نظام کو ترقی دیں جس نے ہمیں اس بات کا موقع فراہم کیا کہ ہم روایتی طریقوں سے ہٹ کر زیادہ چکدار اور ٹیکنالوجی کی مدد سے کام کرنے والے نظاموں کی جانب منتقل ہوں۔ اس نے ہمیں اس قابل بھی بنایا کہ ہم اپنے دفاتر میں کام کرنے کی جگہوں کی جگہ کا زیادہ بہتر استعمال کر سکیں اور اپنے انفراسٹرکچر کو ترقی دے سکیں تاکہ کام کے لیے ایک مخلوط (hybrid) ماحول کے فروغ میں سہولت فراہم کر سکیں۔ انسانی وسائل کے طریقوں کو مزید ڈیجیٹائز کرنے اور ہموار بنانے کی غرض سے 'People Hub' کے نام سے ایک ان ہاؤس نظام متعارف کرایا گیا جو ملازمین کو ڈیجیٹل بنیاد پر، انسانی وسائل کے متعدد حل فراہم کرتا ہے۔

ادارتی سماجی ذمہ داری (Corporate Social Responsibility)

اپنے ادارتی سماجی ذمہ داری کے مینڈیٹ کے جزو کے طور پر، جبکہ انسانی حقوق کی حمایت اور کمیونٹیز کے بہتری کے لیے بھاری سرمایہ کاری کرتا ہے۔ ہماری سماجی سرمایہ کاری بنیادی طور پر ہمارے پلانٹ کے اطراف کے علاقوں پر مرکوز ہے جس میں، کم مراعات یافتہ طبقوں کو تعلیم، روزگار، صحت کی دیکھ بھال اور پیشہ ورانہ تربیت کی فراہمی پر خصوصی توجہ دی گئی ہے۔ کمپنی نے ادارتی سماجی ذمہ داری سے تعلق رکھنے والے اقدامات پر 88 ملین روپے خرچ کیے جس کی تفصیل سالانہ رپورٹ کے صفحہ نمبر 68 پر کمپنی کی ادارتی سماجی ذمہ داری کی کوششوں کے خصوصی سیکشن میں فراہم کی گئی ہے۔

پروویڈنٹ فنڈ (Provident Fund) اور گریجویٹی (Gratuity) کی اسکیموں پر سرمایہ کاری مؤرخہ 30 جون، 2021ء کو، ان سے تعلق رکھنے والے، آڈٹ شدہ حسابات کے مطابق درج ذیل تھی:

فونڈ	ملین روپوں میں
پروویڈنٹ فنڈ	0.198
گریجویٹی	355

خطرات سے نمٹنے اور انہیں کم کرنے کے لیے حکمت عملی

ایسے تمام خطرات اور بے یقینی کے خاتمہ کے لیے جن کا ہر کاروباری ادارے کو سامنا ہوتا ہے، کمپنی دانشمندی اور احتیاط کے اصول پر عمل پیرا ہے۔ کمپنی تمام طویل المیعاد اور قلیل المیعاد خطرات کی نشاندہی، ان پر قابو پانے اور ان کے خاتمہ پر زور دیتی ہے۔

1۔ آپریشنل خطرہ

آپریشنل خطرات کم کرنے کے لیے ضروری حکمت عملی تیار کی گئی ہیں اور مسلسل بھاری سرمایہ کاری کی جارہی ہے تاکہ تمام آپریٹنگ پلانٹس کا قابل بھروسہ ہونا یقینی بنایا جاسکے۔ کمپنی نے حب، نارووال اور لاریب پاور پلانٹس پر بحالی اور تجدید کا ضروری کام انجام دیا ہے۔

ب۔ مالی خطرات

مالی خطرات کے انتظام کے بارے میں معلومات کا افشاء کمپنی کے غیر انضمام شدہ مالی گوشواروں کے نوٹ 37 میں کیا گیا ہے۔

صحت، تحفظ اور ماحول

جبکہ جہاں کام کرتا ہے وہاں اپنے ملازمین کی صحت، تحفظ اور بہبود کے ساتھ اس کمیونٹی اور ماحول کی حفاظت کے لیے بھی پر عزم ہے۔ موجودہ سال کے دوران، جبکہ پاور سروسز لمٹیڈ کی سائنٹس پر پیشہ ورانہ تندرستی اور صنعتی حفظان صحت (Occupational Health & Industrial Hygiene; OHIH) کے انتظامی سسٹم پر عمل درآمد کے روڈ میپ کا آغاز کیا گیا۔ اس سلسلے میں، لیول-1 کے طریقے تیار کر کے ان پر عمل درآمد کیا گیا۔

کمپنی ماحول پر اپنے آپریٹرز کے اثرات کا مسلسل جائزہ لیتی رہتی ہے تاکہ ماحول کے تحفظ کے لیے مقرر کردہ معیارات کی تعمیل یقینی بنائی جاسکے۔ سنہ 2021-22ء کے دوران، کمپنی نے، اپنے تینوں آپریشن پاور اسٹیشنوں پر انسانی محنت (man-hour) کے 3.08 ملین گھنٹے مکمل کیے جبکہ کمپنی میں حادثات کی قابل ریکارڈ شرح (Total Recordable Injury Rate; TRIR) 0.06 فیصد رہی۔

مالی گوشوارہ

کمپنی کے غیر انضمام شدہ اور انضمام شدہ مالی گوشواروں کا آڈٹ میسرز اے ایف فرگوسن (M/s. A.F. Ferguson)، چارٹرڈ اکاؤنٹنٹس نے کیا ہے اور بے نقص پایا ہے۔

کارپوریٹ اور مالی رپورٹنگ کا فریم ورک

ڈائریکٹرز مسرت کے ساتھ، درج ذیل کے لیے، سیکورٹی اینڈ اینڈ ایچ ایچ کمیشن پاکستان (SECP) کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک (Corporate and Financial Reporting Framework) اور کوڈ آف کارپوریٹ گورننس (Corporate Governance) کی تعمیل کی تصدیق کرتے ہیں:

ا۔ انتظامیہ کی جانب سے تیار کیے گئے کمپنی کے مالی گوشوارے اس کے معاملات، آپریشنز کے نتائج، نقدی کے بہاؤ (cash flow) اور ایکویٹی میں تبدیلی کی درست صورت حال بیان کرتے ہیں؛

ب۔ کمپنی کی بکس آف اکاؤنٹ مناسبت انداز میں اور باقاعدہ طور پر رکھی گئی ہیں؛

ج۔ مالی گوشواروں کی تیاری کے دوران مناسب اکاؤنٹنگ پالیسیوں پر تسلسل کے ساتھ عمل کیا گیا ہے اور مالی گوشواروں، نیز حسابی تخمینے (accounting estimates) مناسب حد تک اور دانشمندانہ فیصلوں پر مبنی ہیں؛

د۔ پاکستان میں IFRS کا اطلاق جس طرح کیا جاتا ہے، مالی گوشواروں کی تیاری کے دوران اس پر عمل کیا گیا ہے اور اس میں کسی انحراف یا تبدیلی کو مناسب طور پر ظاہر کیا گیا ہے؛

ر۔ ایک ادارے کے طور پر کام کرتے رہنے کے لیے کمپنی کے کی صلاحیت شکوک و شبہات سے بالا تر ہے۔

گزشتہ چھ برسوں کے اہم مالی اعداد و شمار (غیر انضمام شدہ) درج ذیل ہیں:

ملین روپوں میں

2017	2018	2019	2020	2021	2022	جون میں ختم ہونے والا مالی سال
78,590	76,676	36,029	27,524	32,292	62,544	کاروبار
9,600	8,565	8,037	10,167	21,434	21,128	منافع
114,983	136,617	153,728	164,521	160,007	154,008	ہائے
9,257	8,216	3,240	-	9,080	14,917	منافع منقسم

متعلق فریق کے ساتھ معاملات

بورڈ کی آڈٹ کمیٹی نے متعلق فریق کے ساتھ انجام دی گئی معاملات کا جائزہ لیا جس کی بورڈ نے منظوری بھی دی۔ یہ معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) اور کمپنیز ایکٹ، 2017ء کے تقاضوں کے مطابق ہیں اور ان معاملات کا مکمل اور جامع ریکارڈ رکھا گیا ہے۔

کمپنی نے متعلق فریق کے باہمی طور پر اتفاق کردہ شرائط اور ان کی توجیحات و وضیحات پر مبنی درج ذیل معاملات میں:

متعلق فریق کا نام	معاملت کی نوعیت	توجیح/ توضیح
حب پاور سروسز لمیٹڈ	آپریٹنگ اور دیکھ بھال کی خدمات (O&M Services)	حب پلانٹ کو عملداری کے ساتھ چلایا اور برقرار رکھا جاسکے۔ مزید برآں، ایسے وسائل کو ترقی دینا جن سے اسی نوعیت کی خدمات، گروپ کمپنیوں سمیت، دیگر کمپنیوں کو فراہم کرنا۔
حب پاور سروسز لمیٹڈ، نارووال انرجی لمیٹڈ، تھر انرجی لمیٹڈ، لاریب انرجی لمیٹڈ، حب پاور ہولڈنگز لمیٹڈ، تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ	اخراجات اور دیگر رقم کی واپس ادائیگی	مشترکہ وسائل/اخراجات کو تناسب کی بنیاد پر کمپنی اور گروپ کمپنیوں کی لاگت میں کمی کرنا
تھر انرجی لمیٹڈ، تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ	انتظامی خدمات	کمپنی تھر انرجی لمیٹڈ اور تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ کو، متعلقہ پروجیکٹ ایگریمنٹ کے تحت، ان کی ذمہ داریاں پوری کرنے کے لیے، کمپنی کے پروجیکٹ مینجمنٹ کے تجربہ کی بنیاد پر معاونت فراہم کر رہی ہے۔

متعلق فریق کے ساتھ معاملات کا انکشاف، کمپنی کے غیر انضمام شدہ مالی گوشواروں کے نوٹ 30 پر کیا گیا ہے۔

قرض کے حصول کے لیے درجہ بندی (Credit Rating)

قرض حصول کے لیے درجہ بندی یا کریڈٹ ریٹنگ سے مراد پاکستانی اداروں کی قرضوں کے حصول کے لیے قابلیت کی تشخیص ہے۔ سنہ 2008ء سے، جب کمپنی نے اپنی درجہ بندی کے طریقہ کار (rating process) کا آغاز کیا تھا، پیکرا (PACRA) نے کمپنی کی طویل المیعاد اور قلیل المیعاد ادارتی درجہ بندی (entity rating) کو بالترتیب AA+ اور A1+ برقرار رکھی ہے۔ قرضوں کے حصول کے لیے ان درجہ بندیوں (credit ratings) سے قرضوں (credit) کے لیے خطرات کے بارے میں کم توقعات ظاہر ہوتی ہیں اور یہ بھی ظاہر ہوتا ہے کہ کمپنی میں اپنے مالی وعدے پورا کرنے کے لیے بہترین صلاحیت موجود ہے۔ نارووال انرجی لمیٹڈ نے طویل معیار AA- اور قلیل المیعاد کے لیے A1+ درجہ بندی برقرار رکھی جن سے قرضوں کے حصول میں قابل بھروسہ ہونے کے حوالہ سے نہایت بلند معیار اور بروقت ادائیگی کے ذریعے مالی وعدوں کو پورا کرنے کے لیے مضبوط صلاحیت کا اظہار ہوتا ہے۔ یہ صلاحیت متوقع (foreseeable) واقعات کے حوالے سے زیادہ غیر محفوظ نہیں ہے۔

بعد از انتخاب

نام	حاضری
جناب ایم حبیب اللہ خان	5/5
جناب علی خان	5/5
محترمہ عالیہ خان	4/5
جناب منظور احمد	5/5
جناب سعد اقبال	5/5
جناب شفیق الدین غنی خان	5/5
ڈاکٹر ندیم عنایت	4/5
جناب اعجاز سنجرائی	2/5
جناب محمد کامران کمال	5/5

مورخہ یکم جولائی، 2021ء کو جناب محمد کامران کمال کو جناب خالد منصور کی جگہ چیف ایگزیکٹو آفیسر مقرر کیا گیا۔

حصص یافتگی کا انداز (Pattern of Shareholding)

کوڈ آف کارپوریٹ گورننس (Code of Corporate Governance) کے تحت حصص یافتگی کا انداز (Pattern of Shareholding) اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز، اہم انتظامی عملے کے ارکان، ان کے شرکائے حیات (spouses) اور چھوٹے بچوں کی جانب سے خرید و فروخت کی تفصیلات صفحہ 252 پر بیان کی گئی ہیں۔

بورڈ کی کمیٹیاں

بورڈ کی ماتحت کمیٹیوں اور ان کے ارکان کے بارے میں معلومات اس سالانہ رپورٹ کے صفحہ نمبر 25 پر منکشف کیں گئیں۔

چیف ایگزیکٹو اور ڈائریکٹرز کا مشاہرہ

چیئر مین، نان-ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز اجلاس میں شرکت کے لیے صرف فیس وصول کرنے کے حق دار ہیں۔ مشاہرے کی سطح کمپنی کو کامیابی سے چلانے اور اس کی قدر میں اضافہ کے حوالے سے ان کی ذمہ داریوں اور مہارت سے مطابقت رکھتی ہے۔ چیف ایگزیکٹو اور دیگر ڈائریکٹرز کے لیے مشاہرے کے پیکج کی تفصیلات مورخہ 30 جون، 2022ء کے ختم ہونے والے سال کے غیر انضمام شدہ مالی گوشواروں کے نوٹس میں نوٹ نمبر 29 میں فراہم کیں گئیں ہیں۔

ڈائریکٹرز کی تربیت

لسٹڈ کمپنیوں کے بورڈ میں نو (9) ڈائریکٹرز میں سے ایک (1) ڈائریکٹر اپنے تجربے کی بنا پر کارپوریٹ گورننس لیڈرشپ اسکولز (CGLS) کی تربیت سے مستثنیٰ ہیں جبکہ بورڈ کے باقی سات (7) اراکین سرٹیفائیڈ ڈائریکٹرز ہیں۔

مستحکم اندرونی مالی کنٹرولز

ڈائریکٹرز کارپوریٹ گورننس میں اعلیٰ ترین معیار کی تعمیل، اپنے نقشے کے اعتبار سے انٹرنل کنٹرولز کے مستحکم ہونے اور ان پر مؤثر انداز میں عمل درآمد اور نگرانی کی تصدیق کرتے ہیں۔

مالی کارکردگی کا خلاصہ

زیر جائزہ سال کے دوران گروپ کی مالی جھلکیاں ذیل کے مطابق تھیں:

ملین روپوں میں

انضمام شدہ	مورخہ 30 جون، 2022ء کو ختم ہونے والا سال	مورخہ 30 جون، 2021ء کو ختم ہونے والا سال
کاروبار	97,158	54,639
آپریٹنگ لاگت	64,056	21,769
خالص منافع	28,472	33,688
فی حصص آمدنی	21.95	25.97

ہولڈنگ کمپنی کے مالکان سے منسوب

زیر جائزہ سال کے دوران انضمام شدہ خالص منافع 28,472 ملین روپے حاصل ہوا جس کے باعث فی حصص آمدنی 21.95 روپے رہی جبکہ گزشتہ سال خالص منافع 33,688 ملین روپے تھا اور فی حصص آمدنی 25.97 روپے تھی۔ منافع میں کمی کی بنیادی وجہ ایسوسی ایٹ کمپنی، چائنا پاور حبز لیمیٹڈ کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) سے حاصل ہونے والے منافع میں کمی تھی۔

ملین روپوں میں

غیر انضمام شدہ	مورخہ 30 جون، 2022ء کو ختم ہونے والا سال	مورخہ 30 جون، 2021ء کو ختم ہونے والا سال
کاروبار	62,544	32,292
آپریٹنگ لاگت	39,140	11,897
خالص منافع	21,128	21,434
فی حصص آمدنی	16.29	16.52

زیر جائزہ سال کے دوران کمپنی نے 21,128 ملین روپے بطور غیر انضمام شدہ خالص منافع حاصل کیا جس کے نتیجے میں فی حصص آمدنی 16.29 روپے رہی جبکہ گزشتہ سال 21,434 ملین روپے کا خالص منافع حاصل ہوا تھا اور فی حصص آمدنی 16.52 روپے تھی۔ غیر انضمام شدہ منافع میں کمی کی بنیادی وجہ ذیلی اداروں سے حاصل ہونے والے منافع میں کمی کے ساتھ بلند مالی اخراجات اور دیگر آمدنی پر 4 فیصد ایڈیشنل سپر ٹیکس کے اثرات تھے جو امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے باعث جزوی طور پر پورے ہوئے۔

منافع کی تخصیص (appropriations) اور حرکت کو سالانہ رپورٹ کے ایکویٹی میں تبدیلیوں کا گوشوارہ (Statement of Changes in Equity) کے ذیل میں صفحہ نمبر 107 پر ظاہر کیا گیا ہے۔

مستقبل کا منظر نامہ

تھر پروجیکٹس:

330MW بھورے کوئلے سے چلنے والا پاور پروجیکٹ - تھر انرجی لمیٹڈ (TEL)

تھر بلاک II میں قائم، بھورے کوئلے سے چلنے والے تھر انرجی لمیٹڈ کے آغاز کی تاریخ کا حصول ہے۔ مالی معاملات (financial close) مورخہ سال 2022ء کی تیسری سہ ماہی تک تجارتی آپریشنز (COD) کے آغاز کی تاریخ کا حصول ہے۔ مالی معاملات (financial close) مورخہ 30 جنوری، 2020ء کو طے پا گئے تھے جس کے نتیجے میں پروجیکٹ کے لیے پاکستانی روپے اور امریکی ڈالرز میں دستیاب قرضوں سے فائدہ اٹھایا جا رہا ہے۔ مورخہ 13 اگست، 2022ء تک، تھر انرجی لمیٹڈ نے کامیابی سے نیشنل گرڈ کے ساتھ synchronization حاصل کی۔

330MW کوئلے سے چلنے والا پاور پروجیکٹ - قتل نووا پاور تھر (پرائیویٹ لمیٹڈ)

تھر بلاک II میں قائم، بھورے کوئلے سے چلنے والے 330MW قتل نووا پاور تھر (پرائیویٹ) لمیٹڈ (TNPTL) پروجیکٹ کی تعمیر کا حصول 83.01 فیصد تک مکمل ہو چکا ہے اور تجارتی آپریشنز کے آغاز (COD) کے حصول کا ہدف موجودہ سال 2022ء کی چوتھی سہ ماہی ہے۔ اس پروجیکٹ کے لیے مالی معاملات مورخہ 30 ستمبر، 2020ء کو طے پا گئے تھے جس کے نتیجے میں پاکستانی روپے اور امریکی ڈالرز میں دستیاب قرضوں سے فائدہ اٹھایا جا رہا ہے۔

سندھ اینگروکول مینٹنگ کمپنی لمیٹڈ (SECMC)

کمپنی سندھ اینگروکول مینٹنگ کمپنی میں 8 فیصد حصص کی مالک ہے۔ مقامی طور پر کان کنی کے لیے، فیئر کے تجارتی آپریشنز کے آغاز کی تاریخ (COD) 10 جولائی، 2019ء مقرر کی گئی تھی۔ کول سپلائی ایگریمنٹ (CSA) کے تحت اس پروجیکٹ سے اینگرو پاور جین تھر پرائیویٹ لمیٹڈ کے، 330MW کے دو پلانٹس کو کوئلے کی فراہمی جاری ہے۔ کان کنی کی گنجائش کو بڑھا کر 7.6 میٹرک ٹن کرنے کے لیے فیئر II کی توسیع کا کام تکمیل کے قریب ہے اور آزمائشی مراحل سے گزر رہا ہے۔ فیئر II تھر انرجی لمیٹڈ اور قتل نووا پاور تھر (پرائیویٹ) لمیٹڈ کے دو اضافی 330MW کے پاور پلانٹس کی ضرورتیں پوری کرے گا۔

ENI کا حصول

حکومت پاکستان میں ENI کے حصول کے مرحلے میں ہے جسے پرائیویٹ انٹر نیشنل آئل اینڈ گیس کمپنی کے ساتھ 50:50 کی بنیاد پر جوائنٹ وینچر کے ذریعے حاصل کیا جائے گا۔ انرجی اور پاور (E&P) سیکٹر کے لیے حکمت عملی کے جزو کے طور پر، یہ جوائنٹ وینچر اس کے اپنے اثاثوں کو ترقی کے مواقع فراہم کرنے کے ساتھ حکومتی نیلامی کی بنیاد پر نئی فیلڈز کے حصول کے لیے مواقع میں بھی اضافہ کرے گا۔

پانی سے تعلق رکھنے والے حل

کراچی میں پانی کی قلت کے مسئلے سے نمٹنے کے ویشن کے ساتھ، جبکو نے اپنی نوعیت کا پہلا ویسٹ واٹری سائیکلنگ پروجیکٹ کا تصور حکومت سندھ کو غیر طلب کردہ تجویز (Unsolicited Proposal; USP) کے طور پر پیش کیا تھا۔ اس پروجیکٹ کا مقصد سائٹ (SITE) کے صنعتی علاقے سے سمندر میں چھوڑے جانے والے استعمال شدہ شہری پانی کو ری سائیکل کر کے صنعتی استعمال کے لیے دوبارہ فراہم کرنا تھا تاکہ مقامی صنعتوں کو پائیدار، مستقل اور ماحول دوست حل فراہم کیا جاسکے۔ کراچی واٹری اینڈ سیوریج بورڈ (KW&SB) نے اس غیر طلب کردہ تجویز کو قبول کرتے ہوئے کمپنی کو پہلا

حق انکار (Right of First Refusal) بھی دے دیا ہے۔ جبکو سرگرمی سے اس پروجیکٹ کی پیروی کر رہی ہے کیوں کہ حکومت سندھ مسابقتی بولیوں کے مرحلے میں ہیں اور ہمیں امید ہے کہ اس سے ہمارے کاروبار کو مزید وسعت ملے گی اور ہمارے مفادات میں مزید تنوع پیدا ہوگا اور اسی کے ساتھ مثبت بیرونی مواقع بھی پیدا ہوں گے۔

گورننس

بورڈ آف ڈائریکٹرز

بورڈ نے، حکمت عملی کے حوالہ سے، کمپنی کی سمت، سالانہ ادارتی منصوبوں اور اہداف، طویل المیعاد سرمایہ کاری اور قرضوں کا جائزہ لیا ہے۔ بورڈ گورننس کے بلند ترین معیار کو یقینی بنانے کا پابند ہے۔

کمپنی کے موجودہ بورڈ کی ساخت (composition) درج ذیل ہے: کمپنی کا موجودہ بورڈ آف ڈائریکٹرز درج پر مشتمل ہے:

ساخت Composition	
4	انڈیپنڈنٹ ڈائریکٹرز
3	دیگر نان-ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر
1	نان-ایگزیکٹو فیملی ڈائریکٹر

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے۔ ڈائریکٹرز کا انتخاب مورخہ 05 اکتوبر، 2021ء کو ہوا۔ انتخابات سے قبل ایک اجلاس منعقد ہوا جبکہ انتخابات کے بعد پانچ (5) اجلاس منعقد ہوئے۔ ان اجلاسوں میں ڈائریکٹرز کی حاضری درج ذیل کے مطابق رہی:

قبل از انتخاب

نام	حاضری
جناب ایم حبیب اللہ خان	1/1
جناب علی خان	1/1
محترمہ عالیہ خان	1/1
جناب منظور احمد	1/1
جناب سعد اقبال	1/1
ڈاکٹر ندیم عنایت	0/1
جناب اعجاز سنجرانی	1/1
جناب اویس شاہد	1/1
جناب جاوید اکبر	1/1
جناب محمد علی	1/1
جناب محمد کامران کمال	1/1

آپریشنل جھلکیاں

زیر جائزہ سال کے لیے ہمارے تینوں پلانٹس اور ان کے ایسوسی ایٹس کے بارے آپریشنل جھلکیاں ذیل کے مطابق ہیں:

پلانٹ کا نام	مالی سال 2021-22	مالی سال 2020-21
حب پلانٹ	جزیہ لوڈ فیکٹر 1229 GWh 11.69%	189 GWh 1.79%
نارووال پلانٹ	جزیہ لوڈ فیکٹر 868 GWh 46%	496 GWh 26%
لاریب پلانٹ	جزیہ لوڈ فیکٹر 413 GWh 56.08%	465 GWh 63%
CPHGC پلانٹ	جزیہ لوڈ فیکٹر 6,755 GWh 62%	7,923 GWh 72%

مارکیٹ شیئر کے بارے میں معلومات

پاکستان میں بجلی کی نصب شدہ (installed) پیداواری گنجائش 44,000MW ہے جس میں 24 فیصد حصہ پن بجلی، حرارتی بجلی کا حصہ 62%، قابل تجدید توانائی کا حصہ 6 فیصد اور ایٹمی توانائی کا حصہ 8 فیصد ہے۔

بجلی کی پیداوار میں کمپنی کے حصے کا جائزہ

گزشتہ چھ برسوں میں آپریشنل ذیلی اداروں اور ایسوسی ایٹس سمیت، بجلی کی پیداوار میں کمپنی کا حصہ ذیل کے مطابق رہا:

مالی سال	پاکستان میں بجلی کی پیداوار (GWh)	کمپنی کا حصہ (GWh)	فیصد (%)
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%
2021-22 ¹	157,880	9,265	5.9%

¹ اندازاً

کمپنی 330MW کے قتل نوواپور تھر (پرائیویٹ) لمٹیڈ (TNPTL) میں 38.3 فیصد حصص کی مالک ہے اور اس طرح اس کمپنی کے انتظامی کنٹرول کی مالک ہے۔ یہ پلانٹ بھی کان کے دھانے پر قائم ہے اور بھورے کوئلے سے (Lignite-fired) سے چلتا ہے۔ یہ پلانٹ تھرانزجی لمٹیڈ (TEL) سے مماثلت رکھتا ہے جو ملک میں بڑے پیمانے پر، اور بالخصوص سندھ کے دیہی علاقوں کو، سماجی و اقتصادی ترقی کے مواقع فراہم کر رہا ہے۔

کمپنی سندھ اینگرو کول مائننگ کمپنی لمٹیڈ (SECMC) میں بھی 8 فیصد حصص کی مالک ہے جو، خود حبکو، اینگرو، قتل لمٹیڈ، حبیب بینک لمٹیڈ، چائنا مشینری انجینئرنگ کمپنی (CMEC) اور حکومت سندھ کا، مشترکہ پروجیکٹ ہے۔ اس پروجیکٹ کا مقصد تھر کے مقام پر کوئلے کی ایک کان کو ترقی دینا ہے جو پوری دنیا میں کوئلے کا ساتواں بڑا ذخیرہ ہے۔ مؤرخہ 10 جولائی، 2019ء سے سندھ اینگرو کول مائننگ کمپنی لمٹیڈ نے اپنے پہلے مرحلے میں، تجارتی آپریشن شروع کر دیے ہیں جو 3.8 میٹرک ٹن سالانہ ہے۔ کان کنی کی گنجائش کو بڑھا کر 7.6 میٹرک ٹن سالانہ کرنے کے لیے پروجیکٹ کے دوسرے مرحلے پر کام جاری ہے اور تکمیل کی آزمائشوں سے گزر رہا ہے۔ دوسرا مرحلہ 330MW کے مزید دو پلانٹس کو کوئلہ فراہم کرے گا جن میں حبکو تھرانزجی لمٹیڈ اور قتل نوواپور تھر (پرائیویٹ) لمٹیڈ شامل ہیں۔

حب پاور ہولڈنگز لمٹیڈ ENI کے پاکستان میں موجود کاروبار کا حصول مکمل کرنے کے مراحل میں ہے جو 50:50 کی بنیاد پر (پرائم انٹرنیشنل آئل اینڈ گیس کمپنی) کے ساتھ ایک جوائنٹ وینچر ہوگا۔ اس حصول کی تکمیل کے بعد کمپنی پاکستان کے آئل اینڈ گیس کے شعبے میں اپنے فٹ پرنٹ کو مزید وسعت دینے کے لیے کام کرے گی اور یہ کام نئی توسیع کمپنی کے موجودہ اثاثوں میں ترقی کے ذریعے کیا جائے گا۔

کمپنی کراچی واٹر اینڈ سیوریج بورڈ اور حکومت سندھ کے ساتھ بھی ایک ممکنہ پروجیکٹ کی پیروی کر رہی ہے اور ملک میں صنعتی اور رہائشی ضرورتیں پورا کرنے کے لیے پانی سے تعلق رکھنے والے متعدد حل سمیت دیگر مواقع بھی تلاش کر رہی ہے۔

کمپنی پاور سیکٹر کے مستقبل کے حوالے سے پُر امید ہے اور کمپنی کے زائد المیاد واجبات کی تیزی سے تصفیے کی توقع رکھتی ہے جس سے سرمایہ کی کمی دور ہو جائے گی۔ حکومت کے ساتھ نظر ثانی شدہ معاہدوں کی بنیاد پر، حبکو کو قابل وصول واجبات کی پہلی قسط (40 فیصد) اور دوسری قسط (60 فیصد) بالترتیب 04 جون، 2021ء اور 29 نومبر، 2021ء کو وصول ہو چکی ہیں۔ اسی طرح نارووال انرجی لمٹیڈ کو بھی پہلی قسط (40 فیصد) اور دوسری قسط (60 فیصد) بالترتیب 6 جنوری، 2022ء اور 30 جون، 2022ء کو وصول ہو چکی ہیں۔

کمپنی کو بجلی کی ترسیل و تقسیم کے انفراسٹرکچر، وصولیوں میں بہتری اور آئی پی پیز کو بروقت ادائیگی میں عمدہ بہتری کی توقع ہے جو فی الحقیقت پاور سیکٹر کو درپیش چیلنجوں کا خاتمہ کر دے گی۔

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو مورخہ 30 جون 2022ء کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کے ہمراہ اس کے آڈٹ شدہ مالی گوشوارے پیش کرتے ہوئے خوشی ہے۔

کمپنی کے بارے میں

حب پاور کمپنی لمیٹڈ (HUBCO) پاکستان میں بجلی پیدا کرنے والی سب سے پہلی، بڑی اور خود مختار (Independent Power Producer) کمپنی ہے جس کی بجلی پیدا کرنے کی کابائسٹڈ نصب شدہ کل صلاحیت 2,921MW ہے جبکہ اس گنجائش میں مزید 660MW کے اضافے کے لیے سندھ کے علاقے تھر میں پلانٹ کی تعمیر کا کام جاری ہے۔ بلوچستان کے علاقے حب، موضع کنڈ (Village Kund) میں قائم ہمارا پلانٹ، ریزیدول فیول آئل (RFO) سے چلتا ہے اور 1,292MW حرارتی بجلی پیدا کرتا ہے۔ ہمارا نارووال پلانٹ بھی ریزیدول فیول آئل (RFO) سے چلنے والے انجن کی مدد سے 225MW حرارتی بجلی پیدا کرتا ہے اور یہ بھی کابائسٹڈ سائیکل پاور اسٹیشن ہے۔ یہ پلانٹ پنجاب کے علاقے نارووال میں موضع پونگ (Mouza Poong) کے مقام پر واقع ہے۔ کمپنی لاریب انرجی لمیٹڈ میں بھی 75 فیصد کنٹرولنگ حصص کی مالک ہے جو آزاد جموں و کشمیر میں مگلاڈیم سے 8 کلومیٹر کے فاصلے پر، نشیب میں، نیو بونگ کی جانب اخراج (New Bong Escape) پر قائم ہے۔ ہمارا میسرز چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے ساتھ بھی اشتراک ہے جس کے تحت چائنا پاور حب جزییشن کمپنی (پرائیویٹ) لمیٹڈ (CPHGC) قائم کی گئی۔ اس کمپنی کی ملکیت میں 1,320MW کادر آمد شدہ کونکے سے چلنے والا پلانٹ ہے اور ایک منسلک جیٹی (jetty) جو حب میں واقع ہے۔ CPHGC نے، اگست 2019ء سے تجارتی بنیادوں پر بجلی کی پیداوار شروع کی تھی اور یہ باکفایت اور بلا تعطل بجلی فراہم کر رہا ہے۔

کمپنی نے اپنے ترقیاتی اقدامات کے لیے کل ملکیتی ذیلی ادارے قائم کیے ہیں۔ ان ذیلی اداروں میں سے حب پاور ہولڈنگز لمیٹڈ (HPHL) کے قیام کا مقصد مستقبل میں ترقیاتی پروجیکٹس میں سرمایہ کاری کرنا ہے۔ حب پاور سروسز لمیٹڈ (HPSL) کے قیام کا مقصد مقامی کونکے سے بجلی پیدا کرنے والے ہمارے موجودہ اثاثوں کا انتظام و انصرام (Operations & Maintenance) کرنے کے ساتھ اندرون ملک اور بیرون ملک کاروباری مواقع تلاش کرنا ہے۔ حب پاور سروسز لمیٹڈ اس وقت کمپنی کے حب، لاریب اور نارووال پلانٹس کو خدمات فراہم کر رہی ہے۔ حب پاور سروسز لمیٹڈ CPHGC کے ساتھ ایک جوائنٹ وینچر ہے۔

کمپنی نے تھرانرجی لمیٹڈ (Thar Energy Limited; TEL) بھی قائم کی ہے جس کا مقصد تھر کول بلاک II، سندھ، میں کان کے دہانے (mine mouth) پر 330MW کا پلانٹ قائم کرنا ہے۔ کمپنی نے فوجی فریلائزر کمپنی لمیٹڈ (FFCL) CMEC TEL پاور انویسٹمنٹ لمیٹڈ (CMEC Dubai) کے ساتھ شراکت داری میں تھرانرجی لمیٹڈ (TEL) قائم کی ہے جس میں اس کے 60 فیصد حصص ہیں جبکہ دیگر دو کمپنیاں اس پروجیکٹ میں بالترتیب 30 فیصد اور 10 فیصد حصص کی مالک ہیں۔



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, 2022 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, 2022.



Chartered Accountants
Karachi

Date: September 09, 2022

UDIN: CR202210069sgwK3GWEV

STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019

The Hub Power Company Limited
For the year ended June 30, 2022.

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

- The total number of directors are nine (9) as per the following:
 - Male: eight (8)
 - Female: One (1)
- The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Manzoor Ahmed
	Mr. Saad Iqbal
	Mr. Shafiuddin Ghani Khan
	Dr. Nadeem Inayat
Non-executive Directors	Mr. M. Habibullah Khan
	Mr. Aly Khan
	Mr. Ejaz Sanjrani
Executive Director	Mr. Muhammad Kamran Kamal
Non-executive Female Director	Ms. Aleeya Khan

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- 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 particulars of significant policies along with their date of approval or updating is maintained by the Company ;
- 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 Company Act, 2017 (the Act) and these Regulations;
- 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- 8 out of 9 directors are duly certified or are exempted from Directors' Training Program.

- During the year, there were no changes in the position of Chief Financial Officer, Company secretary and Head of Internal Audit;
- The Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed Committees comprising of members given below

Board Audit Committee	Board Nomination & Compensation Committee
Mr. Manzoor Ahmed (Chairman)	Mr. Saad Iqbal (Chairman)
Mr. Aly Khan	Mr. Aly Khan
Mr. Saad Iqbal	Ms. Aleeya Khan
Mr. Nadeem Inayat	Mr. Manzoor Ahmed

- The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance;
- The frequency of meetings of the Committees were as per following:
 - Board Audit Committee: five (5) meetings have been convened during the financial year ended June 30, 2022;
 - Board Nomination & Compensation Committee: one (1) meeting has been convened during the financial year ended June 30, 2022;
- The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company;
- 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 and 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 any Director of the Company;
- 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;
- 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 25, 2022

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2018

FOR THE YEAR ENDED JUNE 30, 2022



1. Scope of our Work

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2018 (the Regulations) for assessing compliance of The Hub Power Company Limited's (the Company) financial arrangements, contracts and transactions, in relation to the Sukuk-3 amounting to Rs. 7,000 million, Sukuk-5 amounting to Rs. 5,000 million and Sukuk-10 amounting to Rs. 4,500 million (collectively referred to as "the Sukuk") having Shariah implications with the Shariah principles (criteria specified below) for the year ended June 30, 2022. This engagement was conducted by a multidisciplinary team including assurance practitioner and independent Shariah scholar.

2. Applicable Criteria

The Criteria for the assurance engagement, against which the Statement of Compliance with the Shariah Governance Regulations, 2018 for the year ended June 30, 2022 (the Statement) (underlying subject matter information) is assessed comprises of compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations. Our engagement was carried out as required under Regulation 21 of Chapter VII of the Regulations in the light of the following:

- a) rules, regulations and directives issued by the SECP;
- b) pronouncements of the Shariah Advisory Board;
- c) Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the SECP, if any;
- d) requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- e) approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

3. Responsibility of the Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations is that of the management of the Company. Further, the Company's management is responsible to ensure that the financial arrangements, contracts and transactions, in relation to the Sukuk, having Shariah implications, entered into by the Company and related policies and procedures are in compliance with the Shariah principles as per the Criteria. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

4. Our Independence and Quality Control

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.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Responsibility of Independent Assurance Provider

Our responsibility in connection with this engagement is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial information', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliance with the Criteria. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Criteria in order to design 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. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Criteria.

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

6. Conclusion

Based on our reasonable assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and is free from material misstatement.

7. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation 21 of Chapter VII of the Shariah Governance Regulations, 2018 and is not to be used for any other purpose. This report is restricted to the facts stated herein and the annexed Statement.

Reanda Haroon Zakaria

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: August 28, 2022

STATEMENT OF COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2018

This Statement of Compliance (the Statement) for the year ended June 30, 2022, is being presented to comply with the requirements under the Shariah Governance Regulations, 2018 (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP).

The financial arrangements, contracts and transactions, entered into by The Hub Power Company Limited (the Company) in respect of Sukuk Certificates 3rd Issue amounting to Rs. 7,000 million dated August 22, 2019, Sukuk Certificates 5th Issue amounting to Rs. 5,000 million dated March 19, 2020, and Sukuk Certificates 10th Issue amounting to Rs. 4,500 million dated April 27, 2022 (collectively referred to as "the Sukuk") for the year ended June 30, 2022, are in compliance with the Sukuk features and Shariah requirements in accordance with the Regulations.

We also confirm that:

- The Company has established procedures and processes for all Sukuk related transactions to comply with Sukuk features and applicable Shariah governance law requirements.
- The Company has implemented and maintained such internal control and risk management system, that the management determines necessary to mitigate the risk of non-compliances of the Sukuk features and applicable Shariah governance law requirements, whether due to fraud or error.
- The Company has a process to ensure that the management and, where appropriate authorized personnel responsible to ensure the Company's compliance with the Sukuk related features and applicable Shariah governance law requirements, are properly trained and systems are properly updated.

We also confirm that the Company in respect of the Sukuk is in compliance with:

- rules, regulations and directives issued by the SECP;
- pronouncements of Shariah Advisory Committee;
- requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- approvals and rulings given by the Shariah Advisor of the Sukuk which are in line with the Regulations and in accordance with the rulings of Shariah Advisory Committee.



Kamran Kamal
Chief Executive Officer

SHARIAH COMPLIANCE REVIEW



Hub Power Company Limited - Short Term Sukuk

July 06, 2022

Chief Executive Officer,
Hub Power Company Limited
9th Floor, Ocean Tower, G-3, Block-9,
Main Clifton Road,
P.O Box No. 13841,
Karachi

Dear Sir,

Assalam O Alaikum

Shariah Review Report for the period ended 30th June 2022

In accordance with the Shariah Governance Regulations issued by Securities & Exchange Commission of Pakistan (SECP), Shariah Review is required for the **Rated, Unsecured, Privately Placed Short Term Sukuk of up-to PKR 4,500 Mn**, a Shariah Compliant Instrument issued by Hub Power Company Limited, in light of the approved Shariah Structure of the transaction.

In light of the above, I confirm that the transaction documents/ the relevant documentation and the procedure adopted are in accordance with the Shariah Principles as laid out in the approved Shariah Structure.

I confirm that the affairs of the company in issuance of the Shariah compliant instrument were in accordance with the rules and principles of Shariah to the best of my knowledge.

Furthermore, I confirm that for the purpose of this Shariah compliant instrument no non shariah compliant income was accounted for in the calculation of Shirkat ul aqd profit which was further distributed to the sukuk holders.

Regards,



Mufti Bashir Ahmad
CNIC# 11201-3426971-7
SECP/IFD/SA/O59

SHARIAH COMPLIANCE REPORTS

Annual Shari'ah Review Report
for Hubco Sukuk Based on
Diminishing Musharakah (Sale & Lease Back)
Rated, Secured, Privately Placed Sukuk Issue of PKR 5 Billion
For the Year ended on June, 2022

This was the overall 6th Shariah review of this instrument since its issuance & being an annual review report it covers the period of July 2021 to June 2022.

Frameworks:

In order to assess the efficiency of overall Shariah Compliance, the general Shariah Compliance of the Sukuk was examined. The Sukuk structure is based on the Shirkat-ul-Milk principle, in which HUBCO and the Sukuk holders combined their shares as an undivided share in the underlying assets as specified in the asset specifics. The rentals for Sukuk Holders who own a portion of the underlying assets, as specified in the asset specifics. The income received on a regular basis to Sukuk holders comes from the rentals for their portion of the underlying assets.

The following documents have been reviewed:

- Shariah Structure of the Sukuk
- Shariah certificate for the Sukuk
- List of Musharakah Assets for the Sukuk
- Takaful Waiver
- Profit Register for the Sukuk
- Other details shared by Issuer

Our Opinion:

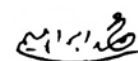
We have conducted the Shariah review of the said Sukuk for the year ended on June 2022 in accordance with the provisions of **Shariah Governance Regulations, 2018** and in our opinion:

- a) The transactions & the relevant documentation and the procedures adopted have been in accordance with the rules and principles of Shariah.
- b) The affairs have been carried out in accordance with rules and principles of Shariah.
- c) Further, no Shariah non-compliant income has been earned by the participants during the quarter, as the source of earning is only rentals against the leased assets. Therefore, no purification of income is required on part of participants during the quarter.

Based on our review, the Security is Shariah Compliant.

We pray to Allah Almighty to grant us success and keep us away from every hindrance and difficulty and give financial success to HUBCO.

For and on behalf of Alhamd Shariah Advisory Services (Private) Limited



Mufti Ibrahim Essa
Chief Executive Officer




Mufti Uzair Bilwani
Executive Director

Dated: July 29, 2022

Annual Shari'ah Review Report
For Hubco Sukuk Based On
Diminishing Musharakah (Sale & Lease Back)
Rated, Secured, Privately Placed Sukuk Issue of PKR 7 Billion
For the Year ended on June, 2022

This was the overall 6th Shariah review of this instrument since its issuance & being an annual review report it covers the period of July 2021 to June 2022.

Frameworks:

In order to assess the efficiency of overall Shariah Compliance, the general Shariah Compliance of the Sukuk was examined. The Sukuk structure is based on the Shirkat-ul-Milk principle, in which HUBCO and the Sukuk holders combined their shares as an undivided share in the underlying assets as specified in the asset specifics. The rentals for Sukuk Holders who own a portion of the underlying assets, as specified in the asset specifics. The income received on a regular basis to Sukuk holders comes from the rentals for their portion of the underlying assets.

The following documents have been reviewed:

- Shariah Structure of the Sukuk
- Shariah certificate for the Sukuk
- List of Musharakah Assets for the Sukuk
- Takaful Waiver
- Profit Register for the Sukuk
- Other details shared by Issuer

Our Opinion:

We have conducted the Shariah review of the said Sukuk for the year ended on June 2022 in accordance with the provisions of **Shariah Governance Regulations, 2018** and in our opinion:

- a) The transactions & the relevant documentation and the procedures adopted have been in accordance with the rules and the principles of Shariah.
- b) The affairs have been carried out in accordance with rules and principles of Shariah.
- c) Further, no Shariah non-compliant income has been earned by the participants during the quarter, as the source of earning is only rentals against the leased assets. Therefore, no purification of income is required on part of participants during the quarter.

Based on our review, the Security is Shariah Compliant.

We pray to Allah Almighty to grant us success and keep us away from every hindrance and difficulty and give financial success to HUBCO.

For and on behalf of Alhamd Shariah Advisory Services (Private) Limited



Mufti Ibrahim Essa
Chief Executive Officer




Mufti Uzair Bilwani
Executive Director

Dated: July 29, 2022

CORPORATE GOVERNANCE

AGM Issues and Responses

The 30th Annual General Meeting of the Company was held on October 05, 2021. 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.

The Alhamd Shariah Advisory Services Private Limited provides Shariah Advisory for Long Term Sukuks and professional staff trainings for a remuneration of Pak Rupees Two Hundred Fifty Thousand, including taxes per year. Mufti Bashir Ahmed is the Shariah Advisor for Short Term Sukuk, and the remuneration is covered under the arrangement fee of Meezan Bank Limited. Raenda Haroon Zakaria & Company are our Shariah External Auditor for these sukuks and their remuneration is fixed at Pak Rupees One Hundred Fifty Thousand and any applicable taxes.

Under the Shariah Governance Regulations, the Company had to take approval from SECP before issuance of Sukuk. Due to paucity of time, the sukuks were issued without prior approval, and SECP imposed a token penalty of Pak Rupees Twenty-Five Thousand, under the Act.

Alhamd Shariah Advisory Services (Private) Limited (ASAS) is a Private Limited Company registered with the Securities and Exchange Commission of Pakistan (SECP) under the Shariah Advisors Regulations, 2017. Established solely with the service objectives of promoting Halal, Shariah Compliant Financial System Globally, it operates under its Board of Directors comprising of leading Shariah Scholars working for well recognized Darul-Ulooms (Islamic Seminaries). They provide complete Shariah advisory and consultancy services to financial institutions, Insurance/Takaful companies, Leasing companies, Modarba companies, Micro-finance institutions, Manufacturing and Trading companies, Mutual Funds and NGOs. It structures the products and securities with the objective of advising as to whether or not such services or activities are in conformity with the principles of Shariah, and to recommend the necessary changes to make them Shariah Compliant. It provides a unique combination of Shariah advisory services customized to meet different jurisdictions and regulations.

Mufti Bashir Ahmad is a qualified CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain), Takhassus fil Fiqh il Muamalat Almaliyyah (Specialization in Islamic Commercial Jurisprudence and Fatwa) from Jamia Tur Rasheed, Dars-e-Nizami/Shahadat-ul-Aalamia from Jamia Tur Rasheed (Wifaq ul Madaris Alarabia) and Master's in Business Administration from University of Karachi.

He has more than five years of experience working in the Islamic Banking Industry and has contributed

to structuring, development of syndicated/bilateral transactions process flow/structure and shariah compliance review. Alongside his expertise in the Islamic Banking Industry, he has four years of experience in Fatawa writing, gained under the supervision of leading senior Muftian e Keram of Jamia Tur Rasheed. He currently teaches Tafseer, Hadith, and Fiqh in Al Burhan Academy Karachi campus.

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.

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.

CALENDER OF CORPORATE EVENTS

Actual Dates for The Financial Year 2021-22

Election of directors held in HUBCO's virtual AGM with 65.63% participation of shareholders.

October 5th, 2021

Board Approval of Financial Statement for First Quarter ended September 30, 2021

October 29, 2021

Board Approval of Financial Statement for Second Quarter ended December 31, 2021

February 15, 2022

Board Approval of Financial Statement for Third Quarter ended March 31, 2022

April 28, 2022

Board Approval of Financial Statement for Fourth Quarter and year ended June 30, 2022

August 25, 2022

Tentative Dates for The Financial Year 2022-23

Board Approval of Financial Statement for First Quarter ended September 30, 2022

Last week of October 2022

Board Approval of Financial Statement for Second Quarter ended December 31, 2022

Third week of February 2023

Board Approval of Financial Statement for Third Quarter ended March 31, 2023

Last week of April 2023

Board Approval of Financial Statement for Fourth Quarter and year ended June 30, 2023

Last week of August 2023

CALENDAR OF MAJOR EVENTS

Interim Dividend dispatched to shareholders on February 15th, 2022

The China Power Hub Operating Company (Pvt.) Limited. (CPHOC) incorporated on January 20th, 2022

A 6-year O&M contract of CPHGC has been awarded to CPHO a JV Company, between HPHL and CPIME (Member company of SPIC Group).

Thar Energy Limited successfully achieved synchronization with the National Grid on August 3rd, 2022



SUSTAINABILITY AND DIVERSITY

Conscious of our contribution to society and the environment, we seek to continually expand our horizons while keeping sustainability and diversity at the heart of our efforts.

CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate entity, HUBCO works within these 4 realms to uplift communities in the areas in which it operates.

Education:

1. A network of 6 Primary and 2 Secondary schools of TCF schools in the Hub community is fully operational with more than 1500 students currently enrolled.
2. CPHGC has sponsored a TCF School where currently more than 150 students are enrolled.
3. HUBCO sponsored the attendance of 4 female students of Lasbela University "Young Leadership Program" organized by the School of Leadership Karachi.
4. The TCF School at Narowal continues providing education to the local villages, with 130 students enrolled in the current academic session.

Health:

1. The paramedical staff of HUBCO in conjunction with the TCF's staff held an awareness campaign about Breast Cancer with over 150 women from local villages attending these sessions.
2. Through the mobile clinic and basic health units, continued provision of health care made to 28 villages around Hub plant. Over 36,000 patients were provided free consultation and medicines through this facility during the current year.
3. A General and Skin Medical Camp was held in Kanjraj, a remote area of Lasbela. Free consultation and medicines were provided to over 1,300 patients.
4. Essential medicines distributed to the health department of Lasbela.
5. Narowal Energy Limited continued the management and operations of its two dispensaries in the neighboring villages. Where over 1,800 patients are benefitted by the facility each month.



Infrastructure:

1. Through water tankers, HUBCO provides clean drinking water to the neighboring villages, several government schools, and Government Jam Ghulam Qadir Hospital Hub.
2. A room was constructed and furnished in the Health Centre Building at Hub City.
3. The Laraib Energy Limited (LEL) provided rescue equipment for Rescue 1122.
4. LEL provided a waste management Pick Up to the Municipal Corporation Mirpur and constructed several RCC Waste Bins in Mirpur City.
5. LEL also helped repair the incinerator in DHQ Hospital which is used to dispose of the medical waste by DHQ hospital and other health facilities of the area.
6. For ensuring the quality of locally available water in Mirupr LEL provided chemicals for water quality monitoring.

Livelihood:

1. At Narowal, the HUBCO Vocational training project is providing seamstress training to the local community women enabling them to earn a livelihood.
2. A regular two-year apprenticeship training program is maintained at the Hub plant and has so far produced 224 graduates from the local Baluchistan community.
3. Donations were made to various NGOs including Lasbela Welfare Trust, Old Grammar society, AAS Trust, Burhani Guards and Behbud Association to help their philanthropic efforts.
4. LEL continued its support of paramedical students of College of Medical Technology through scholarships.
5. Sewing machines were distributed amongst the recent graduates of the vocational training program for women at the TCF Main and Pirkus Campuses.
6. LEL provided internship trainings and scholarships to students at MUST university
7. LEL conducted several HSE awareness sessions in local community schools and MUST university
8. LEL continued supporting the local community schools through necessary provisions and repairs.

In recognition of its CSR efforts, HUBCO received a CSR award at the 14th Annual Corporate Social Responsibility Awards 2022, organized by the National Forum for Environment and Health (NFEH).

HUMAN RESOURCES

Employee Skill Development and Growth

This year our focus remained of developing the skills of our workforce to successfully takeover the O&M of TEL & TN Projects. This was a significant step in the development and diversification of our employees' skillsets and helped us provide career advancements and enrichment opportunities to our internal talent.

Building a more efficient and robust organization

Another major development of the year was the centralization of our major business support functions such as finance, HR, Commercial, and others. With a more centralized structure, day to day tasks can now be performed with more ease, efficiency, and collaboration.



Employee Engagement

Employee engagement has always been a core pillar for HUBCO as research indicates that employee engagement directly impacts business productivity and results. To gauge and improve employee engagement levels we have implemented a world class employee engagement software Glint (a tool by LinkedIn), which has not only allowed us to analyze engagement at a team-based level but it also provides necessary tools and trainings to our managers to develop action plans and improve employee engagement levels across the Organization.

DIVERSE ENDEAVORS

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

Through a 50:50 joint venture, Prime International Oil & Gas Company, HUBCO will have the opportunity to venture and grow into the Oil & Gas sector of Pakistan. We remain focused on both the organic growth of our owned assets and participating in new blocks as and when they become available by the Government of Pakistan.

Going forward, HUBCO will continue to explore opportunities in renewable energy, including participation in both the upcoming Competitive Trading Bilateral Contract Market CTBCM and off-grid power solutions for industrial zones and potential projects in renewable energy.

With the ongoing rising and highly volatile energy prices there is now a renewed global push towards diversification in energy sources. HUBCO remains both interested and cognizant of such developments and exploration of alternate fuels and energy vectors is underway. Affordability, reliability, and independence of energy source will take center stage in our efforts.

Water solutions remain close to HUBCO's diversification strategy and efforts. HUBCO aims to provide a reliable and consistent supply of industrial grade water to the SITE Industrial Area, enabling a business environment conducive to local industry and creating both direct and indirect employment opportunities. The success of this project will pave the way for other wastewater recycling projects in Karachi and the rest of Pakistan.

Other opportunities pertaining to mining and mineral processing leading to import substitution are also being developed and will be explored on an opportunistic basis with experienced partners.

HPSL intends to digitalize operations for all plants in its portfolio by enabling Digital KPI Dashboards, Cloud-based Reporting and Data Driven Asset Maintenance Services. These efforts will help improve services offered to clients and also improve problem identification and solution efforts for HPSL teams. Currently the digitization initiative is ongoing at one of the sites and roll-out will be implemented at remaining locations post successful completion and implementation.

Looking ahead, HUBCO, through its subsidiaries, affiliates, associates, and partners, will continue to pave the way for new discoveries, opportunities, and possibilities to fuel Pakistan's future growth.

AWARDS AND ACHIEVEMENTS

From following the highest standards in safety, to the best practices at the workplace, HUBCO ensures that it does not leave any stone unturned when it comes to excellence. A testament to this is the number awards that are conferred upon us every year.

Health, Safety and Environment

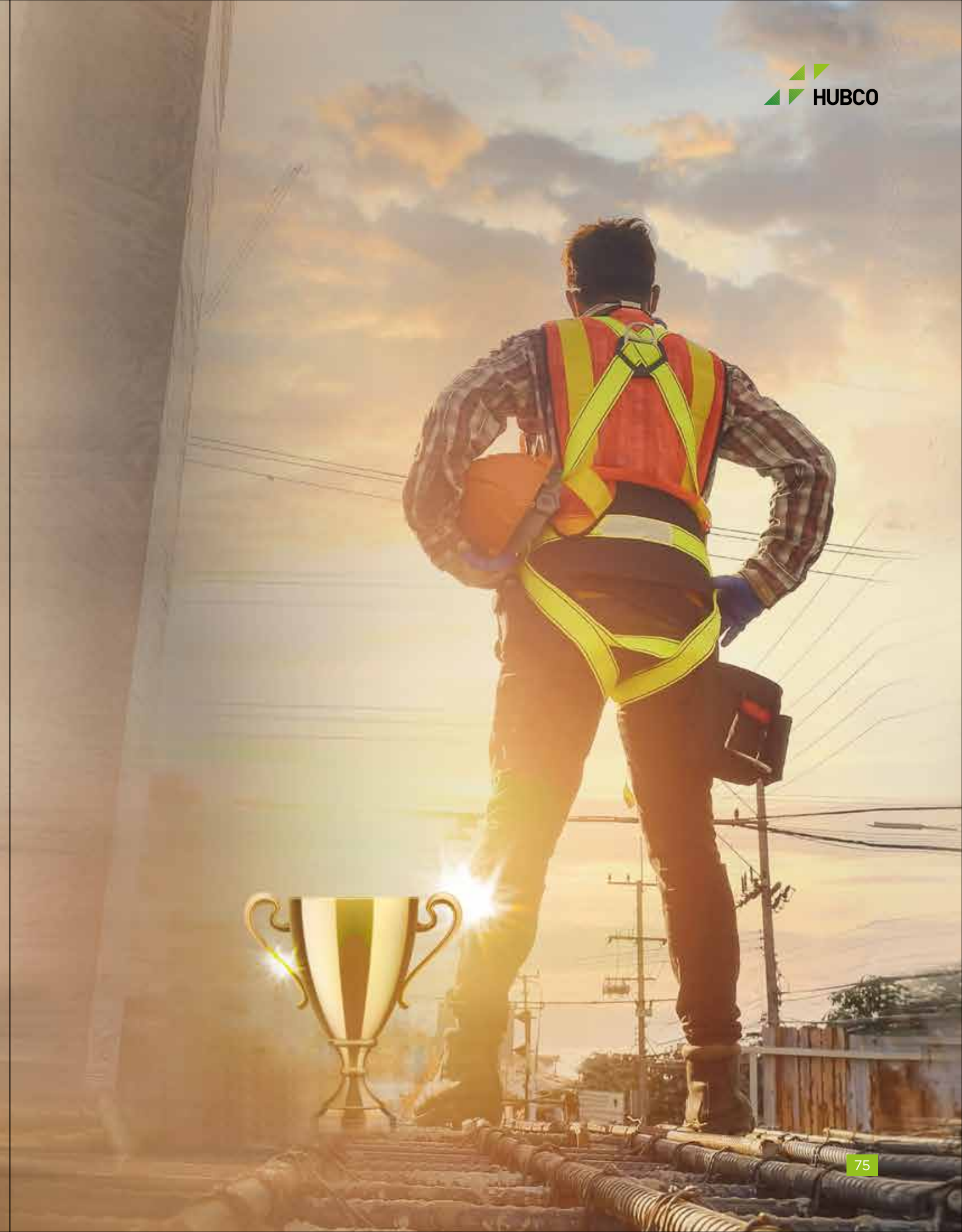
- The HUB Power Plant site has achieved 4th position in the HSE Performance evaluation conducted by the NEPRA in 2021-22,
- HUBCO won “The 11th Annual FIRE Safety Awards 2021” by National Forum of Environment, Health and Fire Protection Association of Pakistan.
- Laraib Energy Limited received a recognition shield for its HSE compliance from Employers Federation of Pakistan (EFP) in 2021-22.

Corporate Social Responsibility

- In recognition of its prolific philanthropy in the realm of education, HUBCO received a CSR award for “Education and Scholarship” at the 14th Annual Corporate Social Responsibility Awards 2022 by National Forum for Environment and Health (NFEH).

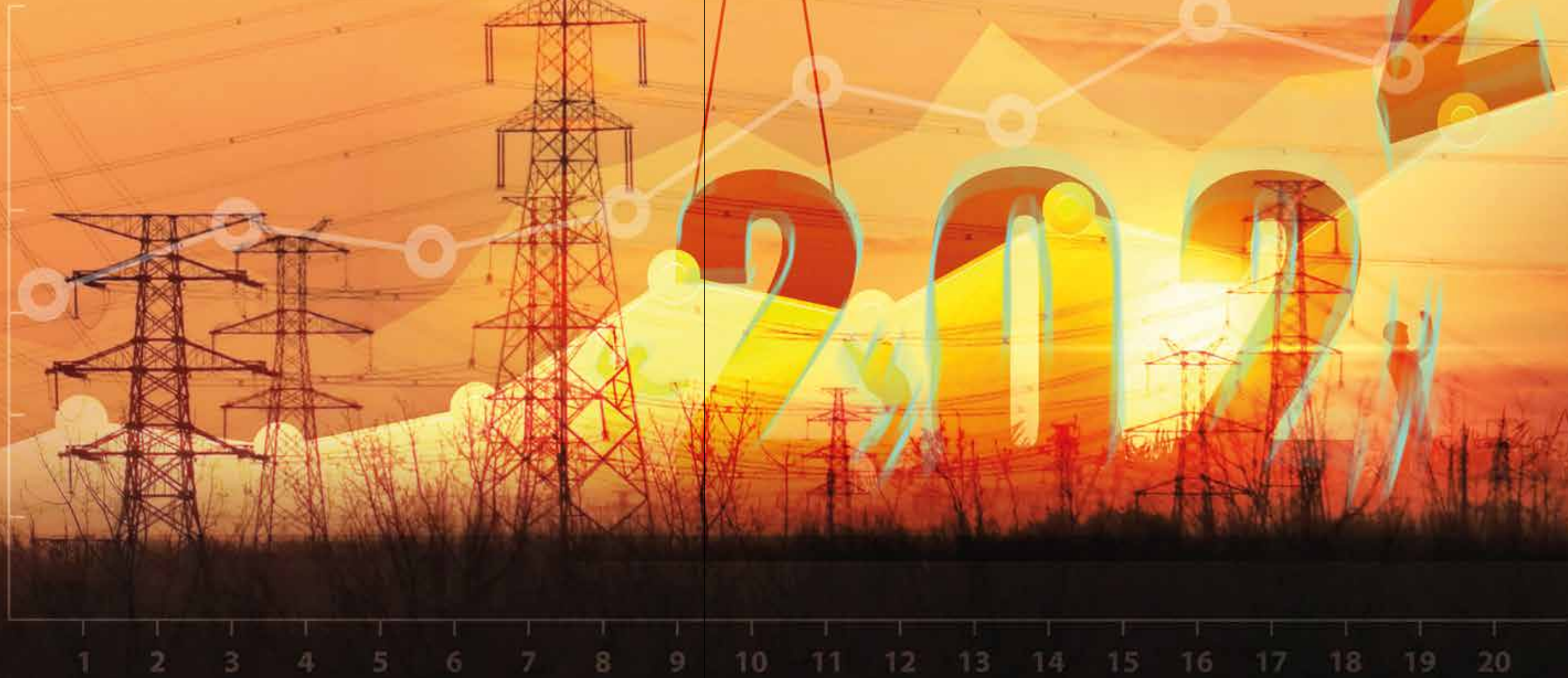
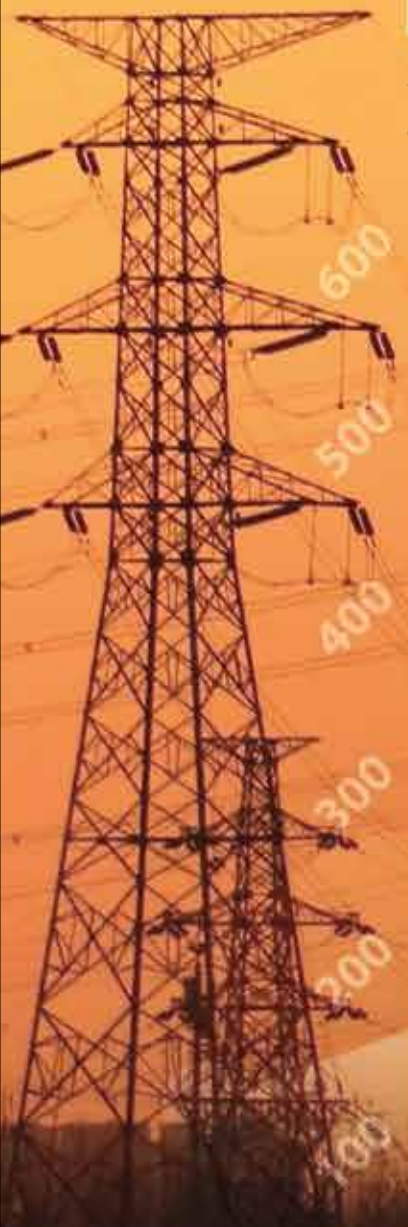
Media and Communications

- HUBCO was the joint winner of South Asia’s “Best Presented Annual Report 2020” in the Power & Energy category by the South Asian Federation of Accountants (SAFA), one of the highest-ranking accounting bodies in the South Asian Association for Regional Cooperation (SAARC).



FINANCIAL PERFORMANCE

With renewed purpose, we forge the path forward, in constant pursuit of growth, success, and excellence.



HUBCO FINANCIAL RATIOS

		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Gross Profit margin	%	37.42	63.16	65.01	32.37	12.78	11.86
Net Profit margin	%	33.78	66.37	36.94	22.17	11.17	10.50
Operating cost to turnover	%	62.58	36.84	34.99	67.63	87.22	88.14
Fuel cost to turnover	%	51.29	11.22	16.30	49.61	79.22	89.24
EBITDA Margin to Sales	%	49.84	93.77	80.31	41.89	16.91	15.41
Operating Leverage Ratio	Times	0.03	2.35	(2.17)	(0.38)	(3.39)	3.46
Return on Equity	%	36.30	43.92	27.13	30.86	43.57	35.08
Return on Capital Employed	%	31.86	33.79	30.28	29.42	35.71	26.82
Liquidity Ratios							
Current Ratio	Times	1.19	1.24	1.09	0.92	0.96	0.96
Quick / Acid Test Ratio	Times	1.15	1.18	1.00	0.85	0.89	0.90
Cash to Current Liabilities	Times	0.006	0.004	0.006	0.073	0.004	0.014
Cash Flow from Operations to Sales	%	33.60	22.24	1.51	0.32	9.05	4.22
Working capital	Rs. in million	13,329	18,029	8,237	(7,906)	(3,666)	(3,697)
Activity / Turnover Ratios							
No. of Days in Inventory	Days	22	140	207	76	23	14
Inventory Turnover	Times	16.88	2.61	1.77	4.78	15.78	25.90
No. of Days in Receivables	Days	394	832	939	750	372	352
Receivables Turnover	Times	0.93	0.44	0.39	0.49	0.98	1.04
No. of Days in Payables	Days	336	140,860	3,002	1,392	403	328
Payables Turnover	Times	1.09	0.00	0.12	0.26	0.91	1.11
Operating Cycle	Days	80	(139,888)	(1,856)	(566)	(8)	38
Total Asset Turnover	Times	0.40	0.20	0.17	0.24	0.56	0.68
Fixed Assets Turnover	Times	6.74	3.15	2.27	2.65	4.98	4.55
Working Capital Turnover	Times	4.69	1.79	3.34	(4.58)	(20.92)	(21.26)
Investment / Market Ratios							
Earnings Per Share	Rs.	16.29	16.52	7.84	6.70	7.15	8.29
Weighted Average No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,199	1,198	1,157
Price Earning Ratio	Times	4.18	4.82	9.25	11.75	12.89	14.17
Price to Book Ratio	Times	1.44	1.88	2.20	2.93	5.57	6.97
Dividend Yield	%	9.53	15.06	0.00	0.00	8.03	6.39
Dividend Payout Ratio	Times	0.40	0.73	0.00	0.00	1.03	0.90
Dividend Cover Ratio	Times	2.51	1.38	0.00	0.00	0.97	1.11
Cash Dividend Per Share - Interim	Rs.	6.50	7.00	0.00	0.00	4.60	5.00
Cash Dividend per share - Final	Rs.	0.00	5.00	0.00	0.00	2.80	2.50
Cash Dividend per share - Total	Rs.	6.50	12.00	0.00	0.00	7.40	7.50
Market Value Per Share							
Year end	Rs.	68.17	79.67	72.50	78.75	92.16	117.43
High	Rs.	81.96	91.32	103.21	98.13	125.88	145.43
Low	Rs.	63.03	70.31	57.40	68.84	89.90	103.15
Breakup Value /(Net assets/share)	Rs.	47.40	42.34	32.90	26.90	16.55	16.84
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.52	0.64	0.82	0.72	0.74	0.40
Weighted Average Cost of Debt	%	10.87	9.08	14.55	9.85	6.99	5.45
Debt to Equity Ratio	Ratio	34:66	39:61	45:55	42:58	42:58	29:71
Interest Cover Ratio	Times	4.47	4.91	2.14	2.67	4.90	5.71
No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,157	1,157	1,157

DUPONT ANALYSIS

Ratios	2022	2021	Comments
Tax Burden/Efficiency (Net Income/PBT)	92.98	94.95	Decreased due to lower tax charged on dividend income.
Interest Burden/Efficiency (PBT/EBIT)	77.62	79.64	Decrease mainly due to increase in finance cost pertaining to long term and short term borrowings during the year.
Operating Income Margin (EBIT/Sales)	46.81	87.78	Decrease mainly due to lower dividend income from subsidiaries during the year.
Asset Turnover (Sales/Assets)	0.41	0.20	Increased mainly due to higher turnover during the year.
Leverage Ratio (Assets/Equity)	2.50	2.91	Declined due to higher equity balance due to improved profitability.
Return on Equity (Net Income/Equity)	36.30	43.92	Decrease mainly due to lower dividend income from subsidiaries and higher finance costs during the year.

HORIZONTAL AND VERTICAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

Horizontal Analysis	2022	22 Vs. 21	2021	21 Vs. 20
	Rs.(Millions)	%	Rs.(Millions)	%
Turnover	62,544	93.68	32,292	17.32
Operating costs	(39,140)	228.99	(11,897)	23.54
Gross Profit	23,404	14.75	20,395	13.98
Other income	6,767	(26.45)	9,200	190.96
General and administration expenses	(559)	(29.15)	(789)	4.23
Finance costs	(6,552)	13.51	(5,772)	(38.56)
Other operating expenses	(338)	(27)	(460)	197
Taxation	(1,594)	39.70	(1,141)	96.05
Profit after tax from continuing operations	21,128	(1.42)	21,433	110.81
Profit after tax from discontinued operations	-	-	-	-
Profit for the year	21,128	(1.42)	21,433	110.81

Vertical Analysis	2022	% of	2021	% of
	Rs.(Millions)	turnover	Rs.(Millions)	turnover
Turnover	62,544	100.00	32,292	100.00
Operating costs	(39,140)	(62.58)	(11,897)	(36.84)
Gross Profit	23,404	37.42	20,395	63.16
Other income	6,767	10.82	9,200	28.49
General and administration expenses	(559)	(0.89)	(789)	(2.44)
Finance costs	(6,552)	(10.48)	(5,772)	(17.87)
Other operating expenses	(338)	(0.54)	(460)	(1.42)
Taxation	(1,594)	(2.55)	(1,141)	(3.53)
Profit after tax from continuing operations	21,128	33.78	21,433	66.37
Profit after tax from discontinued operations	-	-	-	-
Profit for the year	21,128	33.78	21,433	66.37

2020	20 Vs. 19	2019	19 Vs. 18	2018	18 Vs. 17	2017	17 Vs. 16
	Rs.(Millions)		%		Rs.(Millions)		%
27,524	(24.07)	36,249	(52.72)	76,676	(2.44)	78,590	(9.06)
(9,630)	(60.72)	(24,516)	(63.34)	(66,873)	(3.46)	(69,273)	(3.29)
17,894	52.51	11,733	19.69	9,803	5.22	9,317	(37.00)
3,162	26.08	2,508	12.52	2,229	43.16	1,557	7.79
(757)	(13.19)	(872)	(3.11)	(900)	46.34	(615)	(33.54)
(9,395)	89.38	(4,961)	121	(2,248)	26.01	(1,784)	(42.62)
(155)	17	(133)	21	(110)	43	(77)	(83.78)
(582)	144.54	(238)	13.88	(209)	46.77	(142)	(4.23)
10,167	26.50	8,037	(6.16)	8,565	3.74	8,256	(28.68)
-	-	-	-	-	(100)	1,344	-
10,167	26.50	8,037	(6.16)	8,565	(10.78)	9,600	(17.07)

2020	% of	2019	% of	2018	% of	2017	% of
	Rs.(Millions)		turnover		Rs.(Millions)		turnover
27,524	100.00	36,249	100.00	76,676	100.00	78,590	100.00
(9,630)	(34.99)	(24,516)	(67.63)	(66,873)	(87.22)	(69,273)	(88.14)
17,894	65.01	11,733	32.37	9,803	12.78	9,317	11.86
3,162	11.49	2,508	6.92	2,229	2.91	1,557	1.98
(757)	(2.75)	(872)	(2.41)	(900)	(1.17)	(615)	(0.78)
(9,395)	(34.13)	(4,961)	(13.69)	(2,248)	(2.93)	(1,784)	(2.27)
(155)	(0.56)	(133)	(0.37)	(110)	(0.14)	(77)	(0.10)
(582)	(2.11)	(238)	(0.66)	(209)	(0.27)	(142)	(0.18)
10,167	36.94	8,037	22.17	8,565	11.17	8,256	10.50
-	-	-	-	-	(100)	1,344	-
10,167	36.94	8,037	22.17	8,565	11.17	9,600	12.22

STATEMENT OF FINANCIAL POSITION

HORIZONTAL ANALYSIS

	2022 (Rs. Millions)	22 Vs. 21 %	2021 (Rs. Millions)	21 Vs. 20 %	2020 (Rs. Millions)	20 Vs. 19 %	2019 (Rs. Millions)
ASSETS							
NON-CURRENT ASSETS							
Fixed Assets							
Property, Plant and equipments	8,314	(18.94)	10,257	(15.55)	12,146	(11.13)	13,667
Intangibles	2	(66.67)	6	(76.92)	26	(50.00)	52
Long term investments	60,320	5.28	57,295	1.32	56,549	16.95	48,355
Long term loan and advance	-	-	-	-	-	-	-
Long term loan to subsidiary	1,489	100.00	-	-	-	-	-
Long term deposits and prepayments	9	(59.09)	22	-	22	-	22
	70,134	3.78	67,580	(1.69)	68,743	10.70	62,096
CURRENT ASSETS							
Stores, spares and consumables	1,016	(26.27)	1,378	(19.98)	1,722	(6.97)	1,851
Stock-in-trade	1,831	(34.75)	2,806	(55.59)	6,319	38.09	4,576
Trade debts	62,919	(12.86)	72,206	(3.77)	75,031	12.61	66,629
Loan and advances	47	(93.15)	686	328.75	160	(78.14)	732
Prepayments and other receivables	17,673	17.42	15,051	25.06	12,035	14.27	10,532
Cash and bank balances	388	28.90	301	(41.10)	511	(93.01)	7,312
	83,874	(9.25)	92,428	(3.50)	95,778	4.52	91,632
Non-current asset held for sale	-	-	-	-	-	-	-
TOTAL ASSETS	154,008	(3.75)	160,008	(2.74)	164,521	7.02	153,728
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVE							
Share Capital							
Authorised	17,000	-	17,000	-	17,000	-	17,000
Issued, subscribed and paid-up	12,972	-	12,972	-	12,972	-	12,972
Capital Reserve							
Share Premium	5,600	-	5,600	-	5,600	-	5,600
Revenue Reserve							
Unappropriated profit	42,916	18.05	36,353	50.79	24,108	76.09	13,691
TOTAL EQUITY	61,488	11.95	54,925	28.69	42,680	32.29	32,263
NON-CURRENT LIABILITIES							
Long term loans	21,786	(28.38)	30,420	(10.55)	34,006	55.09	21,927
Long term lease liabilities	189	(28.41)	264	(10.20)	294	100.00	-
CURRENT LIABILITIES							
Trade and other payables	33,123	(20.79)	41,817	(25.30)	55,981	(0.52)	56,273
Unclaimed dividend	223	(2.19)	228	9.62	208	9.47	190
Unpaid dividend	115	150.00	46	4.55	44	(45.00)	80
Interest/mark-up accrued	851	34.65	632	(21.88)	809	42.43	568
Short term borrowings	26,170	(3.32)	27,069	(9.51)	29,914	(27.24)	41,112
Current maturity of long term loans	10,051	119.60	4,577	714.41	562	(57.26)	1,315
Current maturity of long term lease liabilities	12	(60.00)	30	30.43	23	100.00	-
	70,545	(5.18)	74,399	(15.01)	87,541	(12.05)	99,538
TOTAL EQUITY AND LIABILITIES	154,008	(3.75)	160,008	(2.74)	164,521	7.02	153,728

	19 Vs. 18 %	2018 (Rs. Millions)	18 Vs. 17 %	2017 (Rs. Millions)	17 Vs. 16 %	2016 (Rs. Millions)	16 Vs. 15 %	2015 (Rs. Millions)	15 Vs. 14 %	2014 (Rs. Millions)
(11.26)		15,401	(10.78)	17,262	(52.82)	36,587	(5.75)	38,818	(5.83)	41,223
(5.45)		55	22.22	45	2.27	44	1,366.67	3	(75.00)	12
133.84		20,679	85.06	11,174	90.16	5,876	19.48	4,918	5.22	4,674
-		-	-	-	-	-	-	-	(100.00)	63
-		-	-	-	-	-	-	-	-	-
4.76		21	(84.21)	133	533.33	21	10.53	19	(9.52)	21
71.74		36,156	26.36	28,614	(32.72)	42,528	(2.81)	43,758	(4.86)	45,993
(5.32)		1,955	(0.26)	1,960	(20.33)	2,460	16.53	2,111	32.02	1,599
(19.55)		5,688	104.16	2,786	8.70	2,563	(26.14)	3,470	45.25	2,389
(19.42)		82,683	12.24	73,663	(5.25)	77,747	6.97	72,683	(9.01)	79,879
713.33		90	(37.06)	143	(42.11)	247	128.70	108	38.46	78
9.50		9,618	45.93	6,591	27.21	5,181	55.35	3,335	18.35	2,818
1,612.41		427	(65.09)	1,223	(62.71)	3,280	577.69	484	(81.91)	2,676
(8.79)		100,461	16.32	86,366	(5.59)	91,478	11.30	82,191	(8.10)	89,439
-		-	(100.00)	4	100.00	-	-	-	-	-
12.52		136,617	18.81	114,984	(14.19)	134,006	6.40	125,949	(7.00)	135,432
-		17,000	41.67	12,000	-	12,000	-	12,000	-	12,000
12.10		11,572	-	11,572	-	11,572	-	11,572	-	11,572
100.00		-	-	-	-	-	-	-	-	-
65.83		8,256	4.32	7,914	(50.56)	16,007	(20.22)	20,063	3.03	19,473
62.71		19,828	1.76	19,486	(29.34)	27,579	(12.82)	31,635	1.90	31,045
73.17		12,662	133.10	5,432	(68.60)	17,301	(6.07)	18,419	(8.06)	20,034
(29.50)		79,821	20.54	66,222	0.34	65,997	10.19	59,895	(4.40)	62,654
35.71		140	8.53	129	4.88	123	19.42	103	15.73	89
(67.61)		247	(75.83)	1,022	(52.92)	2,171	3,847.27	55	7.84	51
259.49		158	(38.52)	257	(50.10)	515	(32.50)	763	(34.11)	1,158
88.80		21,776	8.39	20,091	21.47	16,540	50.87	10,963	(35.05)	16,878
(33.75)		1,985	(15.35)	2,345	(37.96)	3,780	(8.16)	4,116	16.83	3,523
(4.41)		104,127	15.61	90,066	1.05	89,126	17.43	75,895	(10.03)	84,353
12.52		136,617	18.81	114,984	(14.19)	134,006	6.40	125,949	(7.00)	135,432

STATEMENT OF FINANCIAL POSITION

VERTICAL ANALYSIS

	2022 (Rs. Millions)		2021 (Rs. Millions)		2020 (Rs. Millions)		2019 (Rs. Millions)	
		%		%		%		%
ASSETS								
NON-CURRENT ASSETS								
Fixed Assets								
Property, Plant and equipments	8,314	5.40	10,257	6.41	12,146	7.38	13,667	
Intangibles	2	0.00	6	0.00	26	0.02	52	
Long term investments	60,320	39.17	57,295	35.81	56,549	34.37	48,355	
Long term loan and advance	-	-	-	-	-	-	-	
Long term loan to subsidiary	1,489	100.00	-	-	-	-	-	
Long term deposits and prepayments	9	0.01	22	0.01	22	0.01	22	
	70,134	45.54	67,580	42.24	68,743	41.78	62,096	
CURRENT ASSETS								
Stores, spares and consumables	1,016	0.66	1,378	0.86	1,722	1.05	1,851	
Stock-in-trade	1,831	1.19	2,806	1.75	6,319	3.84	4,576	
Trade debts	62,919	40.85	72,206	45.13	75,031	45.61	66,629	
Loan and advances	47	0.03	686	0.43	160	0.10	732	
Prepayments and other receivables	17,673	11.48	15,051	9.41	12,035	7.32	10,532	
Cash and bank balances	388	0.25	301	0.19	511	0.31	7,312	
	83,874	54.46	92,428	57.76	95,778	58.22	91,632	
Non-current asset held for sale	-	-	-	-	-	-	-	
TOTAL ASSETS	154,008	100.00	160,008	100.00	164,521	100.00	153,728	
EQUITY AND LIABILITIES								
SHARE CAPITAL AND RESERVE								
Share Capital								
Authorised	17,000	-	17,000	-	17,000	-	17,000	
Issued, subscribed and paid-up	12,972	8.42	12,972	8.11	12,972	7.88	12,972	
Capital Reserve								
Share Premium	5,600	3.64	5,600	3.50	5,600	3.40	5,600	
Revenue Reserve								
Unappropriated profit	42,916	27.87	36,353	22.72	24,108	14.65	13,691	
TOTAL EQUITY	61,488	39.93	54,925	34.33	42,680	25.94	32,263	
NON-CURRENT LIABILITIES								
Long term loans	21,786	14.15	30,420	19.01	34,006	20.67	21,927	
Long term lease liabilities	189	0.12	264	0.16	294	0.18	-	
CURRENT LIABILITIES								
Trade and other payables	33,123	21.51	41,817	26.13	55,981	34.03	56,273	
Unclaimed dividend	223	0.14	228	0.14	208	0.13	190	
Unpaid dividend	115	0.07	46	0.03	44	0.03	80	
Interest/mark-up accrued	851	0.55	632	0.39	809	0.49	568	
Short term borrowings	26,170	16.99	27,069	16.92	29,914	18.18	41,112	
Current maturity of long term loans	10,051	6.53	4,577	2.86	562	0.34	1,315	
Current maturity of long term lease liabilities	12	0.01	30	0.02	23	0.01	-	
	70,545	45.81	74,399	46.50	87,541	53.21	99,538	
TOTAL EQUITY AND LIABILITIES	154,008	100.00	160,008	100.00	164,521	100.00	153,728	

	2018 (Rs. Millions)		2017 (Rs. Millions)		2016 (Rs. Millions)		2015 (Rs. Millions)		2014 (Rs. Millions)	
	%		%		%		%		%	
8.89		15,401	11.27	17,262	15.01	36,587	27.30	38,818	30.82	41,223
0.03		55	0.04	45	0.04	44	0.03	3	0.00	12
31.45		20,679	15.14	11,174	9.72	5,876	4.38	4,918	3.90	4,674
-		-	-	-	-	-	-	-	-	63
-		-	-	-	-	-	-	-	-	-
0.01		21	0.02	133	0.12	21	0.02	19	0.02	21
40.39		36,156	26.47	28,614	24.89	42,528	31.74	43,758	34.74	45,993
1.20		1,955	1.43	1,960	1.70	2,460	1.84	2,111	1.68	1,599
2.98		5,688	4.16	2,786	2.42	2,563	1.91	3,470	2.76	2,389
43.34		82,683	60.52	73,663	64.06	77,747	58.02	72,683	57.71	79,879
0.48		90	0.07	143	0.12	247	0.18	108	0.09	78
6.85		9,618	7.04	6,591	5.73	5,181	3.87	3,335	2.65	2,818
4.76		427	0.31	1,223	1.06	3,280	2.45	484	0.38	2,676
59.61		100,461	73.53	86,366	75.11	91,478	68.26	82,191	65.26	89,439
-		-	-	4	-	-	-	-	-	-
100.00		136,617	100.00	114,984	100.00	134,006	100.00	125,949	100.00	135,432
-		17,000	-	12,000	-	12,000	-	12,000	-	12,000
8.44		11,572	8.47	11,572	10.06	11,572	8.64	11,572	9.19	11,572
3.64		-	-	-	-	-	-	-	-	-
8.91		8,256	6.04	7,914	6.88	16,007	11.94	20,063	15.93	19,473
20.99		19,828	14.51	19,486	16.95	27,579	20.58	31,635	25.12	31,045
14.26		12,662	9.27	5,432	4.72	17,301	12.91	18,419	14.62	20,034
-		-	-	-	-	-	-	-	-	-
36.61		79,821	58.43	66,222	57.59	65,997	49.25	59,895	47.55	62,654
0.12		140	0.10	129	0.11	123	0.09	103	0.08	89
0.05		247	0.18	1,022	0.89	2,171	1.62	55	0.04	51
0.37		158	0.12	257	0.22	515	0.38	763	0.61	1,158
26.74		21,776	15.94	20,091	17.47	16,540	12.34	10,963	8.70	16,878
0.86		1,985	1.45	2,345	2.04	3,780	2.82	4,116	3.27	3,523
-		-	-	-	-	-	-	-	-	-
64.75		104,127	76.22	90,066	78.33	89,126	66.51	75,895	60.26	84,353
100.00		136,617	100.00	114,984	100.00	134,006	100.00	125,949	100.00	135,432

SIX YEARS STATEMENT OF PROFIT & LOSS

	2022	2021	2020	2019	2018	2017
	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)
Turnover	62,544	32,292	27,524	36,249	76,676	78,590
Operating costs	(39,140)	(11,897)	(9,630)	(24,516)	(66,873)	(69,273)
Gross Profit	23,404	20,395	17,894	11,733	9,803	9,317
Other income	6,767	9,200	3,162	2,508	2,229	1,557
General and administration expenses	(559)	(789)	(757)	(872)	(900)	(615)
Finance costs	(6,552)	(5,772)	(9,395)	(4,961)	(2,248)	(1,784)
Other operating expenses	(338)	(460)	(155)	(133)	(110)	(77)
Taxation	(1,594)	(1,141)	(582)	(238)	(209)	(142)
Profit after tax from continuing operations	21,128	21,433	10,167	8,037	8,565	8,256
Profit after tax from discontinued operations	-	-	-	-	-	1,344
Profit for the year	21,128	21,433	10,167	8,037	8,565	9,600
Basic and diluted earnings per share (Rupees)	16.29	16.52	7.84	6.70	7.15	8.29
Weighted Average No. of Ordinary Shares	1,297	1,297	1,297	1,199	1,198	1,157

	2022	2021	2020	2019	2018	2017
	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)
EBITDA						
Profit after tax for the year (from continuing operations)	21,128	21,433	10,167	8,037	8,565	8,256
Finance costs	6,552	5,772	9,395	4,961	2,248	1,784
Depreciation	1,890	1,914	1,931	1,914	1,910	1,903
Amortization	6	20	30	35	37	26
Taxation	1,594	1,141	582	238	209	142
EBITDA	31,170	30,280	22,105	15,185	12,969	12,111

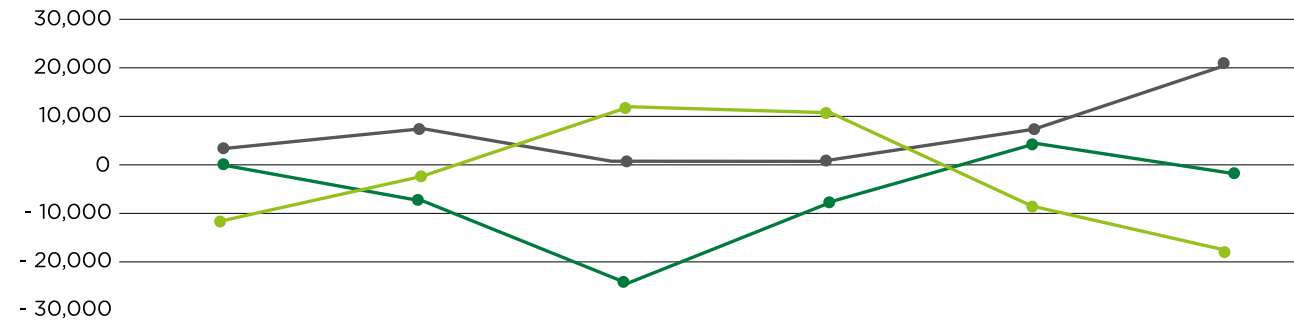
	2022	2021	2020	2019	2018	2017
	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)
EBIT						
Profit after tax for the year (from continuing operations)	21,128	21,433	10,167	8,037	8,565	8,256
Finance costs	6,552	5,772	9,395	4,961	2,248	1,784
Taxation	1,594	1,141	582	238	209	142
EBIT	29,274	28,346	20,144	13,236	11,022	10,182

SIX YEARS STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018	2017
	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)	(Rs. Millions)
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, plant and equipment	8,314	10,257	12,146	13,667	15,401	17,262
Intangibles	2	6	26	52	55	45
Long term investments	60,320	57,295	56,549	48,355	20,679	11,174
Long term loan to subsidiary	1,489	-	-	-	-	-
Long term deposits	9	22	22	22	21	133
	70,134	67,580	68,743	62,096	36,156	28,614
CURRENT ASSETS						
Stores, spares and consumables	1,016	1,378	1,722	1,851	1,955	1,960
Stock-in-trade	1,831	2,806	6,319	4,576	5,688	2,786
Trade debts	62,919	72,206	75,031	66,256	82,683	73,662
Loans and advances	47	686	160	732	90	143
Prepayments and other receivables	17,673	15,051	12,035	10,905	9,618	6,591
Cash and bank balances	388	301	511	7,312	427	1,223
	83,874	92,428	95,778	91,632	100,461	86,365
Non-current asset classified as held for sale	-	-	-	-	-	4
TOTAL ASSETS	154,008	160,008	164,521	153,728	136,617	114,983
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	17,000	17,000	17,000	17,000	17,000	12,000
Issued, subscribed and paid-up	12,972	12,972	12,972	12,972	11,572	11,572
Capital Reserve						
Share premium	5,600	5,600	5,600	5,600	-	-
Revenue Reserve						
Unappropriated profit	42,916	36,353	24,108	13,691	8,256	7,914
TOTAL EQUITY	61,488	54,925	42,680	32,263	19,828	19,486
NON-CURRENT LIABILITIES						
Long term loans	21,786	30,420	34,006	21,927	12,662	5,432
Long term lease liabilities	189	264	294	-	-	-
	21,975	30,684	34,300	21,927	12,662	5,432
CURRENT LIABILITIES						
Trade and other payables	33,123	41,817	55,981	56,273	79,821	66,222
Unclaimed dividend	223	228	208	190	140	129
Unpaid dividend	115	46	44	80	247	1,022
Interest / mark-up accrued	851	632	809	568	158	257
Short term borrowings	26,170	27,069	29,914	41,112	21,776	20,090
Current maturity of long term loans	10,051	4,577	562	1,315	1,985	2,345
Current maturity of long term lease liabilities	12	30	23	-	-	-
	70,545	74,399	87,541	99,538	104,127	90,065
COMMITMENTS AND CONTINGENCIES						
TOTAL EQUITY AND LIABILITIES	154,008	160,008	164,521	153,728	136,617	114,983

SUMMARY OF SIX YEARS CASHFLOW AT A GLANCE

	2017 (Rs. Millions)	2018 (Rs. Millions)	2019 (Rs. Millions)	2020 (Rs. Millions)	2021 (Rs. Millions)	2022 (Rs. Millions)
Opening	(13,260)	(18,867)	(21,349)	(33,799)	(29,402)	(26,768)
Net Cashflow generated from / (used in) operating activities	3,318	6,939	117	415	7,180	21,015
Net Cashflow generated from / (used in) investing activities	(224)	(7,305)	(24,720)	(7,221)	4,223	(1,889)
Net Cashflow used in financing activities	(12,260)	(2,116)	12,153	11,203	(8,769)	(18,138)
Cash and cash equivalents transferred to NEL	3,558	-	-	-	-	-
Closing	(18,867)	(21,349)	(33,799)	(29,402)	(26,768)	(25,781)



- 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 93.68% 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 228.99% compared to the last year is mainly due to higher fuel cost due to higher generation.

The decrease in other income was mainly attributable to lower dividend income from subsidiaries and lower income from management services.

Increase in finance cost on long term and short term borrowings largely due to increase in KIBOR, additional loan and loan repayments during the year.

The current year net profit decreased by 1.43% compared to the last year resulting in decrease in

earnings per share from Rs. 16.52 to Rs. 16.29 mainly due to lower dividend income from subsidiaries, lower income from management services, depreciation of Rupee against USD.

COMMENTS ON UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

During the year, the Company has made additional investments in TEL Rs. 2,492 million and SECMC of Rs. 533 million.

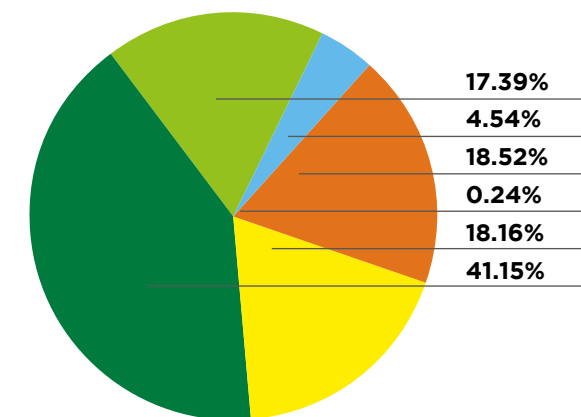
To finance investments in growth projects, the Company has obtained additional long term loan amounting to Rs. 1,486 million whereas long term loan of Rs. 4,728 was repaid during the year.

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

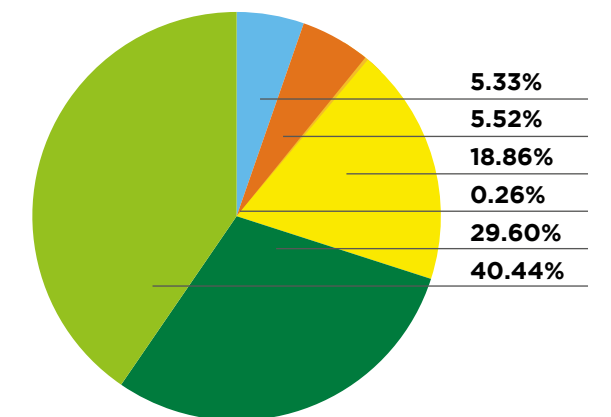
	2022 (Rs. Millions)	%	2021 (Rs. Millions)	%
Wealth Created				
Total Revenue inclusive of sales tax and other income	75,237	208.46	42,465	138.76
Less: Operating cost & other general expenses	(39,146)	(108.46)	(11,861)	(38.76)
	36,091	100.00	30,604	100.00
Wealth Distributed				
To employees				
Salaries, wages and other benefits	1,637	4.54	1,633	5.33
To government				
Sales tax	5,090	14.10	547	1.79
Income tax	1,594	4.42	1,141	3.73
To society				
Donation / Corporate Social Responsibility	88	0.24	79	0.26
To providers of finance as financial charges				
Dividend to Shareholders	14,853	41.15	9,058	29.60
Dividend to Shareholders	6,276	17.39	12,375	40.44
	36,091	100.00	30,604	100.00

Wealth Distribution 2022



- To Employees
- To Government
- To Society
- To Providers of finance
- Wealth Retained
- Dividend to shareholders

Wealth Distribution 2021

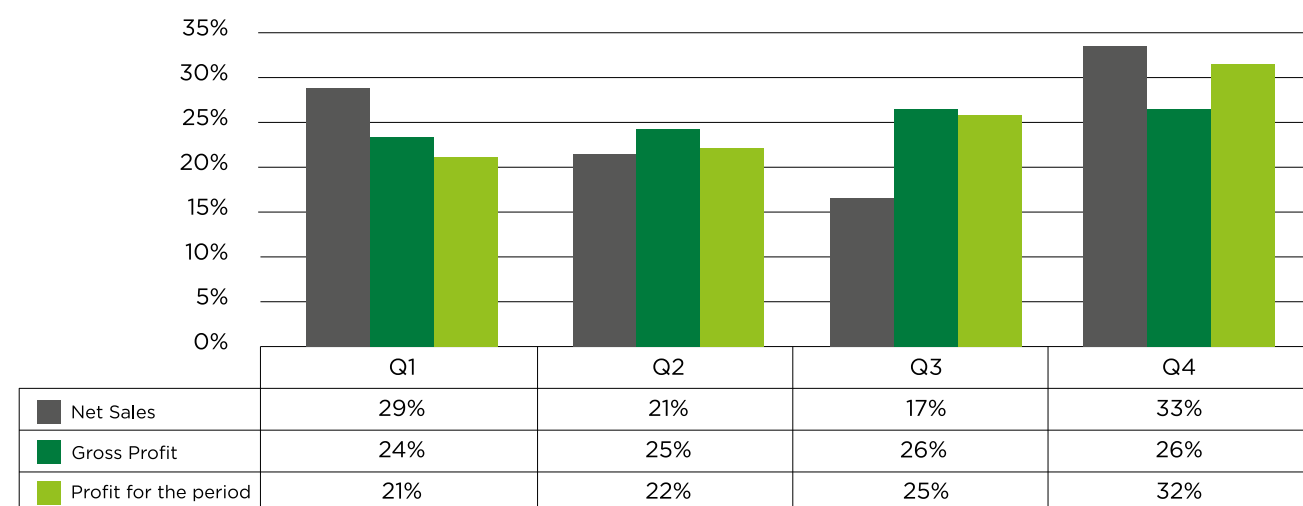


- To Employees
- To Government
- To Society
- To Providers of finance
- Wealth Retained
- Dividend to shareholders

QUARTERLY FINANCIAL ANALYSIS

	Jul - Sep 2021		Oct - Dec 2021		Jan - Mar 2022		Apr - Jun 2022		Jul - Jun 2022	
	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%	Rs. '000	%
Net Sales	18,055,089	29%	13,415,054	21%	10,365,317	17%	20,708,276	33%	62,543,736	100%
Gross Profit	5,546,920	24%	5,734,678	25%	6,033,929	26%	6,088,600	26%	23,404,127	100%
Profit for the period	4,426,646	21%	4,639,510	22%	5,380,673	25%	6,681,426	32%	21,128,255	100%

Quarterly Analysis 2021-22



CASH FLOW STATEMENT – DIRECT METHOD

For the year ended June 30, 2022

	2022	2021
	(Rs. '000s)	(Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	76,920,416	34,443,799
Paid to suppliers / service provider - net	(49,024,329)	(20,567,920)
Paid to employees	(830,150)	(1,138,817)
Interest income received	224	7,547
Interest / mark-up paid	(5,784,348)	(5,447,628)
Staff gratuity paid	(3,000)	(26,500)
Taxes paid	(264,040)	(89,943)
Net cash inflow from operating activities	21,014,773	7,180,538
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(16,650)	(28,824)
Sale proceeds from disposal of Fixed Assets	41,308	52,957
Long term investment made	(2,688,568)	(875,613)
Long term loan to subsidiary - net	(1,488,819)	-
Dividend received from subsidiaries	2,249,696	5,073,940
Long-term deposits and prepayments	13,558	100
Net cash outflow from investing activities	(1,889,475)	4,222,560
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(14,853,162)	(9,058,445)
Proceeds from issuance of shares	-	-
Share issuance cost	-	-
Proceeds from long term loans	1,485,679	1,067,414
Repayment of long term loans	(4,728,236)	(714,952)
Repayment of long term lease liabilities	(42,478)	(63,000)
Net cash outflow from financing activities	(18,138,197)	(8,768,983)
Net decrease in cash and cash equivalents	987,101	2,634,115
Cash and cash equivalents at the beginning of the year	(26,768,577)	(29,402,692)
Cash and cash equivalents at the end of the year	(25,781,476)	(26,768,577)

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.

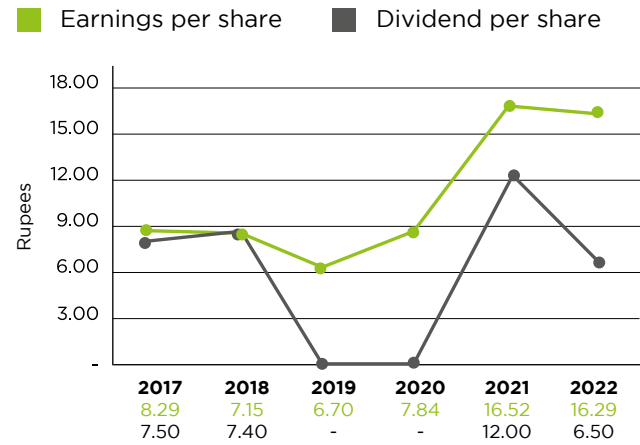
Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, guidelines and frameworks issued by professional bodies and best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

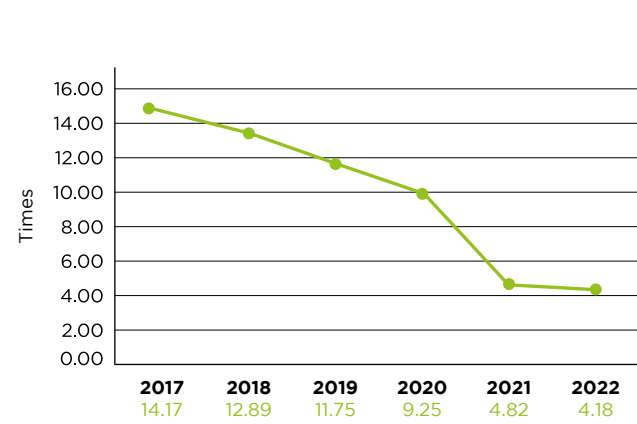
Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.

GRAPHICAL PRESENTATION

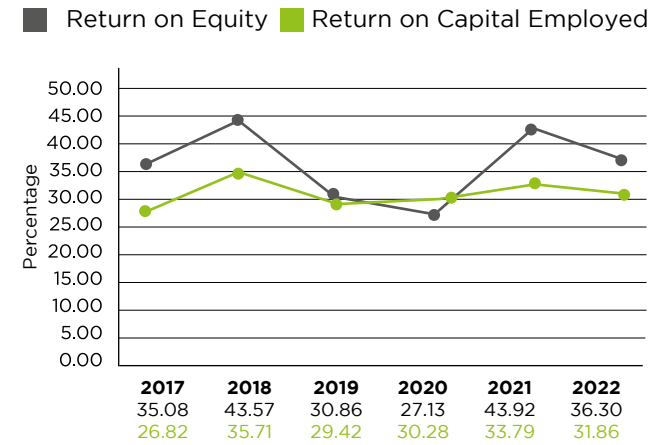
EPS vs Dividend per share



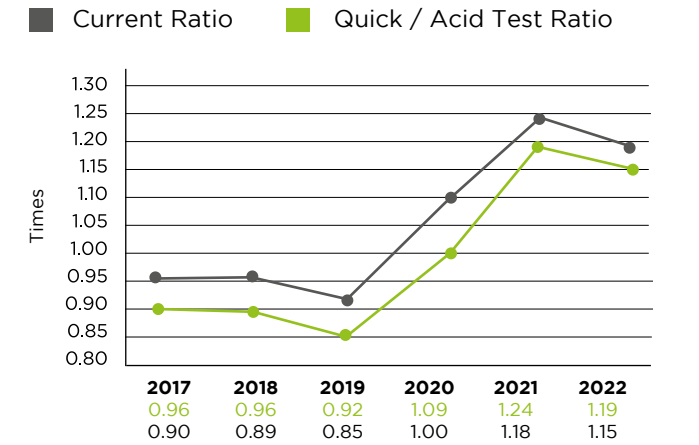
PE Ratio



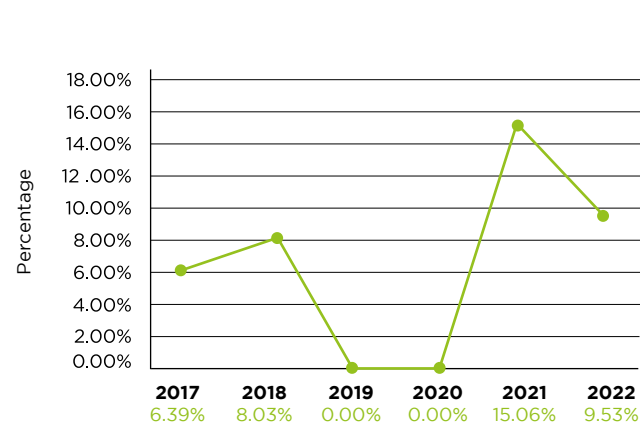
Profitability Ratio



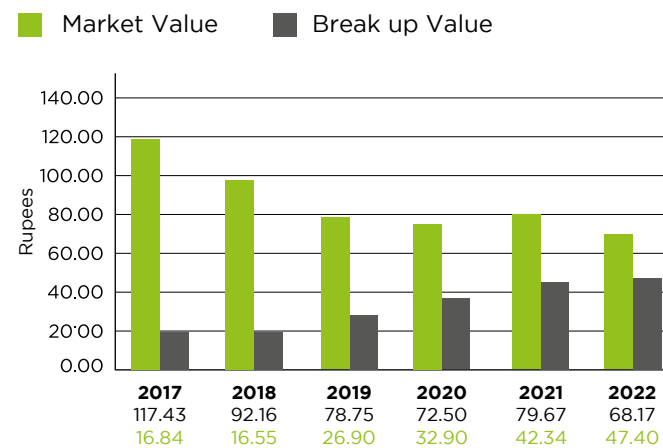
Current Ratio vs Quick / Acid Test Ratio



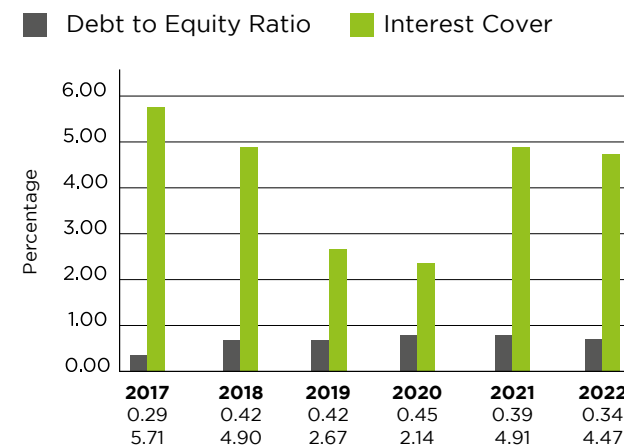
Dividend Yield



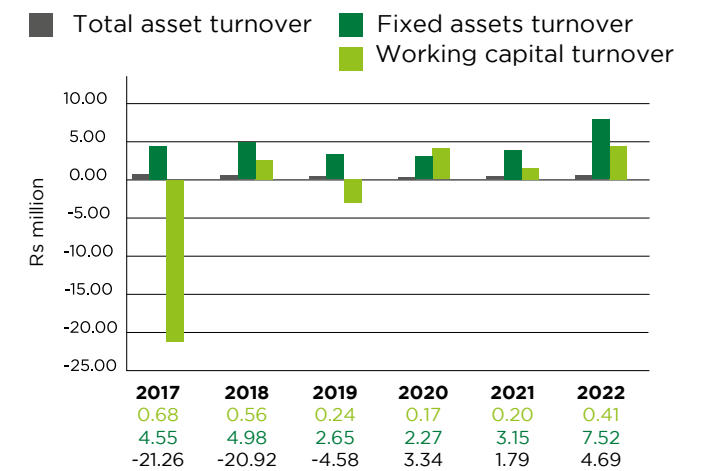
Market Value vs Break up Value



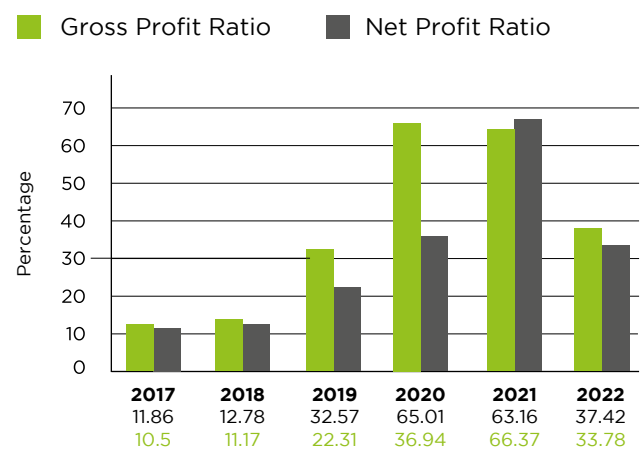
Debt Management



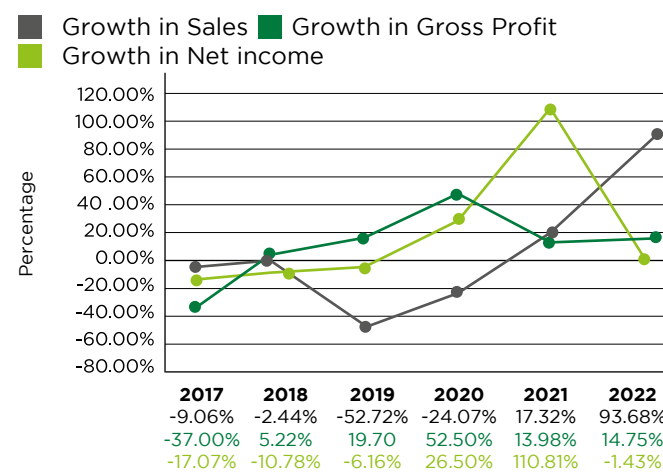
Turnover Ratio



GP % vs NP %



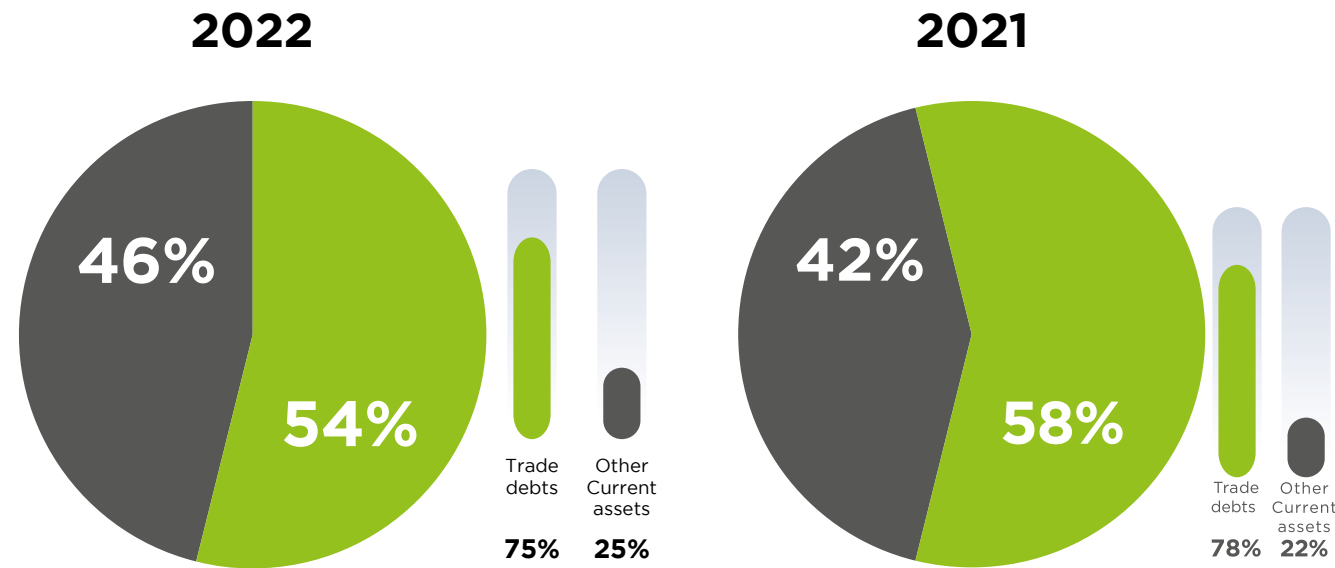
Growth of Turnover and Profitability



GRAPHICAL PRESENTATION

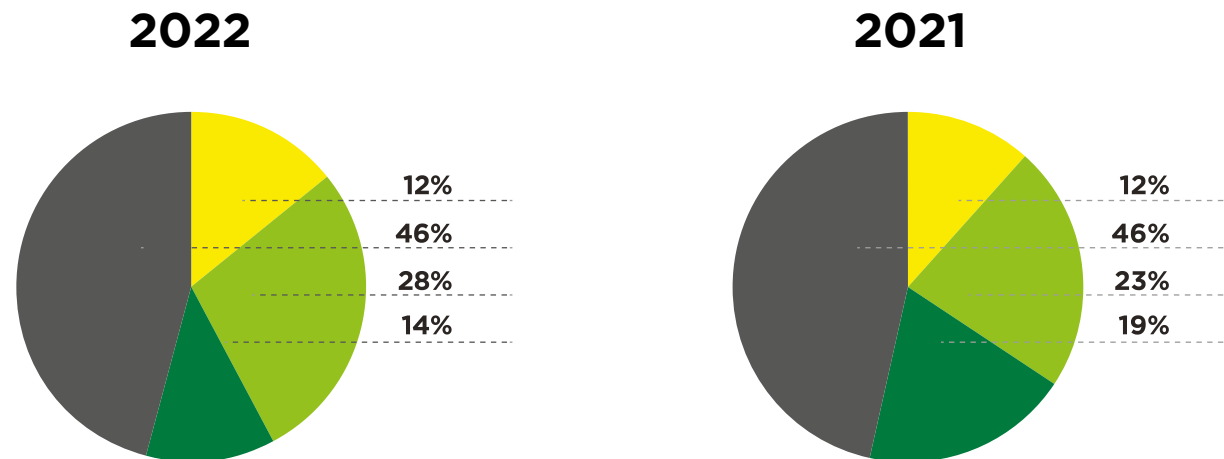
Composition of Total Assets 2022

■ Non Current Assets ■ Current Assets



Capital Structure

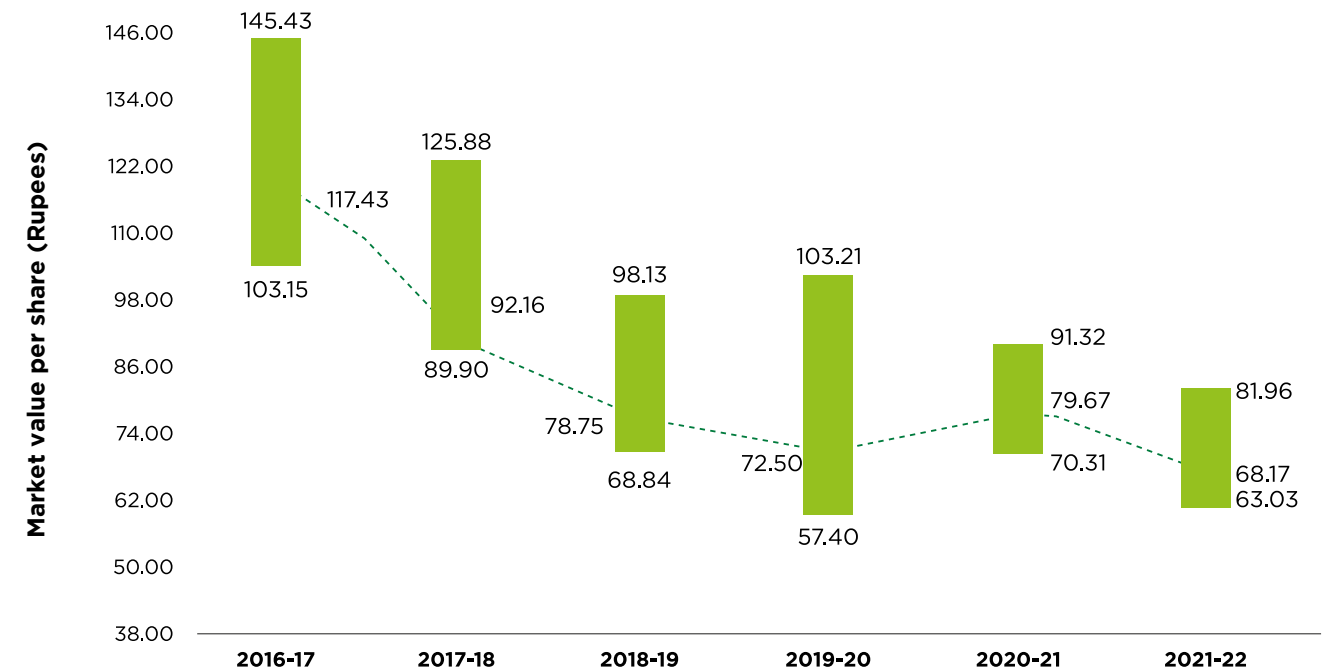
■ Current Liabilities ■ Retained earning ■ Paid up Share capital ■ Non current liabilities



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 2021-22, Company's share price has touched the peak of Rs. 81.96 while the lowest recorded price was Rs. 63.03 with a closing price of Rs. 68.17 at the end of the year.

Share Price Sensitivity



	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
High	145.43	125.88	98.13	103.21	91.32	81.96
Closing	117.43	92.16	78.75	72.50	79.67	68.17
Low	103.15	89.90	68.84	57.40	70.31	63.03

UNCONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2022



A.F. FERGUSON & CO.

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, 2022, 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, 2022 and of the profit and other comprehensive income, 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)	<p>Contingent Liabilities</p> <p>[Refer notes 28.4 to 28.8 to the unconsolidated financial statements]</p> <p>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).</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>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;</p> <p>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;</p> <p>iii) circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them;</p> <p>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;</p> <p>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</p> <p>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.</p>
(ii)	<p>Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G)</p> <p>[Refer notes 3.16, 18, and 39.3 to the unconsolidated financial statements]</p> <p>The Company under the Power Purchase Agreement (PPA) is required to sell the electricity to the sole customer, i.e. CPPA-G and recognised 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 buildup of trade debts aggregating to Rs. 62,919 million as at June 30, 2022 including overdue trade debts of Rs. 55,405 million. Due to delays in recovery, the Company has financed its operations through short and long term financing arrangements and by delaying the settlement of trade and other payables.</p> <p>The Securities and Exchange Commission of Pakistan (SECP) through SRO 1177 (I) / 2021 dated September 13, 2021 extended the exemption to companies</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the applicable accounting policies of the Company;</p> <p>ii) checked that the invoices raised by the Company during the year are in accordance with the requirements of PPA;</p> <p>iii) circularised confirmation of trade debts / receivables to CPPA-G;</p> <p>iv) checked the receipts from CPPA-G by tracing the amount from the bank statements;</p> <p>v) obtained an understanding of the financial model used by the Company's management for</p>

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>holding financial assets due from the Government of Pakistan, from the requirements contained in IFRS 9 'Financial Instruments' with respect to application of Expected Credit Losses (ECL) till June 30, 2022. Accordingly, no impairment has been recognised against receivable from CPPA-G in the unconsolidated financial statements as at June 30, 2022, under the ECL method.</p> <p>During the year, the Company has applied to the SECP for further extension in the period of the aforementioned exemption. In case such exemption is not extended, ECL model will be applicable on Company's receivable from CPPA-G w.e.f July 1, 2022, resulting in recognition of impairment charge of the Rs. 9,482 million against receivable from CPPA-G, based on the assessment carried out by the management of the Company.</p> <p>In view of the significant delays in settlement of receivables, materiality of these trade receivables and the potential impairment charge and the consequential impact on the liquidity and operations of the Company, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<p>determination of impairment charge and checked the mathematical accuracy of the ECL model by performing recalculations;</p> <p>vi) 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 receivables;</p> <p>vii) 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</p> <p>viii) assessed adequacy of the related disclosures made in the unconsolidated financial statements, with regards to applicable accounting and reporting standards.</p>

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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



Chartered Accountants

Karachi
Date: September 09, 2022

UDIN: AR20221006969tR2G7vX

UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Turnover	5	62,543,736	32,292,268
Operating costs	6	(39,139,609)	(11,896,844)
GROSS PROFIT		23,404,127	20,395,424
General and administration expenses	7	(558,722)	(789,402)
Other income	8	6,767,073	9,200,430
Other operating expenses	9	(337,672)	(459,570)
PROFIT FROM OPERATIONS		29,274,806	28,346,882
Finance costs	10	(6,552,430)	(5,771,838)
PROFIT BEFORE TAXATION		22,722,376	22,575,044
Taxation	11	(1,594,121)	(1,141,205)
PROFIT FOR THE YEAR		21,128,255	21,433,839
Basic and diluted earnings per share (Rupees)	36	16.29	16.52


The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Profit for the year	21,128,255	21,433,839
Other comprehensive income / (loss) for the year:		
Items that will not be reclassified to profit or loss in subsequent periods		
Gain on remeasurement of post employment benefit obligation	16,582	19,947
Gain / (loss) on revaluation of equity investment at fair value through other comprehensive income	336,129	(128,951)
	352,711	(109,004)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21,480,966	21,324,835

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Property, plant and equipment	8,313,972	10,256,644
Intangibles	2,335	5,942
Long term investments	60,320,004	57,295,307
Long term loan to subsidiary	1,488,819	-
Long term deposits	8,509	22,067
	70,133,639	67,579,960
CURRENT ASSETS		
Stores, spares and consumables	1,015,606	1,377,785
Stock-in-trade	1,831,392	2,805,876
Trade debts	62,919,266	72,205,856
Loans and advances	47,151	686,101
Prepayments and other receivables	17,672,969	15,050,966
Cash and bank balances	388,464	300,744
	83,874,848	92,427,328
TOTAL ASSETS	154,008,487	160,007,288
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital		
Authorised	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	42,916,580	36,352,890
	61,488,124	54,924,434
NON-CURRENT LIABILITIES		
Long term loans	21,785,632	30,420,239
Long term lease liabilities	188,691	263,814
	21,974,323	30,684,053
CURRENT LIABILITIES		
Trade and other payables	33,123,182	41,816,916
Unclaimed dividend	223,090	227,729
Unpaid dividend	114,837	46,084
Interest / mark-up accrued	850,810	631,727
Short term borrowings	26,169,940	27,069,321
Current maturity of long term loans	10,051,655	4,577,235
Current maturity of long term lease liabilities	12,526	29,789
	70,546,040	74,398,801
TOTAL EQUITY AND LIABILITIES	154,008,487	160,007,288
COMMITMENTS AND CONTINGENCIES	28	

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,722,376	22,575,044
Adjustments for:		
Depreciation	1,890,482	1,914,343
Amortisation	5,534	19,620
Dividend income from subsidiaries	(2,440,930)	(5,338,191)
Gain on disposal of fixed assets	(38,776)	(48,815)
Gain on retirement of lease	(14,902)	-
Provision against slow moving stores, spares and consumables	328,587	319,193
Staff gratuity	29,244	33,588
Interest income	(65)	(7,162)
Interest / mark-up expense	6,003,431	5,270,080
Mark-up on lease liabilities	29,375	38,658
Amortisation of transaction costs	82,370	77,826
Operating profit before working capital changes	28,596,726	24,854,184
Working capital changes	(1,530,789)	(12,117,122)
Cash generated from operations	27,065,937	12,737,062
Interest income received	224	7,547
Interest / mark-up paid	(5,784,348)	(5,447,628)
Staff gratuity paid	(3,000)	(26,500)
Taxes paid	(264,040)	(89,943)
Net cash generated from operating activities	21,014,773	7,180,538
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from subsidiaries	2,249,696	5,073,940
Fixed capital expenditure	(16,650)	(28,824)
Proceeds from disposal of fixed assets	41,308	52,957
Long term investments made	(2,688,568)	(875,613)
Long term loan to subsidiary - net	(1,488,819)	-
Long term deposits	13,558	100
Net cash (used in) / generated from investing activities	(1,889,475)	4,222,560
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(14,853,162)	(9,058,445)
Proceeds from long term loans	1,485,679	1,067,414
Repayment of long term loans	(4,728,236)	(714,952)
Repayment of long term lease liabilities	(42,478)	(63,000)
Net cash used in financing activities	(18,138,197)	(8,768,983)
Net increase in cash and cash equivalents	987,101	2,634,115
Cash and cash equivalents at the beginning of the year	(26,768,577)	(29,402,692)
Cash and cash equivalents at the end of the year	(25,781,476)	(26,768,577)

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
ISSUED CAPITAL		
Balance at the beginning and end of the year	12,971,544	12,971,544
SHARE PREMIUM		
Balance at the beginning and end of the year	5,600,000	5,600,000
UNAPPROPRIATED PROFIT		
Balance at the beginning of the year	36,352,890	24,108,136
Profit for the year	21,128,255	21,433,839
Other comprehensive income / (loss) for the year	352,711	(109,004)
Total comprehensive income for the year	21,480,966	21,324,835
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2020-21 @ Rs. 5.00 (2019-20 @ Rs. Nil) per share	(6,485,772)	-
First interim dividend for the fiscal year 2021-22 @ Rs. 6.50 (2020-21 @ Rs. 4.00) per share	(8,431,504)	(5,188,618)
Second interim dividend for the fiscal year 2021-22 @ Rs. Nil (2020-21 @ Rs. 3.00) per share	-	(3,891,463)
	(14,917,276)	(9,080,081)
Balance at the end of the year	42,916,580	36,352,890
TOTAL EQUITY	61,488,124	54,924,434

The annexed notes from 1 to 44 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, 2022

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 9th 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) - legal ownership interest of 47.5% via HPHL; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3% via HPHL.

Joint Venture

- Prime International Oil & Gas Company Limited - Holding of 50% via HPHL; and
- China Power Hub Operating Company (Private) Limited (CPHO) - Holding of 49% via HPHL.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 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.

3.4 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. The payment is due 14 days and 30 days after the acknowledgement of the output delivered invoice and capacity available invoice, respectively. 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

The SECP through S.R.O 1177(1)/2021 dated September 13, 2021 extended the exemption of application of Expected Credit Loss model under IFRS - 9 "Financial Instruments" in respect of financial assets due from Government of Pakistan up to June 30, 2022. Accordingly, the Company has applied the requirements of IAS - 39 "Financial Instruments: Recognition and Measurement" in these unconsolidated financial statements with respect to calculation of impairment loss in respect of such financial assets.

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:

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
5. TURNOVER			
Capacity Purchase Price (CPP)		25,536,924	22,893,145
Energy Purchase Price (EPP)		35,260,281	3,859,703
Late Payment Interest (LPI)		5,108,814	5,820,746
Startup Charges (SC)		396,278	46,081
Part Load Adjustment Charges (PLAC)		1,331,529	219,267
		<u>67,633,826</u>	<u>32,838,942</u>
Less: Sales tax on EPP		(5,090,090)	(546,674)
		<u>62,543,736</u>	<u>32,292,268</u>
6. OPERATING COSTS			
Fuel cost		32,078,696	3,622,704
Late payment interest to fuel supplier		1,911,973	2,965,485
Stores and spares		514,598	474,901
Operations and maintenance	6.1	127,822	289,000
Salaries, benefits and other allowances	6.2 & 6.3	524,965	719,920
Insurance		946,352	922,245
Depreciation	12.4	1,847,481	1,854,117
Amortisation	13.1	4,347	18,329
Repairs, maintenance and other costs		1,183,375	1,030,143
		<u>39,139,609</u>	<u>11,896,844</u>

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

6.2 This includes salaries, wages and benefits of employees seconded from HPSL to the Company. As at June 30, 2022, number of seconded employees were 135 (2021: 258).

6.3 This includes a sum of Rs. 50 million (2021: Rs. 68 million) in respect of staff retirement benefits. The retirement benefit plans of the seconded employees are maintained by HPSL.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
7. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	7.1 & 6.2	276,704	486,848
Travel and transportation		9,332	7,373
Fuel and power		7,479	11,653
Repairs and maintenance		29,709	32,939
Legal and professional charges		54,836	58,976
Office running costs		20,047	7,475
Insurance		8,984	23,056
Fee and subscription		11,395	11,292
Training and development		6,169	3,451
Auditors' remuneration	7.2	5,794	4,294
Donations	7.3	37,190	33,077
Corporate social responsibility		50,883	45,458
Printing and stationery		2,755	7,607
Depreciation	12.4	32,473	50,090
Amortisation	13.1	883	883
Miscellaneous		4,089	4,930
		<u>558,722</u>	<u>789,402</u>

7.1 This includes a sum of Rs. 41 million (2021: Rs. 44 million) in respect of staff retirement benefits.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
7.2 Auditors' remuneration			
Statutory audit		3,121	2,959
Half yearly review		961	914
Other services		1,423	235
Out-of-pocket expenses		289	186
		<u>5,794</u>	<u>4,294</u>

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. 35 million (2021: Rs. 28 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		65	7,162
Non-financial assets			
Gain on disposal of fixed assets - net	12.2	53,678	48,815
Dividend income from LEL		2,200,930	1,338,638
Dividend income from HPSL		240,000	100,000
Dividend income from HPHL		-	3,899,553
Income from management services	8.1	4,272,400	3,803,702
Exchange gain		-	2,560
		<u>6,767,008</u>	<u>9,193,268</u>
		<u>6,767,073</u>	<u>9,200,430</u>

8.1 Income from management services

Services income		6,591,672	5,378,074
Cost of services	8.1.1	(2,319,272)	(1,574,372)
		<u>4,272,400</u>	<u>3,803,702</u>

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. 11 million (2021: Rs. 10 million) in respect of staff retirement benefits.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
9. OTHER OPERATING EXPENSES			
Workers' profit participation fund	9.1	335,665	457,095
Loss on dredging services		-	2,475
Exchange loss		2,007	-
		<u>337,672</u>	<u>459,570</u>
9.1 Workers' profit participation fund			
Provision for Workers' profit participation fund	28.4	1,152,900	1,151,731
Workers' profit participation fund recoverable from CPPA(G)		(817,235)	(694,636)
		<u>335,665</u>	<u>457,095</u>

10. FINANCE COSTS

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Interest / mark-up on long term loans		3,405,575	3,012,895
Mark-up on long term lease liabilities		29,375	38,658
Mark-up on short term borrowings		2,597,856	2,257,185
Amortisation of transaction costs	23	82,370	77,826
Other finance costs		437,254	385,274
		<u>6,552,430</u>	<u>5,771,838</u>

11. TAXATION

Current			
- For the year	11.1	<u>1,594,121</u>	<u>1,141,205</u>

11.1 Relationship between tax expense and accounting profit

Profit before taxation		22,722,376	22,575,044
Tax calculated at the rate of 29% (2021: 29%)		6,589,489	6,546,763
Effect of reduced rate of tax on dividend income		(473,200)	(287,807)
Effect of exempt income		(4,772,752)	(5,119,729)
Effect of super tax at the rate of 4% (2021: Nil)		250,584	-
Effect of minimum tax		-	1,978
		<u>1,594,121</u>	<u>1,141,205</u>

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	2022 (Rs. '000s)	2021 (Rs. '000s)
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	8,313,972	10,255,968
Capital work-in-progress (CWIP)	12.5	-	676
		<u>8,313,972</u>	<u>10,256,644</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, 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
Additions / transfers from CWIP	-	-	-	-	14,382	-	368	649	15,399
Disposals	-	(864)	(114,593)	(862)	(10,633)	(67,438)	(1,832)	(4,834)	(201,056)
As at June 30, 2022	13,909	433,058	221,891	-	50,863,937	31,428	217,358	30,310	51,811,891
Accumulated depreciation:									
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
Charge for the year	-	27,199	29,351	17	1,815,255	804	15,383	2,473	1,890,482
Disposals	-	(706)	(50,212)	(787)	(9,955)	(66,213)	(1,832)	(4,438)	(134,143)
As at June 30, 2022	-	371,673	66,489	-	42,799,279	30,369	206,347	23,762	43,497,919
Net book value as at June 30, 2022	13,909	61,385	155,402	-	8,064,658	1,059	11,011	6,548	8,313,972
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
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, 2022	-	79,285	-	-	700,070	30,682	181,492	22,207	1,013,736
Cost of fully depreciated assets as at June 30, 2021	-	64,219	-	-	669,397	89,425	128,049	10,699	961,789

12.2 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)						
Furniture & fixtures	67,438	66,213	1,225	30,192	28,967	Bidding	Primatics Financial (Pvt) Limited
Items having a net book value not exceeding Rs. 500,000 each							
Office equipment	4,834	4,438	396	48	(348)	Various	Various
Building on freehold land	864	706	158	-	(158)	Various	Various
Leasehold property	862	787	75	10,395	10,320	Bidding	Ms. Mariam Mahmood
Vehicles	1,832	1,832	-	39	39	Company Policy	Mr. Yasir Zia - employee
Plant & machinery	10,633	9,955	678	634	(44)	Various	Various
Total - June 30, 2022	86,463	83,931	2,532	41,308	38,776		
Total - June 30, 2021	50,816	46,674	4,142	52,957	48,815		

12.2.1 During the year, office space acquired on rental basis was vacated resulting in net gain of Rs. 14.902 million.

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

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)

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

Operating costs	6	1,847,481	1,854,117
General and administration expenses	7	32,473	50,090
Other income - cost of management services		10,528	10,136
		1,890,482	1,914,343

12.5 Capital work-in-progress

Opening balance	676	183,870
Additions during the year	300	1,195
Transfers during the year	(976)	(184,389)
Closing balance	-	676

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
13. INTANGIBLES - Computer software			
Cost			
Opening balance		158,890	215,557
Additions		1,927	-
Write off		(2,592)	(56,667)
		<u>158,225</u>	<u>158,890</u>
Accumulated amortisation			
Opening balance		(152,948)	(189,995)
Charge for the year	13.1	(5,534)	(19,620)
Write off		2,592	56,667
		<u>(155,890)</u>	<u>(152,948)</u>
Net book value		<u>2,335</u>	<u>5,942</u>
Amortisation rate per annum (%)		<u>33.33</u>	<u>33.33</u>
Cost of fully amortised intangibles		<u>152,921</u>	<u>125,877</u>
	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
13.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	4,347	18,329
General and administration expenses	7	883	883
Other income - cost of management services		304	408
		<u>5,534</u>	<u>19,620</u>
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	9,657,465	7,165,917
		<u>57,249,171</u>	<u>54,757,623</u>
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	14.6	3,070,833	2,537,684
		<u>60,320,004</u>	<u>57,295,307</u>

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 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 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 a Standby Letter of Credit (SBLC) of USD 23 million to LEL's lenders for cost overruns and debt repayment. The SBLC amount has been reduced to USD 9.487 million. The SBLC is required to be maintained 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 SBLC 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 November 2022, the mark-up on the Sukuk will be payable on semi-annual basis in arrears. 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;
- ii. Ranking and subordinated floating charge over all present and future movable fixed and current assets of HPHL; and
- iii. Revolving Cross Corporate Guarantee from the Company for all principal repayments and profit amounts.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

As at June 30, 2022, 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.

On July 14, 2021, the CPHGC's power plants tripped. Based on the initial assessments of CPHGC, this happened due to unusual weather conditions, which caused damages to the CPHGC's equipment including transformer of unit one of the power plant, which was destroyed beyond repair and its recoverable amount has been determined to be Nil. Accordingly, CPHGC has recorded an impairment loss equal to its net book value of Rs. 1,989.69 million. The loss is covered under insurance and a partial claim settlement of USD 27 million (Rs. 5,336 million) has been received. Discussions are continuing with insurers which are expected to conclude in the next few months after which final settlement will be received by CPHGC. The new transformer was successfully installed and synchronized with the National Grid on January 6, 2022.

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.

Pursuant to the Completion Guarantee Agreement dated October 24, 2017 between the Company, China Power Holding Limited, HPHL, China Power International (Pakistan) Investment limited, CPHGC and CPHGC's lenders, the Company is required to provide a Standby Letter of Credit (SBLC) 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 satisfy the funding shortfall, if any, in CPHGC; (a) 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. The Company issued this SBLC by entering into an agreement with local banks by providing security against all present and future assets of the Company other than current assets. This SBLC expires on November 23, 2022. If the SBLC is not renewed 15 days prior to the expiry, CPHGC's lender / CPHGC shall have the right to call upon the SBLC.

Shares held by HPHL in CPHGC are pledged in favour of the Security Trustee in order to secure the Company and 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). As at June 30, 2022, HPHL has injected USD 40.67 million (Rs. 6,111 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. Considering the delay in RCOD, TNPTL requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the delayed COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension in the RCOD of TNPTL till June 30, 2022, subject to payment of undisputed High Voltage Direct Current (HVDC) charges under certain conditions. Any delay in achievement of COD beyond RCOD, can result in Liquidated Damages (LDs) amounting to USD 2.68 million for each month of delay.

Although CPPA(G) has raised an invoice for the payment of HVDC charges, TNPTL has challenged the determination of the invoices, and has sought clarification from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TNPTL to make payment and therefore currently there is no exposure on TNPTL in this regard.

TNPTL expects to achieve COD in the second quarter of the financial year ending June 30, 2023.

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 COD 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, 2023 by placing cash security as lien. During the year, the SBLC was reduced to Rs. 2,290 million;
- (ii) undertake to the Lenders of TNPTL or to arrange and / or provide working capital financing to TNPTL, directly or through 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. The Company, through HPHL, has executed Share Pledge Agreement on November 08, 2019 to fulfil this condition;

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- (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 charge 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 Extra Ordinary General Meeting (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 invested Rs. 18.08 million in Prime on March 17, 2021, to meet transaction-related expenses for ENI entities' acquisition. The transaction has been approved by Competition Commission of Pakistan as required under the relevant SPAs and final approval from Director General Petroleum Concession is awaited.

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 condition 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, 2022, 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.

14.3.4 China Power Hub Operating Company (Private) Limited (CPHO)

On October 29, 2021, HPHL executed a Joint Venture Agreement (JV Agreement) with China Power International Maintenance Engineering Company Limited (CPIME), for establishing a joint venture in Pakistan for the purpose of, inter alia, providing operation, maintenance, and other services to China Power Hub Generation Company (Private) Limited (CPHGC) in connection with its 1320 MW coal fired power plant located in Hub Balochistan (CPHGC's Plant) and to other customers. On January 20, 2022, a company by the name of China Power Hub Operating Company (Private) Limited (CPHO) was incorporated. HPHL's shareholding in CPHO is 49%. On February 10, 2022, an Operations and Maintenance Agreement (the O&M Agreement) was executed between CPIME, CPHO and CPHGC. Pursuant to the O&M Agreement, CPHO was appointed to operate and maintain CPHGC's Plant for a term of 6 years.

HPHL's equity investment in CPHO amounts to Rs. 8.4 million. HPHL, in accordance with requirements specified in the O&M Agreement, has issued a corporate guarantee in favor of CPHGC as security for CPHO's liabilities and obligations under the O&M Agreement. The total value of this guarantee is USD 11.98 million which will remain valid for the 6-year term of the O&M Agreement. The maximum estimated exposure for the agreement year ending on Jan 31, 2023 is USD 2.8 million.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 amended Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in COD, TEL requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension in the RCOD of TEL till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Despatch Company Limited (NTDC), from the COD of HVDC line under certain conditions. During the year, CPPA(G) has raised invoices for payment of HVDC charges, however, TEL has challenged the determination of the invoices and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TEL to make payment and therefore currently there is no exposure on TEL in this regard.

As mentioned in the PPA, any delay in the achievement of COD beyond RCOD would also result in liquidated damages amounting to USD 0.75 million per month. During the year, CPPA(G) has raised an invoice for said liquidated damages for the period November 23, 2021 to March 31, 2022 amounting to USD 3.2 million. Accordingly, TEL has recorded a provision for this amount.

TEL expects to achieve COD in the first quarter of the financial year ending June 30, 2023.

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 November 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, 2022. The SBLC was subsequently reduced to Rs. 2,281 million. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 23.2.1 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, 2022 the Company has injected USD 15.506 million (Rs. 1,909 million) [2021: USD 14.31 million (Rs. 1,712 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.
- Stand by Letter of Credit (SBLC) 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 SBLC in proportion to its shareholding of Ordinary shares in SECMC. Upon a demand being made for payment under the PSRA SBLC 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 SBLC 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 SBLC for PSRA shortfall is demanded, the maximum investment of the Company in SECMC shall be USD 31 million.

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. 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	2022 (Rs. '000s)	2021 (Rs. '000s)
15. LONG TERM LOAN TO SUBSIDIARY			
Considered good - interest bearing (unsecured) Loan to HPHL - a subsidiary company	15.1	<u>1,488,819</u>	-
15.1			
During the year, the Company has provided HPHL an unsecured loan facility for an amount of up to Rs. 3,000 million, to meet its cash flow requirements, which carries markup at the rate of 0.7% per annum above one month KIBOR. Payable at demand after 12 months at the Company's discretion. The maximum aggregate amount outstanding at any time during the year was Rs. 1,489 million (2021: Rs. Nil).			

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
16. STORES, SPARES AND CONSUMABLES			
In hand		2,018,740	2,052,332
Provision against slow moving stores, spares and consumables	16.1	<u>(1,003,134)</u>	<u>(674,547)</u>
		<u>1,015,606</u>	<u>1,377,785</u>
16.1 Movement in provision against slow moving stores, spares and consumables			
Opening balance		674,547	355,354
Provision for the year		328,587	319,193
Closing balance		<u>1,003,134</u>	<u>674,547</u>
17. STOCK-IN-TRADE			
Furnace oil		1,802,542	2,783,454
Diesel		28,850	22,422
		<u>1,831,392</u>	<u>2,805,876</u>
18. TRADE DEBTS			
Considered good - Secured			
Capacity Purchase Price (CPP)		19,954,040	42,246,908
Energy Purchase Price (EPP)		20,245,797	3,605,522
Late Payment Interest (LPI)	18.1 & 28.8	21,679,494	26,071,659
Startup Charges (SC)		294,168	50,110
Part Load Adjustment Charges (PLAC)		745,767	231,657
	18.2	<u>62,919,266</u>	<u>72,205,856</u>
18.1			
This includes Rs. 3,558 million (2021: Rs. 4,559 million) related to LPI which is not yet billed by the Company.			
18.2			
This includes an amount of Rs. 55,405 million (2021: Rs. 60,278 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	2022 (Rs. '000s)	2021 (Rs. '000s)
Not yet due	18.1	7,514,505	11,928,094
Up to 6 months		34,453,665	12,853,422
6 months to 1 year		9,422,456	16,172,485
1 year to 2 years		2,730	19,725,323
Over 2 years		11,525,910	11,526,532
		<u>62,919,266</u>	<u>72,205,856</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
19. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives		1,049	4,568
Employees		62	186
		<u>1,111</u>	<u>4,754</u>
Advances - unsecured			
Executives		386	995
Employees		254	139
Suppliers		45,400	10,068
		<u>46,040</u>	<u>11,202</u>
Considered good - interest bearing (unsecured)			
Loan to NEL - a subsidiary company	19.1	-	670,145
		<u>47,151</u>	<u>686,101</u>

19.1 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. 2,488 million (2021: Rs. 2,208 million).

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
20. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		65,563	41,755
Other receivables			
Interest accrued		-	159
Income tax - refundable		-	352,174
Income tax - Contractor tax refundable	20.1	372,469	372,469
Sales tax		7,744,056	7,373,750
Staff gratuity	20.2	9,872	19,534
Receivable from LEL	20.3	876,687	726,849
Receivable from HPHL	20.3	30,472	53,792
Receivable from NEL	20.3	-	2,525
Receivable from TEL	20.3	36,946	48,697
Receivable from TNPTL	20.3	8,679	23,915
Receivable from TEL against services agreement	20.3	1,676,460	3,510,502
Receivable from TNPTL against services agreement	20.3	3,553,948	63,386
Workers' profit participation fund recoverable from CPPA(G)	28.4	3,278,255	2,461,020
Hub Power Services Limited - Pension Fund		512	-
Miscellaneous		19,050	439
		<u>17,607,406</u>	<u>15,009,211</u>
		<u>17,672,969</u>	<u>15,050,966</u>

20.1 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 Power Purchase Agreement ("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, 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. 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 FBR to refund the tax recovered by it over and above 4%. 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 FBR has filed appeals before the courts which are pending adjudication.

The Company continued its discussions with the GOP and 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 their 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

20.2 STAFF GRATUITY

Actuarial valuation was carried out as at June 30, 2022. 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.

	2022 (Rs. '000s)	2021 (Rs. '000s)
	<u>9,872</u>	<u>19,534</u>
	2022 (Rs. '000s)	2021 (Rs. '000s)
Reconciliation of the net (asset) / liability recognised in the statement of financial position		
Present value of defined benefit obligation	316,563	335,262
Fair value of plan assets	(326,435)	(354,796)
Net asset recognised in the statement of financial position	<u>(9,872)</u>	<u>(19,534)</u>
Reconciliation of the movements during the year in the net (asset) / liability recognised in the statement of financial position		
Opening net asset	(19,534)	(6,675)
Expense recognised	29,244	33,588
Remeasurement gain recognised in Other Comprehensive Income (OCI)	(16,582)	(19,947)
Contributions made to the fund during the year	(3,000)	(26,500)
Closing net asset	<u>(9,872)</u>	<u>(19,534)</u>
Expense recognised		
Current service cost	30,374	34,543
Net interest	(1,130)	(955)
Expense recognised	<u>29,244</u>	<u>33,588</u>
Re-measurements recognised in OCI during the year		
Remeasurement gain on defined benefit obligations	(25,780)	(28,852)
Remeasurement loss on plan assets	9,198	8,905
	<u>(16,582)</u>	<u>(19,947)</u>
The movement in the defined benefit obligations are as follows		
Present value of defined benefit obligation at opening	335,262	310,449
Current service cost	30,374	34,543
Interest cost	30,222	26,092
Benefits paid	(53,515)	(6,970)
Remeasurement gain recognised in OCI	(25,780)	(28,852)
Present value of defined benefit obligation at closing	<u>316,563</u>	<u>335,262</u>

The movement in fair value of plan assets

	2022 (Rs. '000s)	2021 (Rs. '000s)
Fair value of plan assets at opening	354,796	317,124
Expected return on plan assets	31,352	27,047
Contributions made	3,000	26,500
Benefits paid	(53,515)	(6,970)
Remeasurement loss recognised in OCI	(9,198)	(8,905)
Fair value of plan assets at closing	<u>326,435</u>	<u>354,796</u>
Actual return on plan assets	<u>22,154</u>	<u>18,142</u>

Plan assets comprise of following:

	2022 %	2022 (Rs. '000s)	2021 %	2021 (Rs. '000s)
Pakistan Investment Bonds	74.67%	243,766	71.43%	253,432
Mutual funds	-	-	0.43%	1,528
Term Finance Certificate	4.89%	15,958	4.41%	15,657
Treasury Bills	-	-	4.14%	14,675
Quoted shares	19.05%	62,175	19.27%	68,354
Cash and cash equivalents	1.39%	4,536	0.32%	1,150
	<u>100.00%</u>	<u>326,435</u>	<u>100.00%</u>	<u>354,796</u>

	2022 (Rs. '000s)	2021 (Rs. '000s)
Contribution expected to be paid to the plan during the next year	<u>29,954</u>	<u>29,244</u>

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

	2022	2021
- Valuation discount rate per annum	13.25%	10.00%
- Expected rate of return on plan assets per annum	13.25%	10.00%
- Expected rate of increase in salary level per annum	13.25%	8.75%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years
Retirement benefit plan	<u>47,121</u>	<u>121,649</u>	<u>359,831</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Historical information of retirement benefit plan:

	2022	2021	2020	2019	2018
	----- (Rs. '000s) -----				
As at June 30					
Present value of defined benefit obligation	316,563	335,262	310,449	262,337	209,793
Fair value of plan assets	(326,435)	(354,796)	(317,124)	(220,796)	(193,457)
(Surplus) / Deficit	(9,872)	(19,534)	(6,675)	41,541	16,336
		2022		2021	
		(Rs. '000s)		(Rs. '000s)	

Sensitivity analysis on significant actuarial assumptions

- Impact on defined benefit obligation - decrease / (increase)

- Discount rate +0.5% /+1%	10,311	25,308
- Discount rate -0.5% /-1%	(10,966)	(28,896)
- Salary increases +0.5% /+1%	(11,638)	(30,283)
- Salary increases -0.5% /-1%	11,032	26,955

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.

20.3 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	2022	2021
		(Rs. '000s)	(Rs. '000s)
LEL		876,687	726,849
HPSL		21,869	14,296
HPHL		440,511	164,254
NEL		28,878	20,267
TEL		3,911,969	3,658,805
TNPTL		3,562,627	1,505,974

21. CASH AND BANK BALANCES

Saving accounts at bank	21.1 & 21.2	388,099	300,354
Cash in hand		365	390
		388,464	300,744

21.1 Saving accounts carry mark-up rate of 12.25% (2021: 5.50%) per annum.

21.2 This includes Rs. 338 million (2021: Rs. 300 million) restricted for dividend payable.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

2022		2021	
(No. of Shares)		(Rs. '000s)	
Authorised :			
1,700,000,000	1,700,000,000	17,000,000	17,000,000
Ordinary shares of Rs.10/- each			
Issued, subscribed and paid-up:			
Ordinary shares of Rs.10/- each			
958,773,317	958,773,317	9,587,733	9,587,733
For cash			
For consideration other than cash			
338,022,463	338,022,463	3,380,225	3,380,225
- against project development cost			
358,607	358,607	3,586	3,586
- against land			
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

22.1 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.

22.2 Associated undertakings held 261,040,482 (2021: 260,339,502) shares in the Company as at year end.

23. LONG TERM LOANS - Secured

From Banks / Financial Institutions	As at July 01, 2021	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2022
----- (Rs. '000s) -----						
Hub plant						
Salary Refinance Scheme - SBP	23.1	474,000	-	(316,000)	(158,000)	-
TEL / CPHGC / SECMC / TNPTL investment						
Syndicated term finance facility	23.2.1	17,233,131	1,485,679	(2,076,156)	(3,101,055)	13,541,599
Islamic finance facility	23.2.2	5,500,000	-	(586,080)	(852,131)	4,061,789
Long Term Sukuk certificates I	23.2.3	7,000,000	-	(1,750,000)	(3,500,000)	1,750,000
Long Term Sukuk certificates II	23.2.4	5,000,000	-	-	(2,500,000)	2,500,000
		34,733,131	1,485,679	(4,412,236)	(9,953,186)	21,853,388
Transaction costs		(209,657)	-	-	59,531	(67,756)
Total		34,997,474	1,485,679	(4,728,236)	(10,051,655)	21,785,632

From Banks / Financial Institutions	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	23.1	318,000	314,000	(158,000)	(316,000)	158,000
NEL investment						
Commercial facility		556,952	-	(556,952)	-	-
TEL / CPHGC / SECMC / TNPTL investment						
Syndicated term finance facility	23.2.1	16,479,717	753,414	-	(1,966,363)	15,266,768
Islamic finance facility	23.2.2	5,500,000	-	-	(627,533)	4,872,467
Long Term Sukuk certificates I	23.2.3	7,000,000	-	-	(1,750,000)	5,250,000
Long Term Sukuk certificates II	23.2.4	5,000,000	-	-	-	5,000,000
		33,979,717	753,414	-	(4,343,896)	30,389,235
Transaction costs		(287,483)	-	-	82,661	(126,996)
Total		34,567,186	1,067,414	(714,952)	(4,577,235)	30,420,239

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

23.1 The Company has obtained long term loan 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).

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

23.2.1 The Company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2021: 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.

23.2.2 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.

23.2.3 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 arrears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

- revolving corporate guarantee from NEL;
- subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;
- subordinate charge over all present and future movable fixed assets of the Company (upto Rs. 4,000 million) and NEL; and
- pledge of 100% shares of NEL.

23.2.4 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 arrears and the principal is payable in four equal semi-annual installments commencing from September 19, 2022. The Sukuk Certificates are secured by:

- revolving corporate guarantee from NEL;
- subordinate hypothecation charge over all present and future movable fixed assets of NEL; and
- subordinate charge over all present and future movable current assets of the Company.

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
24. LONG TERM LEASE LIABILITIES		
Opening balance	293,603	317,945
Finance cost charge during the year	29,375	38,658
Payments made during the year	(42,478)	(63,000)
Retirement of lease	(79,283)	-
	<u>201,217</u>	<u>293,603</u>
Less: Current maturity of lease liabilities	(12,526)	(29,789)
Long-term lease liabilities	<u>188,691</u>	<u>263,814</u>
25. TRADE AND OTHER PAYABLES		
Creditors		
Trade - PSO	25.1 22,741,534	34,495,638
Others	1,033	-
	<u>22,742,567</u>	<u>34,495,638</u>
Accrued liabilities		
Finance costs	40,853	42,507
Miscellaneous	1,106,855	907,552
	<u>1,147,708</u>	<u>950,059</u>
Advances received against management services - unsecured	25.2 791,980	-
Unearned income	25.3 2,128,369	2,364,350
Payable to HPSL	13,497	46,839
Payable to NEL	128,341	-
Other payables		
Workers' profit participation fund	28.4 5,052,686	3,899,786
Provision for taxation	977,907	-
Hub Power Services Limited - Pension Fund	-	5,467
Retention money	38,103	8,466
Withholding tax	59,196	27,446
Miscellaneous	42,828	18,865
	<u>6,170,720</u>	<u>3,960,030</u>
	<u>33,123,182</u>	<u>41,816,916</u>

25.1 This represents payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 19,419 million (2021: Rs. 26,682 million).

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

25.2 This represents advances received from Nova Powergen Limited and Thal Power (Private) Limited against management services.

25.3 This represents Capacity Purchase Price of Rs. 2,128 million (2021: Rs. 1,985 million) invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. Nil (2021: Rs. 380 million) invoiced under the services agreement with TNPTL.

		2022	2021
		(Rs. '000s)	(Rs. '000s)
26. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		302,916	221,671
Mark-up accrued on short term borrowings		547,894	410,056
		850,810	631,727
27. SHORT TERM BORROWINGS			
Secured			
Running finance	27.1 & 27.2	15,047,629	22,348,865
Unsecured			
Privately placed sukuks	27.3	4,500,000	4,500,000
Short term loan - HPSL	27.4	283,053	220,456
Short term loan - NEL	27.5	6,339,258	-
		11,122,311	4,720,456
		26,169,940	27,069,321

27.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 21,050 million (2021: Rs. 27,272 million) at mark-up ranging between 0.70% to 1.75% (2021: 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 September 14, 2022 to June 30, 2023. 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.

27.2 The Company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2021: Rs. 1,400 million) at a mark-up ranging between 0.30% to 0.75% (2021: 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 during the period from September 30, 2022 to April 13, 2023. 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 27.1.

27.3 On April 27, 2022, the Company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1% per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on October 27, 2022. Any late payment by the Company is subject to mark-up at a rate of 2.00% per annum over six month KIBOR.

27.4 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 500 million (2021: 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. 388 million (2021: Rs. 220 million).

27.5 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 20,000 million from NEL, to meet its working capital requirements. This facility carries mark-up at the rate of 0.40% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any time during the year was Rs. 6,339 million.

28. COMMITMENTS AND CONTINGENCIES

28.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 402 million (2021: Rs. 153 million).

28.2 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).

28.3 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.

28.4 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 of June 30, 2022, the total financial exposure relating to the above case is Rs. 32,001 million (Rs. 3,136 million being the 5% of the profit and Rs. 28,865 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 interests 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.

The Provincial Assembly of Sindh issued a notification dated April 28, 2021, regarding promulgation of Sindh Trusts (Amendment) Act 2021 (Amendment Act) which 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 was 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.

The Federal Board of Revenue (FBR) issued a notification dated July 30, 2021 which requires a NOC from FBR for the registration and creation of the Provident Funds, Pension Funds and Gratuity Funds and not for WPPF trusts. The Company through its external counsel is given to understand that the Assistant Director, Industries and Commerce Directorate, Government of Sindh have begun registration of such trusts. The draft trust deed has been finalized for registration. However, the trust creation and registration process is under review for trans-provincial companies like Hubco.

- 28.5 (i) Under the IA with GOP and under the tax laws, the Company's interest income was 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 IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 413 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 IHC which held that the orders on WWF were void. The 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 IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 18 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 was exempt from income tax. However, during March 2014, 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 IHC which was also decided against the Company. Against the decision of the IHC, the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 7 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 IHC which held that the order on WWF was void. The 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 IHC the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 215 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 was exempt from income tax. However, during March 2015, 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, FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 9 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, FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 375 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).
- (vii) Under the IA with GOP and under the tax laws, the Company's interest income was exempt from income tax. However, in June 2020, FBR issued a tax demand of Rs. 27 million relating to fiscal year ended June 2014 on the ground that interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% WWF on this interest income. The CIR-A decided the issue of tax on interest income against the Company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 37 million.

The management and their 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- 28.6**
- (i) In November 2012, 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 its favour. Against the judgment of the ATIR, FBR filed appeal with the IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2022, including the principal amount, penalty and default surcharge is approximately Rs. 26,173 million.
 - (ii) In March 2014 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 IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2022, including the principal amount, penalty and default surcharge is approximately Rs. 9,221 million.
 - (iii) In April 2014 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 IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, FBR has filed intra court appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2022, is approximately Rs. 3,692 million.
 - (iv) In January 2015 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 IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, FBR has filed intra court appeal with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2022 is approximately Rs. 4,130 million.
 - (v) In October 2018 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 view, that the Company had claimed input tax in excess of what was allowed under the law, amongst others. The Company filed a Writ Petition in the IHC which asked FBR not to pass a final order till next hearing. The Company's maximum exposure as at June 30, 2022, is approximately Rs. 3,483 million.
 - (vi) In November 2018 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 view 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 IHC which asked FBR not to pass a final order till next hearing. The Company's maximum exposure as at June 30, 2022 is approximately Rs. 2,665 million.
 - (vii) In December 2018 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 FBR reduced the amount and issued demand notice amounting to Rs. 31 million. The Company filed appeal with the CIR-A who remanded back the case to FBR for reassessment. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 36 million.
 - (viii) In March 2021 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. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal and stay application with the ATIR who directed FBR to issue 15 days' notice prior to recovery so that the Company can reapply for stay. The Company's maximum exposure as at June 30, 2022 is approximately Rs. 6,494 million.

The matter stated 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 FBR has filed appeals in the SCP.

The management and their 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.

- 28.7**
- (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, FBR issued demand notices amounting to Rs. 435 million relating to the tax years 2006 to 2008 & 2010 to 2011. After the Company's appeals were rejected by the CIR-A, further appeals were filed with the ATIR, which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2022, including the principal amount, penalty and default surcharge is approximately Rs. 1,051 million.
 - (ii) Under the Operation & Maintenance Agreement ("O&MA") with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In January 2015, 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"). FBR viewed services under O&MA 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 CIR-A & the ATIR, the Company filed appeals with the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2022, including the principal amount, penalty and default surcharge is approximately Rs. 2,483 million.
 - (iii) Under the O&MA with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In December 2017, FBR issued a Show Cause Notice for the recovery of FED amounting to Rs. 911 million relating to the tax years 2014 to 2017. FBR viewed services under O&MA 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 IHC which asked FBR not to issue any demand till next hearing. The Company's maximum exposure as at June 30, 2022 is approximately Rs. 911 million.
 - (iv) Payment to PSO under the Fuel Supply Agreement ("FSA") including payment of Late Payment Interest ("LPI") are exempt from withholding of income tax under the provisions of the tax law. During 2014, 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 IHC which were decided against the Company. The Company filed further appeals with IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2022 is approximately Rs. 1,677 million.
 - (v) In October 2019 FBR issued income tax demand of Rs. 266 million relating to fiscal year ended June 2016. This is based on FBR's view that Company's receipt on account of Supplemental Charges ("SC") are taxable and Capacity Purchase Price ("CPP") is liable for minimum tax. FBR issued demand for WWF as well. The Company filed appeal with the CIR-A who decided the issue of tax on SC & CPP against the Company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 364 million.
 - (vi) In December 2019 FBR issued a demand of Rs. 19 million relating to fiscal year ended June 2016. This is based on FBR's view that the Company had not deducted tax on payments to supplier. The Company filed appeal with the CIR-A who decided the case against the Company. After dismissal the Company filed appeal with the ATIR which is pending adjudication. On Company's application the ATIR has directed FBR to issue 15 days' notice prior to recovery so that the Company could reapply for stay. The Company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 25 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The management and their tax and legal advisors are of the opinion that the position of the Company 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.

28.8 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. On June 13, 2018, CPPA(G) communicated CPPAG's decision to the Company to adjust the amount of Rs. 802 million together with interest thereon aggregating to Rs. 11,525 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 and in order to protect its interests, the Company filed Suit No. 95 of 2021, wherein the SHC was pleased to pass an ad-interim order restraining the CPPA(G) 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. 11,525 million.

Pursuant to the Agreement dated February 11, 2021 between the Company and CPPA(G), both parties 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. The Arbitration has commenced and is on-going.

29. 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	2022 (Rs. '000s)	2021 (Rs. '000s)
Chief Executive		
Managerial remuneration	37,500	82,700
Bonus	18,038	17,738
Other benefits	3,224	807
Ex-gratia	-	36,331
	58,762	137,576
Number of persons	1	1
Directors		
Fees	8,000	6,450
Number of persons	8	11
Executives		
Managerial remuneration	238,911	275,260
Bonus	76,370	57,311
House rent	107,510	123,867
Utilities	23,891	27,526
Retirement benefits	48,911	60,918
Other benefits	271,155	233,541
	766,748	778,423
Number of persons	103	114
Total		
Managerial remuneration / Fees	284,411	364,410
Bonus	94,408	75,049
House rent	107,510	123,867
Utilities	23,891	27,526
Retirement benefits	48,911	60,918
Other benefits	274,379	234,348
Ex-gratia	-	36,331
	833,510	922,449
Number of persons	112	126

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

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

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

29.4 The above figures do not include effect of cost allocated to subsidiary companies / associate amounting to Rs. 78 million (2021: Rs. 52 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

30. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associates, joint venture, 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:

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Subsidiaries		
Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	129,267	54,719
Receipts against reimbursement of expenses from subsidiary	166,937	31,856
Dividend received	2,009,696	1,074,388
Hub Power Holdings Limited		
Dividend received	-	3,899,553
Reimbursable expenses incurred on behalf of subsidiary	13,042	32,995
Receipts against reimbursement of expenses from subsidiary	68,501	54,216
Interest income on loan to subsidiary	33,432	-
Receipts against interest on loan to subsidiary	4,627	-
Hub Power Services Limited		
Reimbursable expenses incurred on behalf of subsidiary	50,491	17,296
Receipts against reimbursement of expenses from subsidiary	9,735	18,471
Reimbursable expenses incurred by subsidiary	36,897	27,703
Payments against reimbursement of expenses to subsidiary	6,044	49,113
Amount paid for O&M services rendered	165,312	331,240
Dividend received	240,000	100,000
Interest expense on loan from subsidiary	25,086	10,491
Payments against interest on loan from subsidiary	17,359	12,563
Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	47,198	52,938
Receipts against reimbursement of expenses from subsidiary	35,487	56,198
Interest income on loan to subsidiary	-	62,257
Interest expense on loan from subsidiary	233,053	-
Payment against interest on loan from subsidiary	93,425	-
Receipts against interest on loan to subsidiary	1,831	85,695

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Thar Energy Limited		
Investment in subsidiary	2,491,548	753,414
Reimbursable expenses incurred on behalf of subsidiary	687,609	15,932
Receipts against reimbursement of expenses from subsidiary	91,625	-
Services rendered to subsidiary	2,471,171	4,360,906
Amount received against services rendered to subsidiary	4,912,948	634,200
Other related parties		
Amount received against services rendered to TNPTL	475,256	1,379,904
Services rendered to TNPTL	4,120,501	1,017,170
Reimbursable expenses incurred on behalf of TNPTL	447,239	207,039
Receipts against reimbursement of expenses from TNPTL	237,596	283,810
Proceeds from disposal of assets	30.4	9,578
Remuneration to key management personnel		
Salaries, benefits and other allowances	113,053	181,335
Retirement benefits	4,154	4,600
Directors' fee	30.1 & 30.3	185,935
Contribution to staff retirement benefit plans of the Company	29.1	6,450
Contribution to staff retirement benefit plans of HPSL	15,923	41,619
Contribution to staff retirement benefit plans of TEL	20,621	28,926
Contribution to staff retirement benefit plans of LEL	1,218	1,076
	613	32

- 30.1** 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.
- 30.2** The transactions with related parties are made under mutually agreed terms and conditions.
- 30.3** The above figures do not include effect of cost allocated to subsidiary companies amounting to Rs. 24 million (2021: Rs. 21 million).
- 30.4** This represents proceeds from disposal of assets having written down value of Rs. Nil (2021: Rs. 1,861 million) to key management personnel.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

31. 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% via HPHL
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship/ Interested person	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
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	-
MCB Bank Limited	Interested Persons	-
Faysal Bank limited	Interested Persons	-
Allied Bank Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
TPL Trakker Limited	Interested Persons	-
Mr. Abdul Nasir	Key Management Personnel	-
Mr. Kamran Kamal	Key Management Personnel	-
Ms. Faiza Kapdia Raffay	Key Management Personnel	-
Mr. Nadeem Inayat	Director	-
Mr. Muhammad Ejaz Sanjrani	Director	-
Mr. Habibullah Khan	Director/Chairman	-
Mr. Manzoor Ahmed	Director	-
Mr. Shafiuddin Ghani Khan	Director	-
Mr. Saad Iqbal	Director	-
Mr. Javed Akbar	Ex-Director	-
Mr. Muhammad Ali	Ex-Director	-
Mr. Owais Shahid	Ex-Director	-
Ms. Aleeya Khan	Director	-
Mr. Aly Khan	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 - 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	-

32. 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.

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)

33. PLANT CAPACITY AND PRODUCTION

HUB PLANT

Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	1,229 GWh	189 GWh

Load Factor	11.69%	1.79%
-------------	--------	-------

Practical maximum output for the power plant taking into account all the scheduled outages is 9,694 GWh (2021: 9,794 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)

34. WORKING CAPITAL CHANGES

Decrease / (increase) in current assets		
Stores, spares and consumables	33,592	25,167
Stock-in-trade	974,484	3,512,990
Trade debts	9,286,590	2,825,136
Loans, advances, prepayments and other receivables	(2,153,814)	(4,316,439)
	<u>8,140,852</u>	<u>2,046,854</u>
Decrease in current liabilities		
Trade and other payables	(9,671,641)	(14,163,976)
	<u>(1,530,789)</u>	<u>(12,117,122)</u>

35. CASH AND CASH EQUIVALENTS

Cash and bank balances	21	388,464	300,744
Short term borrowings	27	(26,169,940)	(27,069,321)
		<u>(25,781,476)</u>	<u>(26,768,577)</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rs. '000s)	(Rs. '000s)
36. BASIC AND DILUTED EARNINGS PER SHARE		
36.1 Basic		
Profit for the year (Rupees in thousands)	21,128,255	21,433,839
Weighted average number of ordinary shares outstanding during the year	1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)	16.29	16.52

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.

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

37. 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. 10 million (2021: Rs. 3 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 213 million (2021: Rs. 57 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:

	Note	2022	2021
		(Rs. '000s)	(Rs. '000s)
Fixed rate instruments at carrying amount:			
Financial assets			
Bank balances		388,099	300,354
Financial liabilities			
Long term loan		158,000	474,000
Variable rate instruments at carrying amount:			
Financial assets			
Long term loan to subsidiary		1,488,819	-
Trade debts		37,283,248	43,183,136
Total		38,772,067	43,183,136
Financial liabilities			
Long term loans		31,679,287	34,523,474
Long term lease liabilities		201,217	293,603
Trade and other payables		11,273,671	13,317,055
Short term borrowings		26,169,940	27,069,321
Total		69,324,115	75,203,453

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), CPHO (via HPHL), TEL and SECMC, the Company entered into long term financing arrangements (refer note 23). 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, 2022, 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. 218 million (2021: Rs. 303 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Long term loan to subsidiary	1,488,819	-
Deposits	8,509	22,067
Trade debts	62,919,266	72,205,856
Loans and other receivables	9,481,608	7,566,183
Bank balances	388,099	300,354
Total	74,286,301	80,094,460

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.

Banks / Financial Institutions	Rating Agency	Ratings	
		Short term	Long term
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Al-Baraka Bank (Pakistan) Limited	JCR-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	PACRA	A1+	AA
Habib Bank Limited	JCR-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	JCR-VIS	A-1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Shariah Compliant			
Meezan Bank Limited	JCR-VIS	A-1+	AAA
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	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 27) 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 payments from Power Purchaser - CPPA(G);
- (ii) long term loans obtained for funding in TEL / CPHGC / CPHO / TNPTL / SECMC (refer note 23.2) may not be sufficient to meet their respective equity requirement; and
- (iii) repayment / non-availability of short term borrowings (refer note 27).

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) -----				
2021-22					
Long term loans	7,120,127	6,648,965	26,672,032	-	40,441,124
Long term lease liabilities	18,307	18,754	215,022	62,230	314,313
Trade and other payables	24,905,024	-	-	-	24,905,024
Unclaimed dividend	223,090	-	-	-	223,090
Unpaid dividend	114,837	-	-	-	114,837
Short term borrowings	26,717,834	-	-	-	26,717,834
Total	59,099,219	6,667,719	26,887,054	62,230	92,716,222
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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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, associates and joint venture 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, 2022 has been determined at Rs. 3,071 million (2021: Rs. 2,538 million) resulting in unrealized gain of Rs. 336 million (2021: unrealized loss of Rs. 129 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. '000s) -----			
June 2022				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	3,070,833	3,070,833
June 2021				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	2,537,684	2,537,684

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.

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	<u>3,070,833</u>	<u>2,537,684</u>
Financial assets - at amortised cost		
Long term loan to subsidiary	1,488,819	-
Deposits	8,509	22,067
Trade debts	62,919,266	72,205,856
Loans and other receivables	9,481,608	7,566,183
Cash and bank balances	388,464	300,744
Total	<u>74,286,666</u>	<u>80,094,850</u>
Financial Liabilities - at amortised cost		
Long term loans	32,140,203	35,219,145
Long term lease liabilities	201,217	293,603
Trade and other payables	24,905,024	35,525,334
Unclaimed dividend	223,090	227,729
Unpaid dividend	114,837	46,084
Short term borrowings	26,717,834	27,479,377
Total	<u>84,302,205</u>	<u>98,791,272</u>

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

39.1 Revised and amended standards and interpretation effective and adopted in 2022

The new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2021 are considered not to be relevant or to have any significant effect of the Company's financial reporting and operations and are therefore not disclosed in these unconsolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and not adopted in 2022.

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

Amendments to standards	Effective date (annual periods beginning on or after)
IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IAS 16 - Property, Plant and Equipment	January 1, 2022
IAS 1 - Presentation on Financial Statements	January 1, 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

39.2 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.

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

The SECP through S.R.O 1177(1)/2021 dated September 13, 2021 extended the exemption of application of Expected Credit Loss model under IFRS - 9 "Financial Instruments" in respect of financial assets due from Government of Pakistan up to June 30, 2022. 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, 2022 which will result in decrease in unappropriated profit and trade debts amounting to approximately Rs. 9,482 million on July 1, 2022.

40. SHARIAH COMPLIANCE DISCLOSURE

	2022			2021		
	Conventional	Shariah Compliant (Rs. '000s)	Total	Conventional	Shariah Compliant (Rs. '000s)	Total
Turnover						
Revenue	5,108,814	62,525,012	67,633,826	5,820,746	27,018,196	32,838,942
Other income						
Interest income	65	-	65	7,162	-	7,162
Gain on disposal of asset	53,678	-	53,678	48,815	-	48,815
Dividend income	-	2,440,930	2,440,930	-	1,438,638	1,438,638
Income from management services	-	4,272,400	4,272,400	-	3,803,702	3,803,702
Finance cost						
Long term loans	1,624,742	1,780,833	3,405,575	1,292,901	1,719,994	3,012,895
Long term lease liabilities	29,375	-	29,375	38,658	-	38,658
Short term borrowings	1,814,062	783,794	2,597,856	1,717,853	539,332	2,257,185
Other finance costs	437,254	82,370	519,624	401,078	62,022	463,100
Assets						
Long term loan to subsidiary	1,488,819	-	1,488,819	-	-	-
Bank balances	388,099	-	388,099	300,354	-	300,354
Liabilities						
Long term loans	16,673,367	15,163,920	31,837,287	17,497,474	17,500,000	34,997,474
Accrued mark-up	718,104	132,706	850,810	387,914	243,813	631,727
Short term borrowings	16,795,101	9,374,839	26,169,940	21,171,084	5,898,237	27,069,321

Exchange loss incurred during the year was Rs. 2 million (2021: Gain earned of Rs. 3 million).

41. NUMBER OF EMPLOYEES

Total number of employees as at year end were 371 (2021: 483) and the average number of employees during the year were 376 (2021: 448). These include permanent and seconded employees.

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. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on August 25, 2022 in accordance with the resolution of the Board of Directors.

44. GENERAL

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2022



A.F. FERGUSON & Co.

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, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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, 2022, 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)	<p>Contingent Liabilities</p> <p>[Refer notes 31.4 to 31.8, 31.9.4 to 31.9.9, 31.10 and 31.11 to the consolidated financial statements]</p> <p>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).</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>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;</p> <p>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;</p> <p>iii) circularised confirmations to the Group's external legal and tax advisors for their views on matters being handled by them;</p> <p>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;</p> <p>v) checked correspondence of the Group with the relevant authorities including judgments, appeal or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and</p> <p>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.</p>
(ii)	<p>Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G) and National Transmission and Dispatch Company Limited (NTDC)</p> <p>[Refer notes 3.6, 19, and 43.2 to the consolidated financial statements]</p> <p>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 buildup of trade debts aggregating to Rs. 84,749 million as at June 30, 2022 including overdue trade debts of Rs. 62,418 million. 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.</p> <p>The Securities and Exchange Commission of Pakistan (SECP) through SRO 1177 (I) / 2021 dated September 13, 2021 extended the exemption to companies</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting policies of the Group;</p> <p>ii) checked that the invoices raised by the Group during the year are in accordance with the requirements of PPA;</p> <p>iii) circularised confirmation of trade debts / receivables to CPPA-G and NTDC;</p> <p>iv) checked the receipts from CPPA-G and NTDC by tracing the amount from the bank statements;</p>

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>holding financial assets due from the Government of Pakistan, from the requirements contained in IFRS 9 'Financial Instruments' with respect to application of Expected Credit Losses (ECL) till June 30, 2022. Accordingly, no impairment has been recognised against receivable from CPPA-G and NTDC in the consolidated financial statements as at June 30, 2022, under the ECL method.</p> <p>During the year, the Holding Company has applied to the SECP for extension in the period of the aforementioned exemption. 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, 2022, resulting in recognition of impairment charge of the Rs. 9,762 million against receivable from CPPA-G and NTDC, based on the assessment carried out by the management of the Group.</p> <p>In view of the significant delays in settlement of receivables, materiality of these trade receivables and the potential impairment charge, and the consequential impact on the liquidity and operations of the Group, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<p>v) 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;</p> <p>vi) 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 receivables;</p> <p>vii) checked Implementation Agreements 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</p> <p>viii) assessed adequacy of the related disclosures made in the consolidated financial statements, with regards to applicable accounting and reporting standards.</p>

Information other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports 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 09, 2022

UDIN: AR2022100694ZGBJR6j8

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Turnover	5	97,158,401	54,639,435
Operating costs	6	(64,055,721)	(21,768,718)
GROSS PROFIT		33,102,680	32,870,717
General and administration expenses	7	(1,028,552)	(1,378,990)
Other income	8	2,124,367	796,084
Other operating expenses	9	(398,052)	(508,790)
PROFIT FROM OPERATIONS		33,800,443	31,779,021
Finance costs	10	(7,927,791)	(7,340,718)
Share of profit from associates and joint venture - net	11	9,232,486	15,500,581
PROFIT BEFORE TAXATION		35,105,138	39,938,884
Taxation	12	(5,526,411)	(5,108,548)
PROFIT FOR THE YEAR		29,578,727	34,830,336
Attributable to:			
- Owners of the holding company		28,472,066	33,688,086
- Non-controlling interests		1,106,661	1,142,250
		29,578,727	34,830,336
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	40	21.95	25.97

The annexed notes from 1 to 48 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 COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)
Profit for the year	29,578,727	34,830,336
Other comprehensive income / (loss) for the year:		
Items that will not be reclassified to profit or loss in subsequent periods		
Gain on remeasurement of post employment benefit obligation - net of tax	33,620	62,206
Gain / (loss) on revaluation of equity investment at fair value through other comprehensive income	336,129	(128,951)
	369,749	(66,745)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,948,476	34,763,591
Attributable to:		
- Owners of the holding company	28,841,283	33,621,175
- Non-controlling interests	1,107,193	1,142,416
	29,948,476	34,763,591

The annexed notes from 1 to 48 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 FINANCIAL POSITION

AS AT JUNE 30, 2022

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Property, plant and equipment	13 108,670,143	79,003,531
Intangibles	14 1,418,156	1,420,651
Long term investments	15 80,247,699	70,009,153
Long term deposits and others	16 21,421	30,102
	190,357,419	150,463,437
CURRENT ASSETS		
Stores, spares and consumables	17 1,943,242	2,528,895
Stock-in-trade	18 4,813,726	3,997,806
Trade debts	19 84,749,156	101,987,067
Loans and advances	20 235,528	76,245
Prepayments and other receivables	21 19,060,398	12,845,658
Short term investments	22 6,465,204	-
Cash and bank balances	23 7,527,907	6,348,860
	124,795,161	127,784,531
TOTAL ASSETS	315,152,580	278,247,968
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share Capital		
Authorised	24 17,000,000	17,000,000
Issued, subscribed and paid-up	24 12,971,544	12,971,544
Capital Reserve		
Share premium	5,600,000	5,600,000
Revenue Reserve		
Unappropriated profit	96,162,151	82,255,366
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY	114,733,695	100,826,910
NON-CONTROLLING INTERESTS	10,768,499	8,839,259
	125,502,194	109,666,169
NON-CURRENT LIABILITIES		
Long term loans	25 91,575,169	46,584,599
Long term lease liabilities	26 1,466,049	1,732,213
Deferred taxation	27 10,849,008	7,053,046
	103,890,226	55,369,858
CURRENT LIABILITIES		
Trade and other payables	28 43,971,090	69,552,107
Unclaimed dividend	223,090	227,729
Unpaid dividend	405,346	272,680
Interest / mark-up accrued	29 3,107,238	1,219,903
Short term borrowings	30 24,172,516	33,900,797
Current maturity of long term loans	25 13,206,073	7,497,118
Current maturity of long term lease liabilities	26 674,807	541,607
	85,760,160	113,211,941
TOTAL EQUITY AND LIABILITIES	315,152,580	278,247,968
COMMITMENTS AND CONTINGENCIES	31	

The annexed notes from 1 to 48 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, 2022

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	35,105,138	39,938,884
Adjustments for:		
Depreciation	4,665,597	3,946,965
Amortisation	6,795	20,748
Gain on disposal of fixed assets - net	(53,103)	(54,049)
Gain on retirement of lease	(14,902)	-
Provision against slow moving stores, spares and consumables	354,105	341,792
Staff gratuity	59,373	50,128
Interest income	(280,384)	(220,098)
Interest / mark-up expense	7,371,723	6,834,181
Amortisation of transaction costs	137,124	108,800
Share of profit from associates and joint venture - net	(9,232,486)	(15,500,581)
Unrealized profit on management services to an associate	882,434	298,453
Operating profit before working capital changes	39,001,414	35,765,223
Working capital changes	38	(15,895,505)
Cash generated from operations	40,485,615	19,869,718
Interest income received	271,935	213,304
Interest / mark-up paid	(6,543,353)	(6,975,737)
Staff gratuity paid	(38,797)	(36,384)
Taxes paid	(354,239)	(180,292)
Net cash generated from operating activities	33,821,161	12,890,609
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(50,570,340)	(333,573)
Proceeds from disposal of fixed assets	57,863	84,985
Long term investments made	(1,264,156)	(402,938)
Long term deposits, prepayments and others	8,681	5,429
Net cash used in investing activities	(51,767,952)	(646,097)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to owners of the holding company	(14,853,154)	(9,058,445)
Dividends paid to non-controlling interests	(671,663)	(359,069)
Proceeds from long term loans - net	56,205,376	6,066,518
Repayment of long term loans	(12,816,749)	(4,045,268)
Proceeds from advance received against issue of shares to non-controlling interests	1,562,709	499,702
Repayment of long term lease liabilities	(559,666)	(574,936)
Share issuance cost	(12,734)	(705)
Net cash generated from / (used in) financing activities	28,854,119	(7,472,203)
Net increase in cash and cash equivalents	10,907,328	4,772,309
Cash and cash equivalents at the beginning of the year	(27,551,937)	(32,324,246)
Cash and cash equivalents at the end of the year	39	(16,644,609)

The annexed notes from 1 to 48 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 CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)
ISSUED CAPITAL		
Balance at the beginning and end of the year	24	12,971,544
SHARE PREMIUM		
Balance at the beginning and end of the year	5,600,000	5,600,000
UNAPPROPRIATED PROFIT		
Balance at the beginning of the year	82,255,366	57,715,017
Profit for the year	28,472,066	33,688,086
Other comprehensive income / (loss) for the year	369,217	(66,911)
Total comprehensive income for the year	28,841,283	33,621,175
Transactions with owners in their capacity as owners		
Final dividend for the fiscal year 2020-21 @ Rs. 5.00 (2019-20 @ Rs. Nil) per share	(6,485,772)	-
First interim dividend for the fiscal year 2021-22 @ Rs. 6.50 (2020-21 @ Rs. 4.00) per share	(8,431,504)	(5,188,618)
Second interim dividend for the fiscal year 2021-22 @ Rs. Nil (2020-21 @ Rs. 3.00) per share	-	(3,891,463)
	(14,917,276)	(9,080,081)
Share issuance cost	(17,222)	(745)
Balance at the end of the year	96,162,151	82,255,366
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		
	114,733,695	100,826,910
NON-CONTROLLING INTERESTS (NCI)		
Balance at the beginning of the year	8,839,259	7,644,781
Profit for the year	1,106,661	1,142,250
Other comprehensive income for the year	532	166
Total comprehensive income for the year	1,107,193	1,142,416
Dividends to NCI	(735,568)	(447,383)
Investments made	1,562,709	499,702
Share issuance cost	(5,094)	(257)
Balance at the end of the year	10,768,499	8,839,259
TOTAL EQUITY	125,502,194	109,666,169

The annexed notes from 1 to 48 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, 2022

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% via HPHL; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3% via HPHL

Joint Ventures:

- Prime International Oil & Gas Company Limited (Prime) - Holding of 50% via HPHL; and
- China Power Hub Operating Company (Private) Limited (CPHO) - Holding of 49% via HPHL.

Head Offices:

- The registered offices of the holding company, HPSL, HPHL, NEL and TEL are situated at 9th Floor, Ocean Tower, G-3, Block-9, Main Clifton Road, Karachi; and

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; and
- 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 Standby Letter of Credit (SBLC) of USD 23 million to LEL's lenders for cost overruns and debt repayment. The SBLC amount has been reduced to USD 9.487 million. The SBLC is required to be maintained 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 SBLC 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 activity of the subsidiary is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 amended Power Purchase Agreement (PPA), TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in Commercial Operations Date (COD), TEL requested Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] for extension in RCOD in view of the COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension of 237 days in the RCOD of TEL till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Despatch Company Limited (NTDC), from the COD of HVDC line under certain conditions. During the year, CPPA(G) has raised invoices for payment of HVDC charges, however, TEL has challenged the determination of the invoices and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TEL to make payment and therefore there is currently no exposure on TEL in this regard.

As mentioned in the PPA, any delay in the achievement of COD beyond RCOD would also result in liquidated damages amounting to USD 0.75 million per month. During the year, CPPA(G) has raised an invoice for said liquidated damages for the period November 23, 2021 to March 31, 2022 amounting to USD 3.2 million. TEL has recorded a provision for this amount.

TEL expects to achieve COD in the first quarter of the financial year ending June 30, 2023.

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 November 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, 2022. The SBLC was subsequently reduced to Rs. 2,281 million. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 25.2.1 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 holding 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 a 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 consolidated statement of profit or loss.

Maintenance and repairs are charged to the consolidated 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, if any. 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 is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 consolidated 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 consolidated profit and loss where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognised in the consolidated 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 consolidated 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.

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 consolidated 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. Monthly contributions are paid by LEL to the fund at the rate of 8.33% of basic salary.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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)] 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. The payment is due 14 days and 30 days after the acknowledgement of the output delivered invoice and capacity available invoice, respectively. 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 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 the National Transmission and Despatch Company Limited (NTDC) through CPPA(G). The payment is due 30 days after the acknowledgement of the invoice. 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 NTDC, the sole customer of LEL, is recorded based upon the output delivered and average energy at rates as specified under the PPA. The payment is due 30 days after the acknowledgement of the invoice. 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 services 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 consolidated 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 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. 891.67 million and the property, plant and equipment as at June 30, 2022 would have been lower by Rs. 4,127.23 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. allowable under the ITO 2001.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

(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 consolidated statement of profit or loss over the period of the borrowings using the effective interest rate method.

(d) Short term investments - at fair value through profit or loss

Short term investments represents Pakistan Investment Bonds (PIBs) and Sukuks. These are classified as 'financial asset at fair value through profit or loss.

These investments are initially recognised at fair value, relevant transaction costs are taken directly to the statement of profit or loss and subsequently measured at fair value. Net gains and losses on changes in fair value of these financial assets are taken to the statement of profit or loss in the period in which they arise.

(e) 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:

- Determining the residual values and useful lives of property, plant and equipment and intangibles;
- Distinguishing between capital spares, servicing equipment and stores and spares;
- Provisions;
- Recognition of taxation;
- Recognition of provision for staff retirement benefits;
- Impairment of goodwill, trade debts and other receivables;
- Commitments and contingencies;
- Determining the fair value of equity instruments designated as FVTOCI;
- Recognition of lease liabilities and right of use assets;
- Recognition of income from management services; and
- Capitalisation of certain expenses as capital work-in-progress.

5. TURNOVER

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Capacity Purchase Price (CPP)	36,187,168	35,925,029
Energy Purchase Price (EPP)	60,397,600	12,203,828
Late Payment Interest (LPI)	7,562,831	8,011,503
Startup Charges (SC)	396,278	46,081
Part Load Adjustment Charges (PLAC)	1,331,529	219,267
	105,875,406	56,405,708
Less: Sales tax on EPP	(8,717,005)	(1,766,273)
	97,158,401	54,639,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
6. OPERATING COSTS			
Fuel cost		52,177,451	9,928,045
Late payment interest to fuel suppliers		1,911,973	2,965,844
Salaries, benefits and other allowances	6.1	938,816	1,207,708
Water use charges		170,184	191,883
Stores and spares		1,093,799	794,728
Insurance		1,448,503	1,399,537
Depreciation	13.5	4,583,862	3,820,965
Amortisation	14.2	5,089	19,339
Repairs, maintenance and other costs		1,726,044	1,440,669
		64,055,721	21,768,718

6.1 This includes Rs. 108 million (2021: Rs. 104 million) in respect of staff retirement benefits.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
7. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	7.1	449,480	814,656
Travel and transportation		17,004	14,244
Fuel and power		8,834	13,412
Property, vehicles and equipment rentals		9,244	12,646
Office running cost		43,729	55,525
Repairs and maintenance		39,772	43,905
Legal and professional charges		127,368	139,843
Insurance		13,878	33,099
Fee and subscription		12,707	13,553
Training and development		6,169	4,307
Auditors' remuneration	7.2	12,675	11,929
Donations	7.3	137,390	33,177
Corporate social responsibility		64,498	61,324
Printing and stationery		5,017	7,793
Depreciation	13.5	65,968	103,754
Amortisation	14.2	1,637	1,001
Miscellaneous		13,182	14,822
		1,028,552	1,378,990

7.1 This includes Rs. 47 million (2021: Rs. 56 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:

	2022 (Rs. '000s)	2021 (Rs. '000s)
Statutory audits	6,316	5,998
Half yearly reviews	961	1,188
Other services	4,747	4,048
Out-of-pocket expenses	651	695
	12,675	11,929

7.3 No directors or their spouses had any interest in any donee to which donations were made. During the year, the holding company and TEL made donation to The Citizens Foundation amounting to Rs. 35 million (2021: Rs. 28 million) and Thar Foundation amounting to Rs. 100 million (2021: Rs. Nil), respectively.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		280,384	220,098
Non-financial assets			
Gain on disposal of fixed assets - net		68,005	54,049
Income from management services	8.1	1,421,597	480,796
Income under shared facility agreements - net	8.2	47,224	27,212
Exchange gain - net		305,560	-
Others		1,597	13,929
		1,843,983	575,986
		2,124,367	796,084

8.1 Income from management services

		2022 (Rs. '000s)	2021 (Rs. '000s)
Services income	34.2	1,568,394	627,593
Cost of services		(146,797)	(146,797)
		1,421,597	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
9. OTHER OPERATING EXPENSES			
Workers' profit participation fund	9.1	335,665	457,095
Exchange loss - net		-	49,220
Impairment loss	13.4	62,387	-
Loss on dredging services		-	2,475
		<u>398,052</u>	<u>508,790</u>
9.1 Workers' profit participation fund			
Provision for Workers' profit participation fund	31.4	1,353,157	1,445,242
Workers' profit participation fund recoverable from CPPA(G) / NTDC		(1,017,492)	(988,147)
		<u>335,665</u>	<u>457,095</u>
10. FINANCE COSTS			
Interest / mark-up on long term loans		4,304,287	3,709,406
Mark-up on short term borrowings		2,939,036	2,974,333
Mark-up on long term lease liabilities		128,400	150,442
Amortisation of transaction cost		137,124	108,800
Other finance costs		418,944	397,737
		<u>7,927,791</u>	<u>7,340,718</u>
11. SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURE - NET			
Associates			
- China Power Hub Generation Company (Private) Limited			
- representing 47.5% (2021: 47.5%) equity shares		9,430,025	16,036,145
- obligation in respect of profit on shares related to GoB	28.4	(297,791)	(506,405)
		<u>9,132,234</u>	<u>15,529,740</u>
- ThalNova Power Thar (Private) Limited		(5,028)	(15,927)
		<u>9,127,206</u>	<u>15,513,813</u>
Joint ventures			
- Prime International Oil and Gas Company Limited		1,087	(13,232)
- China Power Hub Operating Company (Private) Limited (CPHO)		104,193	-
		<u>9,232,486</u>	<u>15,500,581</u>

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
12. TAXATION			
Current			
- For the year		1,730,699	1,228,348
- Prior year		(563)	(2,235)
Deferred		3,796,275	3,882,435
	12.1	<u>5,526,411</u>	<u>5,108,548</u>
12.1 Relationship between tax expense and accounting profit			
Profit before taxation		35,105,138	39,938,884
Tax calculated at the rate of 29% (2021: 29%)		10,180,490	11,582,276
Effect of reduced rate of tax		(409,982)	(644,514)
Effect of exempt income		(6,850,243)	(6,763,332)
Effect of minimum tax		18,041	19,101
Effect of super tax at the rate of 4% (2021: Nil)		1,756,050	-
Others		832,055	915,017
		<u>5,526,411</u>	<u>5,108,548</u>
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	2022 (Rs. '000s)	2021 (Rs. '000s)
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	37,717,818	40,723,884
Capital work-in-progress (CWIP):			
Holding company	13.6	-	676
NEL	13.7	32,133	2,405
LEL	13.8	-	7,744
TEL	13.9	70,920,192	38,268,822
		<u>70,952,325</u>	<u>38,279,647</u>
		<u>108,670,143</u>	<u>79,003,531</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

13.1 Operating fixed assets

	Owned							Right of Use Asset				Total
	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	
	(Rs. '000s)											
Cost:												
As at July 1, 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
Additions / Transfers from CWIP	-	-	910	-	23,887	23,671	5,982	10,078	-	-	-	64,528
Exchange losses on loans	-	-	446,925	-	722,407	-	-	-	-	-	563,336	1,732,668
Disposals	-	(864)	-	(862)	(11,335)	(73,915)	(25,471)	(10,460)	-	(114,593)	-	(237,500)
As at June 30, 2022	72,029	1,136,487	10,979,155	82,590	83,095,496	122,074	365,737	102,028	58,218	255,957	6,989,393	103,259,164
Depreciation:												
As at July 1, 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
Charge for the year	-	59,095	574,166	16,534	3,438,122	37,399	31,167	9,589	3,456	29,351	466,718	4,665,597
Disposals	-	(706)	-	(787)	(10,653)	(66,531)	(24,295)	(9,038)	-	(50,212)	-	(162,222)
Impairment loss (note 13.4)	-	-	-	-	62,387	-	-	-	-	-	-	62,387
As at June 30, 2022	-	762,411	3,955,747	45,423	57,435,235	116,752	329,797	81,449	6,921	70,122	2,737,489	65,541,346
Net book value as at June 30, 2022	72,029	374,076	7,023,408	37,167	25,660,261	5,322	35,940	20,579	51,297	185,835	4,251,904	37,717,818
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
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, 2022	-	85,159	-	-	1,016,220	51,004	236,501	46,892	-	-	-	1,435,776
Cost of fully depreciated assets as at June 30, 2021	-	65,211	-	-	968,901	102,972	181,770	23,960	-	-	-	1,342,814

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
Furniture & fixture	67,438	66,213	1,225	30,192	28,967	Bidding	Primatics Financial (Pvt) Limited
Vehicles	14,914	13,982	932	9,500	8,568	Bidding	Muhammad Yousaf
Items having a net book value not exceeding Rs. 500,000 each							
Plant & machinery	15,260	14,305	955	1,100	145	Various	Various
Other equipment	6,771	5,600	1,171	797	(374)	Various	Various
Vehicles	10,557	10,313	244	5,879	5,635	Company Policy/ Insurance Claim	Mr. Yasir Zia - employee/ EFU Genral Life Insurance
Building on freehold land	864	706	158	-	(158)	Various	Various
Leasehold property	862	787	75	10,395	10,320	Bidding	Ms. Mariam Mahmood
Total - June 30, 2022	116,666	111,906	4,760	57,863	53,103		
Total - June 30, 2021	112,145	79,980	32,165	84,985	52,820		

13.2.1 During the year, office space acquired on rental basis was vacated resulting in net gain of Rs. 14.902 million.

13.2.2 During the year, plant & machinery having net book value of Rs. 6.1 million was transferred to stores and spares.

13.3 Details of the Company'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 O9 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	4 Kanal O1 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	67 Acres	Narowal Plant - Tehsil and District Narowal, Punjab
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

13.4 During the year, the alternators of two engines at Narowal Plant developed a fault due to which these engines having 38 MW capacity are currently not available for electricity generation. These engines have been placed on forced outage. These incidents are covered under the insurance policies. Out of the two engines, it has been decided to repair one engine and consequently an impairment loss has been recognized equivalent to written down value of the engine not being repaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
13.5 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	4,583,862	3,820,965
General and administration expenses	7	65,968	103,754
Capital work-in-progress		15,767	22,246
		<u>4,665,597</u>	<u>3,946,965</u>
13.6 Capital work-in-progress - Holding company			
Opening balance		676	183,870
Additions during the year		300	1,195
Transfers during the year		(976)	(184,389)
		<u>-</u>	<u>676</u>
13.7 Capital work-in-progress - NEL			
Opening balance		2,405	600
Additions during the year		29,728	3,772
Transfers during the year		-	(1,967)
		<u>32,133</u>	<u>2,405</u>
13.8 Capital work-in-progress - LEL			
Opening balance		7,744	14,166
Additions during the year		3,698	31,992
Transfers during the year		(11,442)	(38,414)
		<u>-</u>	<u>7,744</u>
13.9 Capital work-in-progress - TEL			
Opening balance		38,268,822	30,486,331
Additions during the year:			
Project development cost		17,867,431	5,057,158
Project management cost		697,017	542,177
Water pipeline cost		1,174,516	794,276
Loan arrangement fee		154,346	288,842
Legal and professional charges		3,096,724	87,234
Borrowing cost		2,917,901	929,540
Amortization of transaction costs		535,049	-
Transaction costs on long-term loans		(4,128,084)	-
Exchange loss on long-term loans		8,985,943	-
Other directly attributable costs	13.9.1	1,350,527	83,264
		<u>32,651,370</u>	<u>7,782,491</u>
		<u>70,920,192</u>	<u>38,268,822</u>

13.9.1 This includes Rs. 17 million (2021: Rs. 14 million) in respect of staff retirement benefits.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)	
14. INTANGIBLES				
Intangibles	14.1	<u>1,418,156</u>	<u>1,420,651</u>	
14.1 Intangibles				
		Goodwill (note 14.3)	Computer softwares	Total
		(Rs. '000s)		
Cost				
As at July 1, 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
Additions		-	4,300	4,300
Write off		-	(2,592)	(2,592)
As at June 30, 2022		<u>1,414,096</u>	<u>200,716</u>	<u>1,614,812</u>
Amortisation				
As at July 1, 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
Charge for the year		-	6,795	6,795
Write off		-	(2,592)	(2,592)
As at June 30, 2022		-	<u>196,656</u>	<u>196,656</u>
Net book value as at June 30, 2022		<u>1,414,096</u>	<u>4,060</u>	<u>1,418,156</u>
Net book value as at June 30, 2021		<u>1,414,096</u>	<u>6,555</u>	<u>1,420,651</u>
Amortisation rate % per annum		<u>-</u>	<u>33.33</u>	<u>-</u>
Cost of fully amortised intangibles as at June 30, 2022		-	<u>192,888</u>	<u>192,888</u>
Cost of fully amortised intangibles as at June 30, 2021		-	<u>162,619</u>	<u>162,619</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
14.2 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	5,089	19,339
General and administration expenses	7	1,637	1,001
Capital work-in-progress		69	408
		6,795	20,748

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, 2022. 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 9.81% (2021: 5.00%) 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.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
15. LONG TERM INVESTMENTS			
Investment in associates - unquoted			
- China Power Hub Generation Company (Private) Limited (CPHGC)	15.1	71,686,226	62,257,314
- ThalNova Power Thar (Private) Limited (TNPTL)	15.2	4,910,679	4,946,648
		76,596,905	67,203,962
Investment in joint venture (under equity method) - unquoted			
- China Power Hub Operating Company (Private) Limited (CPHO)	15.3	112,634	-
- Prime International Oil and Gas Company Limited	15.4	467,327	267,507
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	15.5	3,070,833	2,537,684
		80,247,699	70,009,153

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

Opening investment	62,257,314	46,221,106
Share of profit from associate	9,430,025	16,036,145
Share of other comprehensive (loss) / income from associate	(1,113)	63
	71,686,226	62,257,314

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, 2022, 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. HPHL is making accruals for liability in respect of share of profit relating to such shares (refer notes 11 and 28.4).

On July 14, 2021, the CPHGC's power plants tripped. Based on the initial assessments of CPHGC, this happened due to unusual weather conditions, which caused damages to the CPHGC's equipment including transformer of unit one of the power plant, which was destroyed beyond repair and its recoverable amount has been determined to be Nil. Accordingly, CPHGC has recorded an impairment loss equal to its net book value of Rs. 1,989.69 million. The loss is covered under insurance and a partial claim settlement of USD 27 million (Rs. 5,336 million) has been received. Discussions are continuing with insurers which are expected to conclude in the next few months after which final settlement will be received by CPHGC. The new transformer was successfully installed and synchronized with the National Grid on January 6, 2022.

On March 09, 2020, the CPHGC applied for the One Time Adjustment of Tariff under clause 12.10 of Schedule 1 to the PPA to be approved by National Electric Power Regulatory Authority (NEPRA). On June 30, 2022, NEPRA decided upon the Commercial Operations Date (COD) Adjustment Tariff Dated, February 12, 2016 (Tariff Decision) forming the basis on which future indexations in the CPHGC's tariff are to be made and the revenue to be recognised with effect from the date of the COD. The CPHGC believes that the aforementioned Tariff Decision is principally not in accordance with the CPHGC's Upfront Tariff issued by NEPRA dated February 12, 2016, and being aggrieved from the Tariff Decision, the CPHGC has filed an appeal before the Appellate Tribunal NEPRA on July 29, 2022, in accordance with the applicable legislation.

In light of the aforementioned appeal filed and favorable advice from the CPHGC's legal counsel, the CPHGC's management has assessed that the CPHGC has strong legal grounds against certain disallowances made by NEPRA in the Tariff Decision and the CPHGC has continued to recognise revenue in its financial statements in accordance with its interpretation of the relevant tariff provisions.

CPHGC has recorded a contract asset amounting to Rs. 9,264 million which includes certain Capacity Purchase Price and Energy Purchase Price components as per the PPA for the period August 17, 2019 to June 30, 2022 related to the aforementioned One Time Adjustment of Tariff. CPHGC will be able to raise the invoice for billing and recover this amount once its appeal before the Appellate Tribunal NEPRA is decided favorably.

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.

Pursuant to the Completion Guarantee Agreement dated October 24, 2017 between the HPHL, China Power Holding Limited, the holding company, China Power International (Pakistan) Investment limited, CPHGC and CPHGC's lenders, the holding Company is required to provide a Standby Letter Credit (SBLC) for an aggregate amount of US\$ 150 million to guarantee an investment in the form of equity or subordinated debt (either directly or through HPHL) to satisfy the funding shortfall, if any, in CPHGC:

- to achieve completion of the Project to the satisfaction of the lenders; and
- repay all principal, interest, fees or any other amounts that may fall due by CPHGC under the finance documents to the finance parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The holding company issued this SBLC by entering into an agreement with local banks by providing security against all its present and future assets other than current assets. This SBLC expires on November 23, 2022. If the SBLC is not renewed 15 days prior to the expiry, CPHGC's lender / CPHGC shall have the right to call upon the SBLC.

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

The summarised financial information of CPHGC is set out below:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Non-current assets	300,666,231	250,546,736
Current assets	163,057,354	122,782,213
Total assets	463,723,585	373,328,949
Non-current liabilities	(229,567,646)	(193,165,547)
Current liabilities	(93,497,882)	(59,355,687)
Total liabilities	(323,065,528)	(252,521,234)
Net assets of the associate available for distribution	140,658,057	120,807,715
Proportion of HPHL's interest in associate	47.5%	47.5%
	66,812,577	57,383,665
Goodwill	4,873,649	4,873,649
Carrying amount of HPHL's interest in associate as at June 30	71,686,226	62,257,314
Revenue for the year	145,917,217	106,837,522
Profit for the year	19,852,685	33,760,305
Other comprehensive (loss) / income for the year	(2,343)	133
Total comprehensive income for the year	19,850,342	33,760,438

The associate had no material contingency as at June 30, 2022. Outstanding commitments as at June 30, 2022 amount to USD 168 million (2021: USD 33.035 million).

CPHGC may not pay dividend to its shareholders, including HPHL, until certain conditions specified under the lenders' agreements are satisfied.

15.2 ThalNova Power Thar (Private) Limited (TNPTL)

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Opening investment	4,946,648	5,261,388
Investment during the year	861,075	-
Share of loss from associate	(5,028)	(15,927)
Unrealized profit on services	(882,434)	(298,453)
Group's share in share issue cost	(9,582)	(360)
	4,910,679	4,946,648

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, 2022, HPHL has injected USD 40.67 million (Rs. 6,111 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. On April 02, 2021, Foreign Lenders have made first disbursement followed by local lenders making first disbursement on April 05, 2021 for various project expenses.

Under the Power Purchase Agreement (PPA), the TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in RCOD, TNPTL requested CPPA(G) for extension in RCOD in view of the COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with SECMC. CPPA(G) granted extension in the RCOD of the Company till June 30, 2022, subject to payment of undisputed High Voltage Direct Current (HVDC) charges under certain conditions. Any delay in achievement of COD beyond RCOD can result in liquidated damages amounting to USD 2.68 million for each month of delay.

Although CPPA(G) has raised an invoice for payment of HVDC charges, TNPTL has challenged the determination of the invoice, and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TNPTL to make payment and therefore there is currently no exposure on TNPTL in this regard.

TNPTL expects to achieve COD in 2nd quarter of financial year ending June 30, 2023.

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 COD 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, 2023 by placing cash security as lien. During the year, the SBLC was reduced to Rs. 2,290 million.
- (ii) undertake to the Lenders of TNPTL or to arrange and / or provide working capital financing to TNPTL, directly or through 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- (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. 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 Extra Ordinary General Meeting (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 (if required) a contractual commitment 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 a 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:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Non-current assets	66,702,132	31,806,988
Current assets	4,589,606	295,654
Total assets	71,291,738	32,102,642
Non-current liabilities	(51,951,133)	(21,633,967)
Current liabilities	(4,035,563)	(1,156,566)
Total liabilities	(55,986,696)	(22,790,533)
Net assets	15,305,042	9,312,109
Less: Advance received against issue of shares	(5,173,071)	(3,496,478)
Net assets of the associate available for distribution	10,131,971	5,815,631
Proportion of the HPHL's interest in associate	38.3%	38.3%
Advance received against issue of shares	3,880,546	2,227,388
Unrealized profit on management services	2,183,202	2,989,895
Others	(1,180,887)	(298,453)
Carrying amount of HPHL's interest in associate as at June 30	27,818	27,818
Loss for the year	4,910,679	4,946,648
	(13,127)	(41,585)

The associate had no material contingency as at June 30, 2022. Outstanding commitments as at June 30, 2022 amount to USD 58 million and Rs. 15,270 million (2021: USD 147 million and Rs. 1,381 million).

15.3 China Power Hub Operating Company (Private) Limited (CPHO)

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Opening investment	-	-
Investment during the year	8,441	-
Share of profit from joint venture	104,193	-
	112,634	-

On October 29, 2021, HPHL executed a Joint Venture Agreement (JV Agreement) with China Power International Maintenance Engineering Company Limited (CPIME), for establishing a joint venture in Pakistan for the purpose of, inter alia, providing operation, maintenance, and other services to CPHGC in connection with its 1320 MW coal fired power plant located in Hub Balochistan (CPHGC's Plant) and to other customers. On January 20, 2022, a company by the name of CPHO was incorporated. HPHL's shareholding in CPHO is 49%. On February 10, 2022, an Operations and Maintenance Agreement (the O&M Agreement) was executed between CPIME, CPHO and CPHGC. Pursuant to the O&M Agreement, CPHO was appointed to operate and maintain CPHGC's Plant for a term of 6 years.

HPHL's equity investment in CPHO amounts to Rs. 8.4 million. HPHL, in accordance with requirements specified in the O&M Agreement, has issued a corporate guarantee in favor of CPHGC as security for CPHO's liabilities and obligations under the O&M Agreement. This guarantee will remain valid for the 6-year term of the O&M Agreement. The maximum estimated exposure for the agreement year ending on 31 Jan 2023 is USD 2.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Based on rights and obligations envisaged in SHA, in respect of all key relevant activities of CPHO, the investment in CPHO is classified as a Joint Venture and is accounted for under the equity method in these financial statements.

The summarised financial information of CPHO are set out below:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Non-current assets	19,465	-
Current assets	1,624,813	-
Total assets	1,644,278	-
Current liabilities	(1,414,413)	-
Total liabilities	(1,414,413)	-
Net assets	229,865	-
Net assets of the associate available for distribution	229,865	-
Proportion of the Company's interest in joint venture	49.0%	-
Carrying amount of HPHL's interest in associate as at June 30	112,634	-
Profit for the period	212,638	-

The joint venture had no major contingency and commitments as at June 30, 2022.

15.4 Prime International Oil & Gas Company Limited (Prime)

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Opening investment	267,507	-
Investment during the year	198,733	280,739
Share of profit / (loss) from joint venture	1,087	(13,232)
	467,327	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. The transaction has been approved by Competition Commission of Pakistan as required under the relevant SPAs and final approval from Director General Petroleum Concession is awaited.

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, 2022, 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 are set out below:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Non-current assets	524,778	524,778
Current assets	414,578	212,048
Total assets	939,356	736,826
Current liabilities	(4,150)	(3,705)
Total liabilities	(4,150)	(3,705)
Net assets	935,206	733,121
Less: Advance received against issue of shares	(959,397)	(759,485)
Net assets of joint venture available for distribution	(24,191)	(26,364)
Proportion of the HPHL's interest in joint venture	50%	50%
	(12,096)	(13,182)
Advance received against issue of shares	479,423	280,689
Carrying amount of HPHL's interest in joint venture as at June 30	467,327	267,507
Profit / (loss) for the year	2,173	(26,464)

The joint venture had no major contingency and commitments as at June 30, 2022.

15.5 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, 2022, the holding company has injected USD 15.51 million (2021: USD 14.31 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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

15.5.1 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.

15.5.2 Stand by letter of credit (SBLC) 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 SBLC in proportion to its shareholding of ordinary shares in SECMC. Upon a demand being made for payment under the PSRA SBLC 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 SBLC 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.

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. 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.

	2022	2021
	(Rs. '000s)	(Rs. '000s)
16. LONG TERM DEPOSITS AND OTHERS		
Deposits - non interest bearing	16,744	30,102
Others	4,677	-
	21,421	30,102
17. STORES, SPARES AND CONSUMABLES		
In hand	3,073,165	3,304,713
Provision against slow moving stores, spares and consumables	17.1 (1,129,923)	(775,818)
	1,943,242	2,528,895

	Note	2022	2021
		(Rs. '000s)	(Rs. '000s)
17.1 Movement in provision against slow moving stores, spares and consumables			
Opening balance		775,818	434,026
Provision for the year		354,105	341,792
		1,129,923	775,818
18. STOCK-IN-TRADE			
Furnace oil		4,746,847	3,947,986
Diesel		28,850	22,422
Lubricating oil		29,422	19,340
Light diesel oil		8,607	8,058
		4,813,726	3,997,806
19. TRADE DEBTS - Secured			
Considered good - Secured			
Capacity Purchase Price (CPP)		26,550,445	58,023,203
Energy Purchase Price (EPP)		32,315,375	12,239,963
Late Payment Interest (LPI)	19.1.1 & 31.8	24,502,080	31,179,984
Startup Charges (SC)		294,168	50,110
Part Load Adjustment Charges (PLAC)		745,767	231,657
Pass through items (WPPF and taxes)		341,321	262,150
	19.1	84,749,156	101,987,067

19.1 This includes an amount of Rs. 58,770 million (2021: Rs. 78,093 million) receivable from CPPA(G) and Rs. 3,648 million (2021: Rs.4,928 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.

In case of HUBCO, the delay in payments from CPPA(G) carries mark-up at SBP Reverse Repo rate plus 2% per annum compounded semi-annually while in case of NEL, the delay in payment from CPPA(G) carries mark-up at three month KIBOR plus 2% per annum for first 60 days from due date and thereafter three month KIBOR plus 4.5% per annum. In case of LEL, delay in payment from NTDC carry mark-up at a rate of three 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	2022	2021
		(Rs. '000s)	(Rs. '000s)
Not yet due	19.1.1 & 19.1.2	22,331,542	18,966,564
Up to 6 months		40,062,333	21,131,520
6 months to 1 year		10,826,641	26,180,360
1 year to 2 years		2,730	23,882,032
Over 2 years		11,525,910	11,826,591
		84,749,156	101,987,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

19.1.1 This includes Rs. 4,544 million (2021: Rs. 6,221 million) related to LPI which is not yet billed by the Group.

19.1.2 This also includes an amount of Rs. 122 million (2021: 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 CPPA(G).

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
20. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives		1,049	4,568
Employees		71	430
		<u>1,120</u>	<u>4,998</u>
Advances - unsecured			
Executives		952	998
Employees		535	322
Suppliers		232,921	69,927
		<u>234,408</u>	<u>71,247</u>
		<u>235,528</u>	<u>76,245</u>
21. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments			
LC commission and other loan related costs		66,365	29,968
Others		31,857	21,968
		<u>98,222</u>	<u>51,936</u>
Other receivables			
Interest accrued		10,693	9,964
Income tax - refundable		-	352,174
Income tax - Contractor tax refundable	21.1	372,469	372,469
Sales tax		10,026,259	8,336,792
Advance tax		20,974	9,928
Staff gratuity	21.2	37,583	23,302
Staff retirement benefit - pension fund		-	762
Receivable from CPHGC	21.3	31,701	21,068
Receivable from CPHO	21.4	31,833	-
Receivable from TNPTL	21.5	16,787	31,690
Receivable from TNPTL against services agreement	21.5	3,553,948	63,386
Workers' profit participation fund recoverable from CPPA(G)		4,566,877	3,549,385
Hub Power Services Limited - Pension Fund		512	-
Miscellaneous	21.6	292,540	22,802
		<u>18,962,176</u>	<u>12,793,722</u>
		<u>19,060,398</u>	<u>12,845,658</u>

21.1 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 Government of Pakistan (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	2022 (Rs. '000s)	2021 (Rs. '000s)
21.2 STAFF GRATUITY			
Staff gratuity - holding company	21.2.1	9,872	19,534
Staff gratuity - HPSL	21.2.2	27,711	3,768
		<u>37,583</u>	<u>23,302</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Actuarial valuations were carried out as at June 30, 2022. 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:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
21.2.1 Staff gratuity - holding company		
Reconciliation of the net asset recognised in the statement of consolidated financial position		
Present value of defined benefit obligation	316,563	335,262
Fair value of plan assets	(326,435)	(354,796)
Net asset recognised in the statement of financial position	(9,872)	(19,534)
Reconciliation of the movements during the year in the net asset recognised in the consolidated statement of financial position		
Opening net asset	(19,534)	(6,675)
Expense recognised	29,244	33,588
Remeasurement gain recognised in consolidated Other Comprehensive Income (OCI)	(16,582)	(19,947)
Contributions to the fund made during the year	(3,000)	(26,500)
Closing net asset	(9,872)	(19,534)
Expense recognised		
Current service cost	30,374	34,543
Net interest	(1,130)	(955)
Expense recognised	29,244	33,588
Re-measurements recognised in consolidated OCI during the year		
Remeasurement gain on defined benefit obligations	(25,780)	(28,852)
Remeasurement loss on plan assets	9,198	8,905
	(16,582)	(19,947)

Movement in the present value of defined benefit obligation

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Present value of defined benefit obligation at opening	335,262	310,449
Current service cost	30,374	34,543
Interest cost	30,222	26,092
Benefits paid	(53,515)	(6,970)
Remeasurement gain recognised in OCI	(25,780)	(28,852)

Present value of defined benefit obligation at closing

316,563	335,262
---------	---------

The movement in fair value of plan assets

Fair value of plan assets at opening	354,796	317,124
Expected return on plan assets	31,352	27,047
Contributions made	3,000	26,500
Benefits paid	(53,515)	(6,970)
Remeasurement loss recognised in OCI	(9,198)	(8,905)

Fair value of plan assets at closing

326,435	354,796
---------	---------

Actual return on plan assets

22,154	18,142
--------	--------

Plan assets comprise of following:

	2022	2022	2021	2021
	%	(Rs. '000s)	%	(Rs. '000s)
Pakistan Investment Bonds	74.68%	243,766	71.43%	253,432
Mutual funds	-	-	0.43%	1,528
Term Finance Certificate	4.89%	15,958	4.41%	15,657
Treasury Bills	-	-	4.14%	14,675
Quoted shares	19.05%	62,175	19.27%	68,354
Cash and cash equivalents	1.39%	4,536	0.32%	1,150
	100.00%	326,435	100.00%	354,796

Contribution expected to be paid to the plan during the next year

2022	2021
(Rs. '000s)	(Rs. '000s)
29,954	29,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Note	2022 (Rs. '000s)	2021 (Rs. '000s)
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	13.25%	10.00%
- Expected rate of return on plan assets per annum	13.25%	10.00%
- Expected rate of increase in salary level per annum	13.25%	8.75%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years
Retirement benefit plan	47,121	121,649	359,831

Historical information of retirement benefit plan:

	2022	2021	2020	2019	2018
	----- (Rs. '000s) -----				
As at June 30					
Present value of defined benefit obligation	316,563	335,262	310,449	262,337	209,793
Fair value of plan assets (Surplus) / Deficit	(326,435) (9,872)	(354,796) (19,534)	(317,124) (6,675)	(220,796) 41,541	(193,457) 16,336

	2022 (Rs. '000s)	2021 (Rs. '000s)

Sensitivity analysis on significant actuarial assumptions**- Impact on defined benefit obligation - decrease / (increase)**

- Discount rate +0.5% /+1%	10,311	25,308
- Discount rate -0.5% /-1%	(10,966)	(28,896)
- Salary increases +0.5% /+1%	(11,638)	(30,283)
- Salary increases -0.5% /-1%	11,032	26,955

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 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.

21.2.2 Staff gratuity - HPSL

	2022 (Rs. '000s)	2021 (Rs. '000s)
Reconciliation of the net asset recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	425,921	440,483
Fair value of plan assets	(453,632)	(444,251)
Net asset recognised in the consolidated statement of financial position	(27,711)	(3,768)
Reconciliation of the movements during the year in the net asset recognised in the consolidated statement of financial position		
Opening net asset	(3,768)	(7,589)
Expense recognised	52,905	50,692
Contributions to the fund made during the year	(60,376)	(5,071)
Remeasurement gain recognised in Consolidated OCI	(16,472)	(41,800)
Closing net asset	(27,711)	(3,768)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Expense recognised		
Current service cost	52,748	50,955
Net Interest expense	157	(263)
	52,905	50,692
Remeasurements recognised in Consolidated OCI during the year		
Remeasurement gain on defined benefit obligations	(25,188)	(27,691)
Remeasurement gain / (loss) on plan assets	8,716	(14,109)
	(16,472)	(41,800)
Movement in the present value of defined benefit obligation		
Present value of defined benefits obligation at opening	440,483	397,439
Current service cost	52,748	50,955
Interest cost on defined benefits obligation	39,339	34,944
Benefits paid / payable to outgoing member(s)	(81,461)	(15,164)
Remeasurement gain recognised in OCI	(25,188)	(27,691)
	425,921	440,483
The movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	444,251	405,028
Interest income on plan assets	39,182	35,207
Net amount transferred by employer to the fund	60,376	5,071
Benefits paid / payable to outgoing member	(81,461)	(15,164)
Remeasurement (gain) / loss recognised in OCI	(8,716)	14,109
	453,632	444,251
Actual return on plan assets	30,089	51,133
Contribution expected to be paid to the plan during the next year	50,756	52,905

	2022	2022	2021	2021
	%	(Rs. '000s)	%	(Rs. '000s)
Plan assets comprise of following:				
Mutual funds	17.95%	81,431	20.14%	89,460
Pakistan Investment Bonds	14.77%	66,997	15.88%	70,559
Treasury Bills	-	-	5.74%	25,490
Certificates	59.29%	268,939	57.00%	253,205
Cash and cash equivalents	7.99%	36,265	1.25%	5,537
	100.00%	453,632	100.00%	444,251

Note	2022	2021
	(Rs. '000s)	(Rs. '000s)
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	13.25%	8.75%
- Expected rate of return on plan assets per annum	13.25%	8.75%
- Expected rate of increase in salary level per annum	13.25%	8.75%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 1- 5 years	Over 5 years
Retirement benefit plan	17,024	193,165	562,691

Historical information of retirement benefit plan:

	2022	2021	2020	2019	2018
	----- (Rs. '000s) -----				
As at June 30					
Present value of defined benefit obligation	425,921	440,483	397,439	348,330	302,205
Fair value of plan assets	(453,632)	(444,251)	(405,028)	(329,306)	(286,570)
(Surplus) / Deficit	(27,711)	(3,768)	(7,589)	19,024	15,635

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation - decrease / (increase)		
- Discount rate +0.5%	(18,638)	(19,045)
- Discount rate -0.5%	20,003	20,506
- Long term salary increases +0.5%	20,895	21,467
- Long term salary increases -0.5%	(19,617)	(20,099)

Sensitivity analysis on significant actuarial assumptions**- Impact on defined benefit obligation - decrease / (increase)**

- Discount rate +0.5%	(18,638)	(19,045)
- Discount rate -0.5%	20,003	20,506
- Long term salary increases +0.5%	20,895	21,467
- Long term salary increases -0.5%	(19,617)	(20,099)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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 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. 36 million (2021: Rs. 21 million).

21.4 These represents receivable against reimbursement of expenses incurred by HPHL on behalf of CPHO. The maximum aggregate amounts due at the end of any month during the year was Rs. 32 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. 3,571 million (2021: Rs. 1,506 million).

21.6 This includes Rs. 247 million kept with local banks as cash margin against import bills.

22. SHORT TERM INVESTMENTS

This represents Pakistan Investment Bonds (PIBs) and Sukuks received against settlement of overdue trade debts under an agreement with CPPA(G) dated February 11, 2021. These PIBs and Sukuks have maturity dates of June 18, 2030 and April 27, 2027, respectively, and carry mark-up / profit at the rate of 15.65% and 13.53%, respectively.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
23. CASH AND BANK BALANCES			
At bank			
Savings accounts	23.1 to 23.3	4,987,511	2,452,721
Bank placements	23.3 & 23.4	2,487,000	2,687,000
		7,474,511	5,139,721
In hand			
Cash		2,090	1,765
Payorders / cheques		51,306	1,207,374
		53,396	1,209,139
		7,527,907	6,348,860

23.1 Savings and deposits accounts carry mark-up rates ranging between 0.2% to 12.25% (2021: 0.25% to 5.5%) per annum.

23.2 This includes Rs. 1,655 million (2021: Rs. 1,300 million) deposited in debt payment accounts and maintenance reserve account which are restricted for lenders' payments and major maintenance expenses of Laraib's plant.

23.3 This includes term deposit receipts amounting of Rs. 2,425 million (2021: Rs. 2,425 million) placed with a bank as a security for issuance of equity Standby Letter of Credit (SBLC) of TNPTL.

23.4 Bank placements represents term deposit receipts which carry mark-up at the rate of 12.25% (2021: 6.8% to 6.95%) per annum.

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

2022 (No. of Shares)	2021 (No. of Shares)		2022 (Rs. '000s)	2021 (Rs. '000s)
1,700,000,000	1,700,000,000	Authorised :	17,000,000	17,000,000
		Ordinary shares of Rs.10/- each		
		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

24.1 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.

24.2 Associated undertakings held 261,040,482 (2021: 260,339,502) shares in the holding company as at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

25. LONG TERM LOANS - Secured

From Banks / Financial Institutions		As at July 01, 2021	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2022
Note	(Rs. '000s)						
Holding company							
Hub plant							
Salary Refinance Scheme - SBP	25.1	474,000	-	(316,000)	(158,000)	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	25.2.1	17,233,131	1,485,679	(2,076,156)	(3,101,055)	-	13,541,599
Islamic finance facility	25.2.2	5,500,000	-	(586,080)	(852,131)	-	4,061,789
Long Term Sukuk certificates I	25.2.3	7,000,000	-	(1,750,000)	(3,500,000)	-	1,750,000
Long Term Sukuk certificates II	25.2.4	5,000,000	-	-	(2,500,000)	-	2,500,000
		34,733,131	1,485,679	(4,412,236)	(9,953,186)	-	21,853,388
Transaction costs		(209,657)	-	-	59,531	82,370	(67,756)
Long term loans of the holding company		34,997,474	1,485,679	(4,728,236)	(10,051,655)	82,370	21,785,632
Subsidiary - NEL							
Syndicated term finance facility - II	25.3.1	2,500,000	-	(833,333)	(833,333)	-	833,334
Salary Refinance Scheme - SBP	25.3.2	53,120	-	(35,413)	(17,707)	-	-
Long term loans of NEL		2,553,120	-	(868,746)	(851,040)	-	833,334
Subsidiary - LEL							
Foreign currency loans	25.4.1	5,186,398	1,256,052	(1,380,556)	(1,687,300)	-	3,374,594
Local currency loans	25.4.2	513,502	-	(513,502)	-	-	-
		5,699,900	1,256,052	(1,894,058)	(1,687,300)	-	3,374,594
Transaction costs		(41,388)	-	-	12,471	20,658	(8,259)
Long term loans of LEL		5,658,512	1,256,052	(1,894,058)	(1,674,829)	20,658	3,366,335
Subsidiary - HPHL							
Syndicated term finance facility	25.5	2,375,000	-	(375,000)	(625,000)	-	1,375,000
Salary Refinancing Scheme - SBP	25.6	35,932	-	(23,955)	(11,977)	-	-
Long term Sukuk Certificates	25.7	5,282,134	524,814	-	-	-	5,806,948
		7,693,066	524,814	(398,955)	(636,977)	-	7,181,948
Transaction cost		(118,304)	-	-	42,875	34,096	(41,333)
Long term loans of HPHL		7,574,762	524,814	(398,955)	(594,102)	34,096	7,140,615
Subsidiary - TEL							
Local currency loans	25.8	3,242,187	11,448,483	-	-	-	14,690,670
Foreign currency loans	25.8	-	47,399,298	-	-	-	47,399,298
		3,242,187	58,847,781	-	-	-	62,089,968
Transaction costs		(47,680)	(4,128,084)	-	-	535,049	(3,640,715)
Long term loans of TEL		3,194,507	54,719,697	-	-	535,049	58,449,253
Subsidiary - HPSL							
Salary Refinancing Scheme - SBP	25.9	103,342	-	(68,895)	(34,447)	-	-
		54,081,717	57,986,242	(7,958,890)	(13,206,073)	672,173	91,575,169

From Banks / Financial Institutions		As at July 01, 2020	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2021
Note	(Rs. '000s)						
Holding company							
Hub plant							
Salary Refinance Scheme - SBP	25.1	318,000	314,000	(158,000)	(316,000)	-	158,000
NEL investment							
Commercial facility		556,952	-	(556,952)	-	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	25.2.1	16,479,717	753,414	-	(1,966,363)	-	15,266,768
Islamic finance facility	25.2.2	5,500,000	-	-	(627,533)	-	4,872,467
Long Term Sukuk certificates I	25.2.3	7,000,000	-	-	(1,750,000)	-	5,250,000
Long Term Sukuk certificates II	25.2.4	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		1,451,880	-	(1,451,880)	-	-	-
Syndicated term finance facility - I	25.3.1	2,500,000	-	-	(833,333)	-	1,666,667
Salary Refinance Scheme - SBP	25.3.2	35,100	35,726	(17,706)	(35,413)	-	17,707
		3,986,980	35,726	(1,469,586)	(868,746)	-	1,684,374
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	25.4.1	6,910,967	(377,596)	(1,346,973)	(1,296,600)	-	3,889,798
Local currency loans	25.4.2	855,834	-	(342,332)	(342,334)	-	171,168
		7,766,801	(377,596)	(1,689,305)	(1,638,934)	-	4,060,966
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	25.5	2,500,000	-	(125,000)	(375,000)	-	2,000,000
Salary Refinancing Scheme - SBP	25.6	23,953	23,956	(11,977)	(23,954)	-	11,978
Long term Sukuk Certificates	25.7	-	5,282,134	-	-	-	5,282,134
		2,523,953	5,306,090	(136,977)	(398,954)	-	7,294,112
Transaction costs		(45,502)	(71,190)	-	34,254	(1,612)	(84,050)
Long term loans of HPHL		2,478,451	5,234,900	(136,977)	(364,700)	(1,612)	7,210,062
Subsidiary - TEL							
Local currency loans	25.8	3,242,187	-	-	-	-	3,242,187
Transaction costs		(53,532)	-	-	-	5,852	(47,680)
Long term loans of TEL		3,188,655	-	-	-	5,852	3,194,507
Subsidiary - HPSL							
Salary Refinancing Scheme - SBP	25.9	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, 2022

25.1 The holding company has obtained long term loan 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).

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

25.2.1 The holding company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2021: 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.

25.2.2 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.

25.2.3 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 arrears 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 (upto Rs. 4,000 million) and NEL; and
- (d) pledge of 100% shares of NEL.

25.2.4 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 arrears 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

25.3 In connection with NEL:

25.3.1 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.

25.3.2 In 2021, 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

25.4 In connection with LEL:

25.4.1 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.

25.4.2 LEL has fully repaid long-term loan facility of local commercial banks during the year.

25.4.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

LEL declares dividend after satisfaction of lenders' covenants.

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

- 25.5 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.
- 25.6 In 2021, 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.
- 25.7 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 November 2022, the mark-up on the Sukuk Certificates will be payable on semi-annual basis in arrears. The principal will be payable in four equal semi-annual installments commencing from May 2024. The Sukuk Certificates are secured by:
- Ranking and subordinated charge over all present and future movable fixed assets of the holding company;
 - Ranking and subordinated floating charge over all present and future movable fixed and current assets of HPHL; and
 - Revolving Cross Corporate Guarantee from the holding company for all principal repayments and profit amounts.

Subsidiary - TEL

- 25.8 TEL had signed long-term loan facility agreements for Pak Rupee Facility amounting to Rs. 18,853 million and US Dollar Loan Facility amounting to USD 262.13 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 periodic payment date after the date falling 48 months after the Facility Effective date or the second periodic payment date after the COD. The first disbursement under this facility was made on March 17, 2020.

The US Dollar Loan Facility carries mark-up at the rate of 6 months LIBOR plus 4.05% 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 periodic payment date after the date falling 48 months after the Facility Effective date or the second periodic payment date after the COD. The first disbursement under this facility was made on August 4, 2021.

The long term loan facilities are secured against:

- First ranking hypothecation charge over the project assets of TEL; and
- 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 RCOD.

Subsidiary - HPSL

- 25.9 In 2020, HPSL entered into a long term loan agreement with ABL amounting to Rs. 75 million under the Salary Refinancing Scheme by State Bank of Pakistan (the Scheme). During the same year, HPSL entered into another long term loan agreement with ABL amounting to Rs. 63.1 million under the Salary Refinancing Scheme. The principal amount of these loans are repayable in eight equal quarterly installments, starting from January 2021. The loans are secured against guarantees of Rs. 154.4 million from the holding company and by way of hypothecation charge on all present and future movable fixed assets of the holding company located at Hub Power Plant.

The loans carry mark-up of 1.50% per annum starting from the date of disbursement and are payable in arrears on quarterly basis. Any late payment by HPSL is subject to mark-up of 3-Month KIBOR plus 1.50%.

26. LONG TERM LEASE LIABILITIES

		As at July 01, 2021	Translation / Finance cost	Repaid / Terminated	Current	As at July 01, 2022
	Note	(Rs. '000s)				
Islamic Development Bank	26.1	1,953,451	476,610	(517,188)	(635,515)	1,277,358
Lease liability - Office building		320,369	29,375	(121,761)	(39,292)	188,691
		<u>2,273,820</u>	<u>505,985</u>	<u>(638,949)</u>	<u>(674,807)</u>	<u>1,466,049</u>
		(Rs. '000s)				
		As at July 01, 2020	Translation / Finance cost	Repaid / Terminated	Current	As at July 01, 2021
Islamic Development Bank	26.1	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
		<u>2,981,364</u>	<u>(102,164)</u>	<u>(605,380)</u>	<u>(541,607)</u>	<u>1,732,213</u>

- 26.1 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 5.09% (2021: 5.48%) 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 25.4.3.

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 of 19 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
27. DEFERRED TAXATION			
The liability for deferred taxation comprises temporary difference relating to:			
Long term investments (on share of profits)		<u>10,849,008</u>	<u>7,053,046</u>
27.1			
Includes deferred tax expense arising on account of recognition of deferred tax liability on the taxable temporary differences at the additional rate of 4% super tax that is effective from July 01, 2021.			
	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
28. TRADE AND OTHER PAYABLES			
Creditors			
Trade	28.1	<u>29,092,823</u>	35,396,053
Others		<u>1,262</u>	29,288
		<u>29,094,085</u>	35,425,341
Accrued liabilities			
Finance costs		<u>40,853</u>	42,507
Miscellaneous		<u>2,076,289</u>	24,765,235
		<u>2,117,142</u>	24,807,742
Advances received against management services - unsecured	28.2	<u>791,980</u>	-
Unearned income	28.3	<u>2,284,870</u>	2,425,530
Obligation to transfer shares to GoB	28.4	<u>2,263,777</u>	1,966,021
Other payables			
Workers' profit participation fund	31.4	<u>6,151,550</u>	4,798,394
Provision for taxation		<u>1,071,087</u>	36,005
Sales tax payable		<u>1,872</u>	10,178
Staff retirement benefits			
Staff gratuity	28.5	<u>2,397</u>	1,643
Provident funds		<u>2,882</u>	2,062
Pension fund		<u>3,491</u>	5,467
Retention money		<u>44,074</u>	15,682
Withholding tax		<u>95,946</u>	40,791
Others		<u>45,937</u>	17,251
		<u>7,419,236</u>	4,927,473
		<u>43,971,090</u>	69,552,107

28.1 This includes payable to Pakistan State Oil Company Limited (PSO) amounting to Rs. 22,742 million (2021: Rs. 34,496 million), out of which overdue amount is Rs. 19,419 million (2021: Rs. 26,682 million).

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

28.2 This represents advances received from Nova Powergen Limited and Thal Power (Pvt) Limited against management services.

28.3 This includes Rs. 2,128 million (2021: Rs. 1,985 million) in respect of Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. Nil (2021: Rs. 380 million) invoiced under the services agreement with TNPTL.

	Note	2022 (Rs. '000s)	2021 (Rs. '000s)
28.4 OBLIGATION TO TRANSFER SHARES TO GOB			
Opening balance		<u>1,966,021</u>	1,459,614
Add: Obligation representing share of profit relating to shares to be transferred to GOB	11 & 15.1	<u>297,791</u>	506,405
Add: Obligation representing share of OCI relating to shares to be transferred to GOB		<u>(35)</u>	2
		<u>297,756</u>	506,407
		<u>2,263,777</u>	1,966,021
28.5 STAFF GRATUITY			
Staff gratuity - LEL (Contribution plan)		-	427
Staff gratuity - TEL	28.5.1	<u>2,397</u>	1,216
		<u>2,397</u>	1,643

28.5.1 Staff gratuity - TEL

Actuarial valuations were carried out as at June 30, 2022. 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:

	2022 (Rs. '000s)	2021 (Rs. '000s)
Reconciliation of the net liability recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	<u>7,145</u>	5,964
Fair value of plan assets	<u>(4,748)</u>	(4,748)
	<u>2,397</u>	1,216
Movement in net liability recognised in the consolidated statement of financial position is as follows:		
Opening net liability	<u>1,216</u>	3,867
Expense recognised	<u>2,986</u>	2,511
Remeasurement gain recognised in OCI	<u>(2,279)</u>	(414)
Contributions made	-	(4,748)
Closing net liability	<u>1,923</u>	1,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Expense recognised		
Current service cost	2,365	2,061
Net Interest	621	450
Expense recognised	2,986	2,511
Re-measurements recognised in consolidated other comprehensive income		
Remeasurement gain on defined benefit obligation		
- (Loss) / gain due to change in financial assumptions	(151)	14
- Gain due to change in experience adjustments	2,430	400
	2,279	414
Remeasurement loss on plan assets		
- Interest income on plan assets	(474)	-
	1,805	414
Movement in the defined benefit obligation is as follows:		
Present value of defined benefit obligation at opening	5,964	3,867
Current service cost	2,365	2,061
Interest cost	621	450
Remeasurement gain recognised in OCI	(1,805)	(414)
Present value of defined benefit obligation at closing	7,145	5,964
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at opening	4,748	-
Interest income on plan assets	474	-
Contributions made	-	4,748
Remeasurement loss on plan assets	(474)	-
Fair value of plan assets at closing	4,748	4,748
Expected cost to be recognized for the year ending June 30, 2023 is Rs. 2.96 million.		
Plan assets comprise of following:		
- Cash and cash equivalents	4,748	3,275
- Other receivables	-	1,473
	4,748	4,748
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	13.50%	8.75%
- Expected rate of increase in salary level per annum	13.50%	8.75%
- 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
Retirement benefit plan	10	1,879	8,515
		2022	2021
		(Rs. '000s)	(Rs. '000s)

Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation

- Discount rate +1%	6,272	5,168
- Discount rate -1%	(8,172)	(6,921)
- Salary increases +1%	(8,198)	(6,944)
- Salary increases -1%	6,237	5,137

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.

	Note	2022	2021
		(Rs. '000s)	(Rs. '000s)
29. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		2,501,237	667,012
Mark-up accrued on short term borrowings		606,001	552,891
		3,107,238	1,219,903
30. SHORT TERM BORROWINGS			
Secured			
Running finance	30.1 to 30.5	19,672,516	29,400,797
Unsecured			
Privately placed sukuks	30.6	4,500,000	4,500,000
		24,172,516	33,900,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- 30.1** The facilities of holding company for running finance available from various banks / financial institutions amounted to Rs. 21,050 million (2021: Rs. 27,272 million) at mark-up ranging between 0.70% to 1.75% (2021: 0.4% 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 September 14, 2022 to June 30, 2023. 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.
- 30.2** The holding company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2021: Rs. 1,400 million) at a mark-up ranging between 0.30% 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 September 30, 2022 to April 13, 2023. 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 30.1.
- 30.3** The facilities of NEL for running finances available from various banks / financial institutions amounted to Rs. 4,425 million (2021: Rs. 3,575 million) at mark-up ranging between 0.6% to 2.0% (2021: 0.6% to 2.0%) 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 July 31, 2022 to March 13, 2023. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.
- 30.3.1** The facilities are secured by way of:
- 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.
 - a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the NEL excluding; (i) the immovable 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.
- 30.4** NEL also has Musharaka agreements with banks amounting to Rs. 4,125 million (2021: Rs. 4,125 million), at a mark-up ranging from 0.40% to 1.50% (2021: 0.40% 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 July 31, 2022 to April 13, 2023. 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 30.3.1.
- 30.5** The working capital facilities of LEL available from various banks amounted to Rs. 1,000 million (2021: 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 July 31, 2022 to October 31, 2022.
- 30.6** On April 27, 2022, the holding company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 4,500 million at a mark-up of 1% per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on October 27, 2022. Any late payment by the holding company is subject to mark-up at a rate of 2.00% per annum over six month KIBOR.

31. COMMITMENTS AND CONTINGENCIES

- 31.1** Commitments of the holding company in respect of capital and revenue expenditures amounted to Rs. 402 million (2021: Rs. 153 million).
- 31.2** 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).
- 31.3** 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.
- 31.4** 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, 2022, the total financial exposure relating to the above case is Rs. 32,001 million (Rs. 3,136 million being the 5% of the profit and Rs. 28,865 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

The Provincial Assembly of Sindh issued a notification dated April 28, 2021, regarding promulgation of Sindh Trusts (Amendment) Act 2021 (Amendment Act which 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 was 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.

The Federal Board of Revenue (FBR) issued a notification dated July 30, 2021 which requires an NOC from FBR for the registration and creation of the Provident Funds, Pension Funds and Gratuity Funds and not for WPPF trusts. The holding company through its external counsel is given to understand that the Assistant Director, Industries and Commerce Directorate, Government of Sindh have begun registration of such trusts. The draft trust deed is finalized for registration. However, the trust creation and registration process is under review for trans-provincial companies like the holding company.

- 31.5**
- (i) Under the IA with GOP and under the tax laws, the holding company's interest income was 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 413 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 18 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 was 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 7 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 215 million. WWF is a pass through under the PPA and is recoverable from the CPPA (G).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- (v) Under the IA with GOP and under the tax laws, the holding company's interest income was 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 9 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 375 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).
- (vii) Under the IA with GOP and under the tax laws, the holding company's interest income was exempt from income tax. However, in June 2020, FBR issued a tax demand of Rs. 27 million relating to fiscal year ended June 2014 on the ground that interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% WWF on this interest income. The CIR-A decided the issue of tax on interest income against the holding company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 37 million.

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.

- 31.6** (i) 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 26,173 million.
- (ii) 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 9,221 million.
- (iii) 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, 2022 is approximately Rs. 3,692 million.

- (iv) 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, 2022 is approximately Rs. 4,130 million.
- (v) 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, 2022 is approximately Rs. 3,483 million.
- (vi) 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, 2022 is approximately Rs. 2,665 million.
- (vii) 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 36 million.
- (viii) In March 2021 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. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal and stay application with the ATIR who directed FBR to issue 15 days' notice prior to recovery so that the holding company can reapply for stay. The holding company's maximum exposure as at June 30, 2022 is approximately Rs. 6,494 million.

The matter, stated 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 FBR has filed appeals in the SCP.

The management and their tax and legal advisors are 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.

- 31.7** (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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 1,051 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- (ii) Under the Operation & Maintenance Agreement (“O&MA”) 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&MA 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 CIR-A & the ATIR, the holding company filed appeals with the IHC which are pending adjudication. The holding company’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 2,483 million.
- (iii) Under the O&MA 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. FBR viewed services under O&MA 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 IHC which asked FBR not to issue any demand till next hearing. The holding company’s maximum exposure as at June 30, 2022 is approximately Rs. 911 million.
- (iv) Payment to PSO under the Fuel Supply Agreement (“FSA”) including payment of Late Payment Interest (“LPI”) are exempt from withholding of income tax under the provisions of the tax law. During 2014, 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 IHC which were decided against the holding company. The holding company filed further appeals with IHC which are pending adjudication. The holding company’s maximum exposure as at June 30, 2022 is approximately Rs. 1,677 million.
- (v) In October 2019 FBR issued income tax demand of Rs. 266 million relating to fiscal year ended June 2016. This is based on FBR’s view that holding company’s receipt on account of Supplemental Charges (“SC”) are taxable and Capacity Purchase Price (“CPP”) is liable for minimum tax. FBR issued demand for WWF as well. The holding company filed appeal with the CIR-A who decided the issue of tax on SC & CPP against the holding company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the holding company’s appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. The holding company’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 364 million.
- (vi) In December 2019 FBR issued a demand of Rs 19 million relating to fiscal year ended June 2016. This is based on FBR’s view that the holding company had not deducted tax on payments to supplier. The holding company filed appeal with the CIR-A who decided the case against the holding company. After dismissal the holding company filed appeal with the ATIR which is pending adjudication. On holding company’s application the ATIR has directed FBR to issue 15 days’ notice prior to recovery so that the holding company could reapply for stay. The holding company’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 25 million.

The management and their tax and legal advisors are of the opinion that the position of the holding company is sound on technical basis and eventual outcome ought 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.

31.8 Pursuant to the FSA dated August 03, 1992, between the holding 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. On June 13, 2018, CPPA(G) communicated CPPAG’s decision to the holding company to adjust the amount of Rs. 802 Million together with interest thereon aggregating to Rs. 11,525 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 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 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 Honorable SHC and in order to protect its interests, the holding company filed Suit No. 95 of 2021, wherein the SHC was pleased to pass an ad-interim order restraining the CPPA(G) 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. 11,525 million.

Pursuant to the Agreement dated February 11, 2021 between the holding company and CPPA(G), both parties 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 holding company, pursuant to Section 15.4(d) of the PPA, to resolve the First Fill Dispute. The Arbitration has commenced and is on-going.

31.9 In connection with NEL:

31.9.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 2,310 million (2021: Rs. 115 million).

31.9.2 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants. 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.

31.9.3 The Federal Board of Revenue (“FBR”) imposed 2% Workers Welfare Fund (“WWF”) for the tax year 2013 and issued a demand for Rs. 26 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 59 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

WWF is a pass through under the Power Purchase Agreement (“PPA”) and is recoverable from CPPA(G). No provision has been made in these consolidated financial statements as any payment made by NEL is a pass-through item under the PPA.

- 31.9.4** (i) Under the Implementation Agreement (“IA”) with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, 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, further appeals were filed with the ATIR 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, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 17 million.
- (ii) In October 2019, FBR issued an income tax demand of Rs. 75 million relating to fiscal year ended June 2016. This is based on FBR’s view that holding company’s income on account of Supplemental Charges (“SC”) and Capacity Purchase Price (“CPP”) are taxable. The FBR issued demand for WWF as well. The CIR-A decided the issue of tax on SC & CPP against the holding company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the holding company’s appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 103 million.
- (iii) In December 2019, FBR issued a demand of Rs. 27 million relating to fiscal year ended June 2016. This is based on FBR’s view that the holding company had not deducted tax on payments to supplier. The holding company filed appeal with the CIR-A who decided the case against the holding company. After dismissal of the appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. On holding company’s application, the ATIR has directed FBR to issue 15 days’ notice prior to recovery so that the holding company could reapply for stay. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 36 million.
- 31.9.5** (i) 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 its favour. Against the judgment of the ATIR, FBR filed a case with the IHC which is pending adjudication. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 528 million.
- (ii) 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 IHC which is pending adjudication. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 1,498 million.
- (iii) 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 IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / Honorable High Court of Lahore (“LHC”) in other cases. Against this decision, FBR filed appeal with IHC which is pending adjudication. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 353 million.

- (iv) 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 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 IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, FBR filed appeal with IHC which is pending adjudication. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 878 million.
- (v) 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 IHC which asked FBR not to pass a final order till next hearing. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 511 million.
- (vi) 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 IHC which asked FBR not to pass a final order till next hearing. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 570 million.

The matter stated 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 such decision FBR has filed appeals in the Supreme Court of Pakistan (“SCP”).

- 31.9.6** In January 2020, FBR issued a demand of Rs. 342 million relating to fiscal year ended June 2018. This is based on FBR’s view that (a) NEL wrongly claimed the sales tax credit amounting to Rs. 299 million which was the amount transferred from holding company 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 CIR-A 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 FBR and the principles laid down by SCP. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 382 million.
- 31.9.7** In February 2021, FBR issued a demand of Rs. 409 million relating to the periods July 2017 to June 2019. This is based on FBR’s view 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 CIR-A which has been dismissed. NEL filed appeal with the ATIR which is pending adjudication. On NEL’s application the ATIR has directed FBR to issue 15 days’ notice prior to recovery so that NEL could reapply for stay. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 436 million.
- 31.9.8** In December 2021, FBR issued a demand of Rs. 506 million relating to the periods July 2019 to June 2020. FBR has apportioned input tax as well as has disallowed input tax on certain services including O&M services by HPSL on the ground that NEL has claimed full amount of input tax on goods and services which is not in accordance with the law. NEL filed appeal with the CIR-A which is pending adjudication. Meanwhile the SHC had asked FBR not to take any coercive action for the recovery of demand till decision by the CIR-A. NEL’s maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 535 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

31.9.9 In June 2022, FBR issued a demand of Rs. 690 million relating to the periods July 2020 to June 2021. FBR has apportioned input tax as well as has disallowed input tax on certain goods & services including O&M services by HPSL on the ground that NEL has claimed full amount of input tax on goods and services which is not in accordance with the law. NEL filed appeal with the CIR-A which is pending adjudication. Meanwhile the SHC had asked FBR not to take any coercive action for the recovery of demand till decision by the CIR-A. NEL's maximum exposure as at June 30, 2022 including the principal amount, penalty and default surcharge is approximately Rs. 697 million.

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

31.9.10 NEL has 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.

31.9.11 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 Written Petition was filed in the 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 LHC. The management and the legal advisors are of the opinion that the eventual outcome will be in favour of NEL and therefore no provision is required to be made in these consolidated financial statements.

31.9.12 The Government's Committee for Power Sector Audit, issued its report dated March 16, 2020, wherein it was alleged that savings were made by IPPs in tariff components which were not in line with the PPA and the Government's policy. NEL has vehemently refuted the allegations on the grounds that, all of its billings to CPPA(G), the Power Purchaser, were strictly in accordance with the PPA and the tariff, which had been approved by NEPRA. In order to proceed on this matter, discussions and meetings were held between the IPPs, CPPA(G) and the Government which finally culminated in signing of the Arbitration Submission Agreement (ASA). Pursuant to the ASA, the issue of alleged savings will be decided through a three members Arbitration Tribunal. As the issue involves complex legal and commercial arguments, it is premature to give a reasonable estimate of the outcome and the eventual impact on NEL. NEL has not committed any wrongdoing and therefore the management is confident that the eventual outcome ought to be in favour of NEL.

31.10 In connection with LEL:

- (i) LEL's commitments in respect of capital and revenue expenditures amounted to Rs. 1.43 million (2021: Rs. 4.93 million) and Rs. 125.92 million (2021: Rs. 294.93 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 (2021: 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 these consolidated financial statements.
- (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).

During the year, the arbitrator has been appointed and the procedural timetable has been finalised by the arbitration tribunal and the parties.

- (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. 20.76 million) in any agreement year.
- (vi) LEL's appeal filed before Commissioner Inland Revenue Appeals ("CIR-A") against the Order of the Taxation Officer ("TO") for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank was decided against it. The CIR-A while deciding the appeal 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 filed appeal before the Appellate Tribunal Inland Revenue ("ATIR") against the decision of CIR-A. The ATIR while holding the order of the TO & CIR-A on all matters had reversed the enhancement of the original demand from Rs. 13.45 million to Rs 24.63 million by the CIR-A. Against the ATIR decision LEL has filed reference applications with the High Court of Azad Jammu & Kashmir (HC) which is pending adjudication.

- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

However, last year, the EPC Contractor 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 were 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 amendments to the Civil Procedure Code as applicable in the Islamabad Capital Territory).

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 LEL 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 encashed the Performance Guarantee.

The EPC Contractor, through its application dated September 29, 2021, applied to the Court to withdraw the civil suit with permission to file afresh. LEL had no objection to the suit being withdrawn by the EPC Contractor but objected to the prayer for permission to file afresh. The Court ruled that since the matter is to be resolved pursuant to the dispute resolution clause in the contract, it would not prejudice the rights of any party (including LEL) if the suit is allowed to be withdrawn with permission to file afresh. The suit was accordingly allowed to be withdrawn with permission to file afresh. No suit has been filed by the EPC Contractor, as of June 30, 2022.

LEL received a letter from the EPC Contractor dated April 20, 2022, to initiate expert mediation on certain matters. In its response to the letter, LEL informed the EPC Contractor that it is already engaged in arbitration proceedings under the ICC Rules with CPPA(G) with respect to the quantum of the LDs and until the quantum was determined, any expert mediation proceedings under the EPC contract would be a futile exercise. In light of the same, both Parties agreed to sign a full and final settlement agreement.

- (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. 2.12 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 was fixed for September 16, 2021 for filing LEL's reply to the Claimant's objections. LEL filed its reply to ASCENT's objections to the arbitral award on September 16, 2021.

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) As a consequence of sales tax audit of LEL the Deputy Commissioner Inland Revenue ("DCIR") issued an order dated June 3, 2015 and raised a demand of Rs. 24.05 million mainly on account of alleged inadmissible adjustment of input tax. LEL filed an application with the Board of Revenue, AJK ("BOR-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 BOR-AJK. LEL has challenged the decision of the BOR-AJK before the ATIR. The ATIR, vide its Order dated August 05, 2021 has dismissed the LEL's appeal. LEL has filed an appeal before the HC which is pending adjudication. On LEL's application, the HC has granted stay against any recovery.

The HC 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.

- (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. 161.77 million mainly on account of sales tax imposed for exempt period and inadmissible adjustment of input tax based on apportionment. LEL has filed appeal with the CIR-A which is pending adjudication.

The management, after consultation with its tax and legal advisors, is of the opinion that the position of LEL is sound on technical, contractual and legal grounds and the eventual outcome ought to be in favour of LEL. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

In the matter of change in the O&M contractor, NEPRA in its ruling vide its letter dated August 12, 2021, directed CPPA(G) to renegotiate the O&M cost so that the future impact of any savings is redressed and accordingly submit the amended PPA for approval of the Authority.

NEPRA issued its Order on May 26, 2022, wherein NEPRA ordered CPPA(G) to explain its position and to conclude the negotiations with the Company within 3 months of issuance of the decision.

31.11 In connection with the development and construction of the power plant of TEL:

31.11.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 11,227 million (2021: Rs. 20,140 million).

- (i) During 2021, 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 was rejected during April 2022. TEL thereagainst filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) which was heard, however, the judgment has been reserved. Meanwhile ATIR granted a stay against any possible recovery by the tax authorities.
- (ii) During 2021, 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 filed an appeal with the CIR-A which was rejected during April 2022. TEL thereagainst filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) which was heard, however, the judgment has been reserved. Meanwhile ATIR granted a stay against any possible recovery by the tax authorities.
- (iii) During the year, the Deputy Commissioner Inland Revenue passed an order under section 221(1) of ITO 2001 relating to tax year 2020 raising demand of Rs. 2.7 million on the ground that adjustment of prior years income tax refund against the tax liability of tax year 2020 was not in accordance with the provisions of ITO 2001. TEL filed an appeal along with the stay application before the CIR-A which is pending adjudication.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

32. REMUNERATION OF CHIEF EXECUTIVE, 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	2022 (Rs. '000s)	2021 (Rs. '000s)
Chief Executive			
Managerial remuneration		79,643	210,376
Bonus		29,701	53,668
Utilities		1,753	2,662
Other benefits		14,578	21,111
Ex-gratia		-	36,331
		125,675	324,148
Number of persons	32.3	2	5
Directors			
Fees	32.1	11,200	10,475
Number of persons		13	15
Executives			
Managerial remuneration		388,822	410,126
Bonus		105,266	102,607
House rent		145,146	156,266
Utilities		32,254	95,521
Retirement benefits		68,250	90,807
Other benefits		273,746	269,799
		1,013,484	1,125,126
Number of persons		134	151
Total			
Managerial remuneration / Fees		479,665	630,977
Bonus		134,967	156,275
House rent		145,146	156,266
Utilities		34,007	98,183
Retirement benefits		68,250	90,807
Other benefits		288,324	290,910
Ex-gratia		-	36,331
		1,150,359	1,459,749
Number of persons	32.3	149	171

32.1 This represents fee paid to Directors of the Group for attending meetings.

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

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

33. SEGMENT INFORMATION

33.1 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, Prime and CPHO.

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.

	2022							Total
	Power Generation Hub plant	Narowal plant	Laraib plant	Operations and Maintenance	Investments	Unallocated	Eliminations	
	(Rs. '000s)							
Turnover	62,543,736	27,388,723	7,225,942	696,106	-	-	(696,106)	97,158,401
Operating costs	(39,139,609)	(22,600,765)	(2,346,658)	(402,969)	-	-	434,280	(64,055,721)
GROSS PROFIT	23,404,127	4,787,958	4,879,284	293,137	-	-	(261,826)	33,102,680
General and administration expenses	(558,722)	(75,392)	(111,784)	(68,941)	(238,047)	-	24,334	(1,028,552)
Other income	53,769	4,078	268,776	37,263	318,842	6,713,304	(5,271,665)	2,124,367
Other operating expenses	(112,153)	(62,458)	-	-	-	(225,519)	2,078	(398,052)
PROFIT FROM OPERATIONS	22,787,021	4,654,186	5,036,276	261,459	80,795	6,487,785	(5,507,079)	33,800,443
Finance costs	(1,635,207)	(649,058)	(532,496)	(1,457)	(5,877,801)	(5,413)	773,641	(7,927,791)
Share of profit from associates / joint venture	-	-	-	-	9,232,486	-	-	9,232,486
PROFIT BEFORE TAXATION	21,151,814	4,005,128	4,503,780	260,002	3,435,480	6,482,372	(4,733,438)	35,105,138
Taxation	(22)	(583)	(11,230)	(85,414)	(3,835,063)	(1,594,099)	-	(5,526,411)
PROFIT FOR THE YEAR	21,151,792	4,004,545	4,492,550	174,588	(399,583)	4,888,273	(4,733,438)	29,578,727
Assets	92,498,399	46,005,877	26,806,880	522,407	161,658,506	58,439,255	(70,778,744)	315,152,580
Liabilities	59,167,224	13,171,838	8,745,661	369,362	116,272,810	1,546,565	(9,623,074)	189,650,386
Depreciation and amortisation	1,885,184	981,824	1,722,589	9,091	20,168	15,836	37,700	4,672,392
Capital expenditure	16,650	30,583	28,573	8,092	49,748,461	-	737,981	50,570,340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Power Generation			2021				Total
	Hub plant	Narawal plant	Laraiab plant	Operations and Maintenance	Investments	Unallocated	Eliminations	
	(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	85,266,834	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

33.2 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.

34. RELATED PARTY TRANSACTIONS

Related parties comprise of associates, joint venture, 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	2022	2021
		(Rs. '000s)	(Rs. '000s)
Associates			
Services rendered to CPHGC		90,205	60,612
Income under shared facilities agreements - net		47,224	27,212
Amount received against services rendered to TNPTL		495,824	1,469,641
Services rendered to TNPTL	34.2	4,387,789	1,017,170
Reimbursable expenses incurred on behalf of TNPTL		448,435	236,909
Receipt against reimbursement of expenses from TNPTL		237,596	283,810
Other related parties			
Proceeds from disposal of assets	34.3	725	10,074
Remuneration to key management personnel			
Salaries, benefits and other allowances		226,152	379,933
Retirement benefits		7,444	10,617
		233,596	390,550
Directors' fee	32.1	11,200	10,475
Contribution to staff retirement benefit plans		53,585	112,582
Dividend paid to NCI - Coate & Co. Private Limited		638,246	341,230

34.1 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.

34.2 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.

34.3 This represents proceeds from disposal of assets having written down value of Rs. 0.87 million (2021: Rs. 2.67 million) to key management personnel.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

35. RELATED PARTIES AND ASSOCIATED COMPANIES / UNDERTAKINGS

Following are the details of related parties, associated companies / undertakings and joint venture 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
China Power Hub Generation Company (Private) Limited	Associate	47.5%
Thalnova Power Thar (Private) Limited	Associate	38.3%
Prime International Oil and Gas Company Limited	Joint Venture	50%
China Power Hub Operating Company (Private) Limited	Joint Venture	49%
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
CMEC TEL Power Investments Limited	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
Thar Foundation	Common directorship	-
Coate & Co (Pvt) Ltd	Common Directorship	-
Allied Bank Limited	Interested Persons	-
Bank Alfalah Limited	Interested Persons	-
Bank Al-Habib Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
Faysal Bank limited	Interested Persons	-
Habib Bank Limited	Interested Persons	-
Habib Metropolitan Bank Limited	Interested Persons	-
MCB Bank Limited	Interested Persons	-
Meezan Bank Limited	Interested Persons	-
Standard Chartered Bank Limited	Interested Persons	-
TPL Trakker Limited	Interested Persons	-
United Bank Limited	Interested Persons	-
Mr. Habibullah Khan	Chairman/Director	-
Mr. Kamran Kamal	Chief Executive / Director	-
Mr. Abdus Salam Bawany	Key Management Personnel	-
Mr. Marwan Ali Qureshi	Key Management Personnel	-
Mr. Saleemullah Memon	Key Management Personnel	-
Ms. Faiza Kapdia Raffay	Key Management Personnel	-
Mr. Muhammad Amir Saleem	Key Management Personnel	-
Mr. Abdul Nasir	Key Management Personnel	-
Mr. Danyaal Jamal	Key Management Personnel	-
Mr. Ahmad Muazzam	Director	-
Mr. Aly Khan	Director	-
Mr. Amjad Ali Raja	Director	-
Mr. Fayyaz Ahmed Bhatti	Director	-
Mr. Li Kan	Director	-
Mr. Lt. Gen. Tariq Khan	Director	-
Mr. Manzoor Ahmed	Director	-
Mr. Mohammad Munir Malik	Director	-
Mr. Muhammad Ejaz Sanjrani	Director	-
Dr. Nadeem Inayat	Director	-

Particulars	Relationship	% equity interest
Mr. Omar Khalid Faizi	Director	-
Mr. Saad Iqbal	Director	-
Mr. Sarfaraz Ahmed Rehman	Director	-
Mr. Shafiuddin Ghani Khan	Director	-
Ms. Aleeya Khan	Director	-
Mr. Javed Akbar	Ex-Director	-
Mr. Muhammad Ali	Ex-Director	-
Mr. Owais Shahid	Ex-Director	-
Mr. Khalid Mansoor	Ex-Director	-
Hub Power Services Limited - Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Pension Fund	Retirement benefit fund	-
Hub Power Services Limited - Employees' Provident Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Gratuity Fund	Retirement benefit fund	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Provident Fund	Retirement benefit fund	-

36. PROVIDENT FUND TRUSTS

Contribution to defined contribution plan of the holding company, TEL and HPSSL, 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.

37. PLANT CAPACITY AND PRODUCTION

	2022 (Rs. '000s)	2021 (Rs. '000s)
HUB PLANT		
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	1,229 GWh	188 GWh
Load Factor	11.69%	1.79%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,694 GWh (2021: 9,794 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

	2022 (Rs. '000s)	2021 (Rs. '000s)
NAROWAL PLANT		
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	868 GWh	496 GWh
Load Factor	46%	26%

Practical maximum output for the power plant, taking into account all the scheduled outages is 1,784 GWh (2021: 1,829 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

		2022	2021
		(Rs. '000s)	(Rs. '000s)
LARAIB PLANT			
Theoretical Maximum Output		736 GWh	736 GWh
Total Output		413 GWh	465 GWh
Load Factor		56.08%	63.23%
Output produced by the plant is dependent on available hydrology and the plant availability.			
	Note	2022	2021
		(Rs. '000s)	(Rs. '000s)
38. WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Stores, spares and consumables		231,548	22,839
Stock-in-trade		(815,920)	2,701,204
Trade debts		17,237,911	(2,286,822)
Short term investments		(6,465,204)	-
Loans and advances		(159,283)	(26,004)
Deposits, prepayments and other receivables		(6,547,419)	(483,842)
		3,481,633	(72,625)
Decrease in current liabilities			
Trade and other payables		(1,997,432)	(15,822,880)
		1,484,201	(15,895,505)
39. CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	7,527,907	6,348,860
Short term borrowings	30	(24,172,516)	(33,900,797)
		(16,644,609)	(27,551,937)
40. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
40.1 Basic			
Profit for the year		28,472,066	33,688,086
Weighted average number of ordinary shares outstanding during the year		1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)		21.95	25.97

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.

40.2 There is no dilutive effect on the earnings per share of the holding company.

41. 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. 2,206 million (2021: Rs. 1,447 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 7,812 million (2021: Rs. 34,100 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:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	7,474,511	5,026,222
Financial liabilities		
Long term loans	222,131	666,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	45,039,702	64,399,766
Other receivables	11,388	11,388
	45,051,090	64,411,154
Financial liabilities		
Long term loans	104,559,111	53,415,323
Long term lease liabilities	2,140,856	2,247,054
Trade and other payables	14,791,785	13,317,055
Interest / mark-up accrued	3,107,238	1,219,903
Short term borrowings	24,172,516	33,900,797
	148,771,506	104,100,132

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 consolidated statement of 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 consolidated statement of profit or loss.

In order to finance investments in CPHGC (via HPHL), TNPTL (via HPHL), CPHO (via HPHL), TEL and SECMC the holding company entered into long term financing arrangements (refer note 25.2). 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, 2022, if interest rate on the holding company's borrowings were 1% higher / lower with all other variables held constant, the consolidated profit for the year would have been lower / higher by Rs. 218 million (2021: Rs. 303 million).

NEL has entered into syndicated term finance facility (refer note 25.3.1). 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, 2022, if interest rate on the NEL's borrowings was 1% higher / lower with all other variables held constant, the consolidated profit for the year would have been lower / higher by Rs. 72 million (2021: 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 25.5). 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, 2022, if interest rate on HPHL's borrowings were 1% higher / lower with all other variables held constant, the consolidated profit for the year would have been lower / higher by Rs. 84 million (2021: Rs. 24 million).

The Group has reviewed the long term loan financing agreements applicable with respect to the transition of LIBOR to Secured Overnight Financing Rate (SOFR). Further, Group is also monitoring the international developments in US Capital markets with respect to the said transition.

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:

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Deposits and others	21,421	30,102
Trade debts	84,749,156	101,987,067
Loans and other receivables	8,504,379	3,698,295
Bank balances	7,474,511	5,139,721
	100,749,467	110,855,185
Total		

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.

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.

Banks / Financial Institutions	Rating Agency	Ratings	
		Short term	Long term
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
CitiBank, N.A.	Moody's	P-1	Aa3
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-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	JCR-VIS	A-1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Standard Chartered Bank (Hong Kong) Limited	Moody's	P-1	A1
Industrial and Commercial Bank of China Limited Karachi Branch	Moody's	P-1	A1
Bank of Punjab	PACRA	A1+	vAA+
Shariah Compliant			
Meezan Bank Limited	JCR-VIS	A-1+	AAA
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

(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 30) 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 payments from Power Purchaser (CPPA(G) / NTDC);
- (ii) long term loans obtained for funding in TEL / CPHGC / CPHO / TNPTL / SECMC (refer note 25.2) 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 notes 25.3.1 and 25.3.2); and
- (iv) repayment / non-availability of short term borrowings (refer note 30).

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) -----					
2021-22					
Long term loans	9,621,145	11,656,463	81,628,329	44,410,666	147,316,603
Long term lease liabilities	386,969	400,418	1,613,580	62,230	2,463,197
Trade and other payables	35,434,455	-	-	-	35,434,455
Unclaimed dividend	223,090	-	-	-	223,090
Unpaid dividend	405,346	-	-	-	405,346
Short term borrowings	24,778,517	-	-	-	24,778,517
Total	70,849,522	12,056,881	83,241,909	44,472,896	210,621,208
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

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, 2022, has been determined Rs. 3,071 million (2021: Rs. 2,538 million) resulting in unrealized gain of Rs. 336 million (2021: unrealized loss of Rs. 129 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. '000s) -----				
June 2022				
Assets				
- At fair value through other comprehensive income - Investment in SECMC	-	-	3,070,833	3,070,833
- At fair value through profit or loss - Short term investments	-	6,465,204	-	6,465,204
June 2021				
Assets				
- At fair value through other comprehensive income - Investment in SECMC	-	-	2,537,684	2,537,684

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

42. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2022	2021
	(Rs. '000s)	(Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	<u>3,070,833</u>	<u>2,537,684</u>
Financial assets - at FVTPL		
Short term investments	<u>6,465,204</u>	-
Financial assets - at amortised cost		
Deposits	21,421	30,102
Trade debts	84,749,156	101,987,067
Loans and other receivables	8,504,379	3,698,295
Cash and bank balances	7,527,907	6,348,860
Total	<u>100,802,863</u>	<u>112,064,324</u>
Financial Liabilities - at amortised cost		
Long term loans	104,559,111	53,415,323
Liabilities against assets subject to finance lease	2,140,856	2,273,820
Trade and other payables	35,434,455	62,239,566
Unclaimed dividend	223,090	227,729
Unpaid dividend	405,346	272,680
Interest / mark-up accrued	3,107,238	1,219,903
Short term borrowings	24,172,516	33,900,797
Total	<u>170,042,612</u>	<u>153,549,818</u>

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

43.1 Revised and amended standards and interpretation effective and adopted in 2022

The new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2021 are considered not to be relevant or to have any significant effect of the Group's financial reporting and operations and are therefore not disclosed in these consolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and not adopted in 2022

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

Amendments to standards

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IAS 16 - Property, Plant and Equipment	January 1, 2022
IAS 1 - Presentation on Financial Statements	January 1, 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2023

Effective date (annual periods beginning on or after)

January 1, 2022
January 1, 2022
January 1, 2023
January 1, 2023

The above amendments are not expected to have any material impact on the Groups's consolidated 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

43.2 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"

The SECP through S.R.O 1177(I)/2021 dated on September 13, 2021, extended the exemption of application of Expected Credit Loss model under IFRS - 9 "Financial Instruments" in respect of financial assets due from Government of Pakistan up to June 30, 2022. 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 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, 2022 which will result in decrease in Group unappropriated profit and trade debts amounting to approximately Rs. 9,762 million on July 1, 2022.

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'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

44. SHARIAH COMPLIANCE DISCLOSURE

	2022			2021		
	Conventional	Shariah Compliant (Rs. '000s)	Total	Conventional	Shariah Compliant (Rs. '000s)	Total
Turnover						
Revenue	7,562,831	98,312,575	105,875,406	8,011,503	48,394,205	56,405,708
Other income						
Interest income	277,291	3,093	280,384	220,098	-	220,098
Income from other services	-	1,491,199	1,491,199	-	548,774	548,774
Finance cost						
Long term loans	1,882,642	2,421,645	4,304,287	1,877,628	1,831,778	3,709,406
Long term lease liabilities	128,400	-	128,400	150,442	-	150,442
Short term borrowings	1,789,884	1,149,152	2,939,036	2,186,193	788,140	2,974,333
Other finance cost	602,098	82,370	684,468	594,957	62,022	656,979
Assets						
Bank balances	7,474,511	-	7,474,511	5,139,721	-	5,139,721
Liabilities						
Long term loans	83,810,374	20,970,868	104,781,242	29,319,366	24,762,351	54,081,717
Accrued Mark-up	2,856,626	250,612	3,107,238	866,828	353,075	1,219,903
Short term borrowings	13,216,219	10,956,297	24,172,516	24,261,376	9,639,421	33,900,797

Exchange loss incurred during the year was Rs. 2 million (2021: exchange gain earned of Rs. 3 million).

45. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 685 (2021: 744) and the average number of persons employed during the year were 671 (2021: 713).

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.

47. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 25, 2022 in accordance with the resolution of the Board of Directors.

48. GENERAL

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



ABDUL NASIR
Chief Financial Officer

SHAREHOLDER'S INFORMATION

For the Year Ended June 30, 2022

PATTERN OF SHAREHOLDING

As at June 30, 2022

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
1,670	1	100	89,052
5,902	101	500	2,616,947
2,541	501	1,000	2,136,140
4,160	1,001	5,000	11,149,899
1,522	5,001	10,000	11,489,426
717	10,001	15,000	9,020,746
418	15,001	20,000	7,572,375
341	20,001	25,000	7,878,468
214	25,001	30,000	6,043,214
160	30,001	35,000	5,277,396
101	35,001	40,000	3,865,837
83	40,001	45,000	3,584,729
133	45,001	50,000	6,490,063
77	50,001	55,000	4,078,975
69	55,001	60,000	3,987,756
44	60,001	65,000	2,740,812
47	65,001	70,000	3,199,786
46	70,001	75,000	3,389,715
33	75,001	80,000	2,575,573
39	80,001	85,000	3,248,883
35	85,001	90,000	3,086,499
18	90,001	95,000	1,659,652
74	95,001	100,000	7,352,895
20	100,001	105,000	2,050,494
13	105,001	110,000	1,401,925
28	110,001	115,000	3,154,811
15	115,001	120,000	1,767,389
11	120,001	125,000	1,354,456
13	125,001	130,000	1,668,904
10	130,001	135,000	1,333,084
13	135,001	140,000	1,805,282
10	140,001	145,000	1,427,392
19	145,001	150,000	2,828,885
8	150,001	155,000	1,210,025
9	155,001	160,000	1,433,916
8	160,001	165,000	1,298,697

12	165,001	170,000	2,017,454
9	170,001	175,000	1,554,956
7	175,001	180,000	1,247,438
6	180,001	185,000	1,097,001
5	185,001	190,000	935,189
3	190,001	195,000	581,366
32	195,001	200,000	6,390,711
7	200,001	205,000	1,420,895
5	205,001	210,000	1,035,386
5	210,001	215,000	1,064,349
3	215,001	220,000	651,991
9	220,001	225,000	2,016,324
8	225,001	230,000	1,821,578
4	230,001	235,000	929,189
3	235,001	240,000	715,116
5	240,001	245,000	1,214,309
6	245,001	250,000	1,499,173
4	250,001	255,000	1,011,966
5	255,001	260,000	1,289,766
4	260,001	265,000	1,049,296
5	265,001	270,000	1,350,000
4	270,001	275,000	1,092,194
3	275,001	280,000	827,662
2	280,001	285,000	565,246
1	285,001	290,000	286,000
5	290,001	295,000	1,462,295
10	295,001	300,000	2,998,321
2	300,001	305,000	605,148
1	305,001	310,000	310,000
5	310,001	315,000	1,556,886
2	315,001	320,000	637,017
2	320,001	325,000	650,000
2	325,001	330,000	650,848
2	330,001	335,000	661,060
4	335,001	340,000	1,353,151
2	340,001	345,000	684,936
5	345,001	350,000	1,747,505
1	350,001	355,000	352,000

2	355,001	360,000	717,526
3	360,001	365,000	1,088,513
4	365,001	370,000	1,469,414
3	370,001	375,000	1,120,706
2	375,001	380,000	758,871
1	380,001	385,000	384,498
2	385,001	390,000	773,596
2	390,001	395,000	784,002
10	395,001	400,000	4,000,000
1	400,001	405,000	403,893
2	405,001	410,000	816,852
1	415,001	420,000	418,140
1	420,001	425,000	425,000
1	425,001	430,000	430,000
4	430,001	435,000	1,729,920
2	435,001	440,000	872,113
1	440,001	445,000	443,000
5	445,001	450,000	2,246,788
2	450,001	455,000	907,146
1	455,001	460,000	456,000
1	460,001	465,000	463,750
2	470,001	475,000	948,156
2	475,001	480,000	956,996
1	485,001	490,000	489,086
3	490,001	495,000	1,480,319
9	495,001	500,000	4,491,825
2	500,001	505,000	1,006,352
5	510,001	515,000	2,567,215
1	515,001	520,000	518,849
1	525,001	530,000	527,889
1	530,001	535,000	535,000
1	535,001	540,000	538,500
2	540,001	545,000	1,087,912
3	545,001	550,000	1,646,719
1	550,001	555,000	553,592
4	560,001	565,000	2,246,480
1	570,001	575,000	572,500
2	580,001	585,000	1,164,681

1	585,001	590,000	588,000
2	590,001	595,000	1,188,393
3	595,001	600,000	1,800,000
1	615,001	620,000	617,200
1	620,001	625,000	623,583
1	635,001	640,000	637,300
4	645,001	650,000	2,596,474
3	650,001	655,000	1,956,260
1	660,001	665,000	662,535
1	675,001	680,000	676,444
1	695,001	700,000	700,000
1	700,001	705,000	701,944
2	715,001	720,000	1,434,431
1	720,001	725,000	725,000
1	725,001	730,000	725,278
2	735,001	740,000	1,480,000
1	740,001	745,000	740,021
2	745,001	750,000	1,495,824
1	760,001	765,000	760,291
1	770,001	775,000	771,799
1	780,001	785,000	780,450
1	805,001	810,000	810,000
1	815,001	820,000	818,200
1	820,001	825,000	823,085
2	840,001	845,000	1,682,139
1	850,001	855,000	850,974
2	865,001	870,000	1,735,701
1	870,001	875,000	871,566
1	875,001	880,000	877,500
1	885,001	890,000	887,119
2	895,001	900,000	1,800,000
1	905,001	910,000	905,115
1	940,001	945,000	941,792
3	945,001	950,000	2,850,000
1	955,001	960,000	958,640
1	970,001	975,000	974,000
1	975,001	980,000	979,742
5	995,001	1,000,000	4,995,500

1	1,020,001	1,025,000	1,023,000
1	1,040,001	1,045,000	1,040,017
1	1,045,001	1,050,000	1,049,483
1	1,055,001	1,060,000	1,057,000
1	1,065,001	1,070,000	1,066,357
1	1,095,001	1,100,000	1,096,885
1	1,105,001	1,110,000	1,106,654
1	1,110,001	1,115,000	1,111,091
1	1,115,001	1,120,000	1,117,709
3	1,120,001	1,125,000	3,364,651
2	1,140,001	1,145,000	2,286,624
1	1,145,001	1,150,000	1,145,787
3	1,175,001	1,180,000	3,534,350
1	1,215,001	1,220,000	1,215,714
1	1,225,001	1,230,000	1,227,229
1	1,270,001	1,275,000	1,275,000
1	1,280,001	1,285,000	1,282,013
2	1,285,001	1,290,000	2,575,026
1	1,290,001	1,295,000	1,294,739
1	1,315,001	1,320,000	1,320,000
1	1,375,001	1,380,000	1,376,985
1	1,480,001	1,485,000	1,480,870
1	1,490,001	1,495,000	1,493,870
1	1,495,001	1,500,000	1,500,000
1	1,505,001	1,510,000	1,507,906
2	1,610,001	1,615,000	3,230,000
1	1,620,001	1,625,000	1,621,978
1	1,685,001	1,690,000	1,685,506
2	1,695,001	1,700,000	3,400,000
2	1,720,001	1,725,000	3,448,714
1	1,750,001	1,755,000	1,753,813
1	1,755,001	1,760,000	1,758,277
1	1,845,001	1,850,000	1,850,000
1	1,850,001	1,855,000	1,851,540
1	1,910,001	1,915,000	1,910,721
2	2,005,001	2,010,000	4,018,649
1	2,015,001	2,020,000	2,020,000
1	2,160,001	2,165,000	2,161,261

1	2,185,001	2,190,000	2,187,380
1	2,200,001	2,205,000	2,205,000
1	2,205,001	2,210,000	2,206,737
1	2,220,001	2,225,000	2,222,060
1	2,230,001	2,235,000	2,231,111
1	2,240,001	2,245,000	2,241,972
1	2,495,001	2,500,000	2,498,986
1	2,720,001	2,725,000	2,720,262
1	2,805,001	2,810,000	2,807,384
1	2,955,001	2,960,000	2,956,454
1	2,965,001	2,970,000	2,967,731
1	2,975,001	2,980,000	2,979,371
1	2,995,001	3,000,000	3,000,000
2	3,025,001	3,030,000	6,053,952
1	3,110,001	3,115,000	3,114,245
1	3,140,001	3,145,000	3,143,827
1	3,155,001	3,160,000	3,157,655
1	3,200,001	3,205,000	3,202,367
1	3,250,001	3,255,000	3,253,398
1	3,260,001	3,265,000	3,262,526
1	3,360,001	3,365,000	3,363,379
1	3,435,001	3,440,000	3,436,179
1	3,445,001	3,450,000	3,447,476
2	3,495,001	3,500,000	7,000,000
1	3,780,001	3,785,000	3,783,530
1	3,800,001	3,805,000	3,805,000
1	3,995,001	4,000,000	4,000,000
1	4,195,001	4,200,000	4,199,011
1	4,215,001	4,220,000	4,216,624
1	4,425,001	4,430,000	4,429,128
1	4,435,001	4,440,000	4,436,569
1	4,450,001	4,455,000	4,453,584
1	4,605,001	4,610,000	4,605,481
1	4,620,001	4,625,000	4,621,000
1	4,930,001	4,935,000	4,934,460
1	5,075,001	5,080,000	5,077,026
2	5,345,001	5,350,000	10,692,853
1	5,500,001	5,505,000	5,502,046

CATEGORIES OF SHAREHOLDING

As at June 30, 2022

1	5,615,001	5,620,000	5,615,812
1	5,975,001	5,980,000	5,979,626
1	6,070,001	6,075,000	6,070,063
1	6,180,001	6,185,000	6,180,348
1	6,970,001	6,975,000	6,973,950
1	7,390,001	7,395,000	7,391,275
1	7,720,001	7,725,000	7,723,682
1	7,895,001	7,900,000	7,896,350
1	8,230,001	8,235,000	8,233,608
1	8,315,001	8,320,000	8,319,390
1	8,535,001	8,540,000	8,538,954
1	8,570,001	8,575,000	8,570,149
1	8,660,001	8,665,000	8,660,143
1	9,145,001	9,150,000	9,147,080
1	10,140,001	10,145,000	10,140,341
1	12,530,001	12,535,000	12,532,450
1	12,660,001	12,665,000	12,663,137
1	14,190,001	14,195,000	14,191,423
1	14,300,001	14,305,000	14,302,316
1	14,405,001	14,410,000	14,406,215
1	15,655,001	15,660,000	15,660,000
1	15,690,001	15,695,000	15,691,465
1	17,990,001	17,995,000	17,993,008
1	18,535,001	18,540,000	18,536,350
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	29,620,001	29,625,000	29,620,575
1	31,800,001	31,805,000	31,801,233
1	43,870,001	43,875,000	43,870,818
1	43,945,001	43,950,000	43,946,384
1	110,290,001	110,295,000	110,294,985
1	224,425,001	224,430,000	224,428,064
19,093			1,297,154,387

Sr.No.	Categories	No. of Shareholders	No. of Shares Held	Percentage
1	Individuals			
o	Local	18,075	312,905,333	24.12
o	Foreign	341	1,663,592	0.13
2	Joint Stock Companies	238	44,843,095	3.45
3	Financial Institutions	41	158,581,972	12.23
4	Investment Companies	28	25,515,185	1.97
5	Insurance Companies	24	111,706,378	8.61
6	Associated Companies	8	261,040,482	20.12
7	Directors	8	873,366	0.07
8	Executives	5	14,881	0.001
9	Nit & ICP	-	-	-
10	Modaraba/Mutual Fund & Leasing Companies	97	144,552,057	11.14
11	OTHERS			
o	Others - Government of Balochistan	1	358,607	0.03
o	Others - GDR Depository	1	10,140,341	0.78
o	Others - Charitable Trusts	51	132,253,733	10.20
o	Others - Cooperative Societies	12	1,216,653	0.09
o	Others - Provident/Pension/Gratuity Fund etc	162	78,956,262	6.09
o	Employee's Old Age Benefits Inst.	1	12,532,450	0.97
		19,093	1,297,154,387	100.00

The above two statements include 14,695 shareholders holding 1,282,621,229 shares through the Central Depository Company of Pakistan Limited (CDC).

KEY SHAREHOLDING

As at June 30, 2022

Associated Companies, Undertakings and related parties (name wise details)

Sr.No.	Folio	Name	Holding
1	02832-2798	IMPERIAL DEVELOPERS AND BUILDER (PRIVATE) LIMITED	235,967
2	02832-2921	MEGA CONGLOMERATE (PVT.) LIMITED	28,213,975
3	03079-83	SONERI BANK LIMITED	3,500
4	03277-28342	INSERVEY PAKISTAN (PVT) LTD.	216,910
5	03277-38034	INSHIPPING (PRIVATE) LIMITED.	1,910,721
6	03277-99174	MEGA CONGLOMERATE (PVT.) LIMITED	224,428,064
7	03277-100759	FORBES SHIPPING COMPANY (PRIVATE) LIMITED	1,096,885
8	05132-26	ASKARI BANK LIMITED	4,934,460

TOTAL:= 261,040,482

Directors, CEO

Sr.No.	Folio	Name	Holding
1	00364-229755	MUHAMMAD KAMRAN KAMAL	87,639
2	01826-69757	SHAFIUDDIN GHANI KHAN	200,000
3	01826-108001	MUHAMMAD HABIB ULLAH KHAN	560
4	01826-108019	ALY KHAN	560
5	01826-108043	ALEEYA KHAN	560
6	03277-94315	SAAD IQBAL	583,992
7	06122-40311	NADEEM INAYAT	50
8	06452-56706	MANZOOR AHMED	5

TOTAL:= 873,366

Executives

Sr.No.	Folio	Name	Holding

TOTAL:= 14,881

Modaraba/Mutual Fund and Leasing Companies

Sr. No.	Folio	Name	Holding
1	00695-13589	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	12,663,137
2	00695-14884	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	3,436,179
3	00695-16178	FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX FD	476,996
4	00695-16863	VANGUARD EMERGING MARKETS STOCK INDEX FUND	14,191,423
5	00695-21541	FOVERUKA PENSION UNIVERSAL	162,162
6	03277-978	INVEST CAPITAL INVESTMENT BANK LIMITED	15,000
7	03277-1142	FIRST PRUDENTIAL MODARABA	54,367
8	03277-1149	B.F.MODARABA	22,419
9	03277-4962	FIRST ALNOOR MODARABA	28,000
10	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	841,400
11	05645-24	CDC - TRUSTEE HBL INVESTMENT FUND	302,307
12	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	143,800
13	05777-29	CDC - TRUSTEE HBL GROWTH FUND	473,956
14	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1,275,000
15	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	6,180,348
16	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	760,291
17	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	253,769
18	06171-21	CDC - TRUSTEE FAYSAL STOCK FUND	453,889
19	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	214,591
20	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	298,321
21	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	251,595
22	06437-29	CDC - TRUSTEE HBL ENERGY FUND	887,119
23	06619-26	CDC - TRUSTEE AKD OPPORTUNITY FUND	500,000
24	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	623,583
25	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	3,026,409
26	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	17,993,008
27	07252-20	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	120,000
28	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	4,216,624
29	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	4,429,128
30	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	8,233,608
31	09480-21	CDC - TRUSTEE NBP STOCK FUND	7,391,275
32	09506-26	CDC - TRUSTEE NBP BALANCED FUND	164,415
33	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	3,027,543
34	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	341,565

35	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	64,596
36	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,179,210
37	10728-27	CDC - TRUSTEE HBL - STOCK FUND	113,558
38	10801-27	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND	3,114,245
39	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	594,393
40	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	544,307
41	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	39,483
42	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND - EQUITY ACCOUNT	57,715
43	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	746,032
44	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	343,371
45	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,215,714
46	12195-21	CDC - TRUSTEE ABL STOCK FUND	3,447,476
47	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	1,121,665
48	12625-27	CDC - TRUSTEE NBP SARMAYA IZAFI FUND	430,579
49	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	302,841
50	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	61,431
51	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	92,140
52	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	3,157,655
53	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	2,498,986
54	14472-25	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	232,653
55	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,693
56	14605-27	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	958,640
57	14761-29	CDC - TRUSTEE AWT ISLAMIC STOCK FUND	97,900
58	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1,507,906
59	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	905,115
60	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	5,615,812
61	14969-25	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	74,300
62	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	112,178
63	15388-25	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	101,860
64	15875-736	FIRST ELITE CAPITAL MODARABA	800
65	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	4,605,481
66	16030-25	CDC - TRUSTEE AWT STOCK FUND	31,630
67	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,807,384
68	16162-20	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	152,525
69	16188-28	CDC-TRUSTEE NITPF EQUITY SUB-FUND	104,154

70	16386-24	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	17,000
71	16402-20	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	330,490
72	16436-27	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	103,687
73	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	207,718
74	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	150,797
75	16519-26	CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1,227,229
76	16535-24	CDC - TRUSTEE LAKSON TACTICAL FUND	132,120
77	16626-23	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	117,861
78	16675-28	CDC - TRUSTEE MEEZAN ENERGY FUND	676,444
79	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	647,849
80	17160-29	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	144,756
81	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	436,655
82	17368-25	DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	550,000
83	17467-23	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	67,000
84	17491-20	CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1,480,870
85	17541-22	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	20,000
86	17632-21	CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	183,470
87	17640-20	CDC - TRUSTEE ALLIED FINERGY FUND	518,849
88	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	494,500
89	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1,700,000
90	17988-20	CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	4,436,569
91	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	378,871
92	18010-25	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	41,514
93	18051-21	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	48,620
94	18127-22	CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	258,350
95	18218-21	CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	216,489
96	18234-29	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	54,450
97	18390-39	CDC - TRUSTEE HBL INCOME FUND - MT	7,244

TOTAL:= 144,552,057

Others: Governor of Balochistan

Sr. No.	Folio	Name	Holding
1	16	GOVERNOR OF BALOCHISTAN	358,607

TOTAL:= 358,607

SHAREHOLDERS ENQUIRES

General enquiries relating to the Company should be addressed to:

The Company Secretary,
The Hub Power Company Limited, 9th 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,
II Chundrigar Road, Karachi.

DETAILS OF TRADING IN SHARES BY DIRECTORS, EXECUTIVES AND THEIR SPOUSE / MINOR CHILDREN

JULY 01, 2021 TO JUNE 30, 2022

S. No	Name of Employee	Purchased	Sold	Rate	Date of Reporting via Email
1	Bilal Iqbal		8,000	80.12	5-Jul-21
2	Naveed Rabbani	2,000		70.95	17-Jul-21
3	Waqar Manzoor		1,314	72.00	10-Aug-21
4	MUHAMMAD ASIF	200		79.89	1-Sep-21
5	MUHAMMAD ASIF	300		79.85	1-Sep-21
6	MUHAMMAD ASIF	100		79.80	1-Sep-21
7	MUHAMMAD ASIF	1000		73.30	12-Nov-21
8	Ahsan Ahmed Khan	1000		73.33	12-Nov-21
9	Ahsan Ahmed Khan	2000		73.345	22-Nov-21
10	Ahsan Ahmed Khan	2000		73	23-Nov-21
11	Ahsan Ahmed Khan	1000		72.629	24-Nov-21
12	Ahsan Ahmed Khan	3000		71.416	6-Dec-21
13	Bilal Iqbal	3500		70.05	2-Dec-21
14	M. Inam-ur-Rehman Siddiqui	2581		71.70	4-Dec-21
15	MUHAMMAD ASIF	400		73.41	10-Dec-21
16	Shafiuddin Ghani Khan		4,000	72.600	24-Dec-21
17	Shafiuddin Ghani Khan		6,000	72.685	23-Dec-21
18	Shafiuddin Ghani Khan		3,000	72.510	21-Dec-21
19	Bilal Iqbal		3500	79.99	10-Jan-22
20	Ahsan Ahmed Khan		1000	79.36	20-Jan-22
21	Ahsan Ahmed Khan		4000	79.734	21-Jan-22
22	Ahsan Ahmed Khan		1000	80.158	24-Jan-22
23	Ahsan Ahmed Khan		1000	80.857	25-Jan-22
24	Ahsan Ahmed Khan		2000	80.258	26-Jan-22
25	MUHAMMAD DANISH QURESHI	400		68.21	22-Mar-22
26	Ahsan Ahmed Khan	2000		71.602	22-Feb-22
27	Ahsan Ahmed Khan	1000		71.126	23-Feb-22
28	Ahsan Ahmed Khan	950		71.126	24-Feb-22
29	Ahsan Ahmed Khan	1000		68.121	8-Mar-22
30	Ahsan Ahmed Khan	1950		67.723	10-Mar-22
31	Ahsan Ahmed Khan	1000		69.924	8-Apr-22
32	Bilal Iqbal	5,000		65.23	20-May-22
33	Bilal Iqbal	2,000		61.64	25-May-22

GLOSSARY

ANNUAL GENERAL MEETING (AGM)

Annual General Meeting of shareholders of the Company.

BAC

Board Audit Committee

BNCC

Board Nomination and Compensation Committee

BCP

Business Continuity Planning

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 Ordinance, 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

GENERATION CAPACITY

Generator capacity (measured in megawatts (MW)), measured at the power station boundary after the deduction of works power

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 typical 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

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

OHII

Occupational Health & Industrial Hygiene

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

TRIR

Total Recordable Incident Rate

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

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of the Company will be held on 05th October 2022 at 10:00 am at Marriott Hotel, Abdullah Haroon Road, Karachi 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, 2022, together with the Directors' and Auditor's Reports thereon.
2. To re-appoint A. F. Ferguson & Co., Chartered Accountants as Auditors of the Company and to fix their remuneration for the year ending June 30, 2023.

B. SPECIAL BUSINESS

Special Resolutions:

To consider and if thought appropriate, to pass with or without modification, the following resolution as special resolutions:

a. Continuation of Provision of Working Capital Undertaking for 1320MW Imported Coal Project at Hub, namely China Power Hub Generation Company (Private) Limited ("CPHGC")

For the purposes of specifying timelines to the existing working capital undertaking previously approved by the members in the EOGM dated September 13, 2017, the members are requested to approve the following:

"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 continue the provision of working capital undertaking to the lenders of CPHGC (the "Lenders"), to arrange and/or provide working capital financing equivalent to an aggregate amount of US\$ 90.25 Million either directly or through its wholly owned subsidiary, Hub Power Holdings Limited (the "Working Capital Financing") for a period up till January 2030 or such period until the Company's liabilities /obligations to CPHGC's lenders remain undischarged, whichever is later.

FUTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary, acting jointly or severally are authorized to negotiate and procure the Working Capital Financing from banks/ financial institution(s) (including Islamic financial institutions), if applicable; and provide such security as required by Lenders on such terms and conditions as may be deemed appropriate (including hypothecation for Working Capital Financing amount with appropriate margin over moveable and/or immovable and/or any other assets of the Company) for the provision of Working Capital Financing and for the said purpose negotiate and execute agreements, security documents, confirmations, notices, filings, certificates and any other documents as may be agreed with the Lenders including any amendments thereto, or required by law."

b. Bank Guarantees to Eni Vendor Companies

"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 provide bank guarantees of up to US\$ Four Hundred and Seventy Six Thousand (US\$ 476,000) in favor of the relevant Eni vendor companies, on behalf of Prime International Oil & Gas Company Limited, either directly or through its wholly owned subsidiary, Hub Power Holdings Limited and provide security, on such terms and conditions as may be deemed appropriate (including margin over movable and/or immovable and/or any other assets of the Company), for the provision of the

bank guarantees and for said purpose negotiate and execute agreements, security documents, and issue notices and/or confirmation and certificates; make the requisite filings with the lenders or as required under the law and make any amendments that may be required, from time to time, up to a period of one (1) year or such other period till the time Parent Company Guarantees of Eni vendor companies are released from Director General Petroleum Concessions, whichever occurs later.

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary, acting jointly or severally are authorized to take all necessary actions for the purpose of issuing, arranging and/or procuring the aforementioned bank guarantee(s)."

c. Equity Investment in Thar Energy Limited (TEL)

"UNANIMOUSLY 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 authorize the Company to make additional investment in Thar Energy Limited ('TEL') up to an amount not exceeding USD 1 million (or PKR equivalent) by way of a subscription of shares at the rate of Rs. 10 per share plus premium, if any, finalized by the Board of TEL. Such investment shall be for a period up till December 2024 or such period until the Company's liabilities / obligations as a Sponsor remain undischarged, whichever is later."

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary, acting jointly or severally are authorized to take all necessary actions to make the above investment and inject equity in TEL."

By Order of the Board

Date: August 25, 2022
Place: Karachi


Faiza Kapadia Raffay
Company Secretary

NOTES:

- i. All members are entitled to attend and vote at Meeting.
- ii. The Share Transfer Books of the Company will remain closed from September 26, 2022 to October 5, 2022 (both days included).
- iii. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
- iv. Duly completed forms of proxy must be submitted with the Company Secretary at the Head Office of the Company not later than 48 hours before the time appointed for the meeting.
- v. 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, Shakra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC

STATEMENT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

A. For Attending the Meeting

- i. 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 authenticate their identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.
- ii. In case of a corporate entity, the Board of Directors resolution / Power of Attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the Meeting.

B. For Appointing Proxies

- i. 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.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- iv. 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.

C. Consent for Video Conference Facility

- i. In compliance with Section 134(1)(b) of the Companies Act, 2017, if the Company receive consent from members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video link facility at least 10 days prior to the date of general meeting, the Company will arrange video link facility in that city. To avail this facility, please provide following information and submit to registered address of the Company.
- ii. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access the facility.

I/We, _____ of _____ being a member of The Hub Power Company Limited, holder of _____ Ordinary Shares as per Register Folio No. _____ hereby opt for video conference facility at _____

Signature of member

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 Annual General Meeting of the Company to be held on October 5, 2022.

Continuation of Provision of Working Capital Undertaking for 1320MW Imported Coal Project at Hub

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”), 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 conditions precedent to making finance facilities available to CPHGC for the development of the Project, the Company entered into a Sponsor Support Agreement dated November 1, 2017 with the lenders of CPHGC which requires the Company to, inter alia, undertake to arrange/provide working capital facility to CPHGC if the same is not able to arrange the facility.

In this regard, the Company’s members in an extra-ordinary general meeting held on September 13, 2017 approved the provision of working capital financing equivalent to an aggregate amount of US\$ 90.25 Million either directly or indirectly through its wholly owned subsidiary, HPhL.

Under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, special resolutions authorising investment in an associated company or associated undertaking shall be valid for a period of twelve months and shall stand lapsed after such period, unless otherwise specifically authorised by the company’s members in a general meeting.

Accordingly, approval is being sought from the members of the Company for continuation of the provision of working capital financing equivalent to an aggregate amount of US\$ 90.25 Million either directly or indirectly through its wholly owned subsidiary HPhL for a period up to January 2030 or such period until the Company’s liabilities /obligations to CPHGC’s lenders remain undischarged, whichever is later.

Bank Guarantees to Eni Vendor Companies

The Company’s wholly owned subsidiary, HPhL, and Eni’s Employee Buyout Group, the EBO Group, jointly own Prime International Oil and Gas Company Limited (“Prime”) in equal proportionate shareholding (50:50). Prime intends to acquire Eni’s businesses in Pakistan (the “Eni Transaction”).

Under the Eni Transaction, Prime is required to procure bank guarantees (the Bank Guarantees) for outstanding parent company guarantees (PCGs) that have not yet been returned by the Director General of Petroleum Concessions (DGPC) to Eni vendor companies by the completion date of the Eni Transaction. DGPC has thus far returned most of the PCGs, reducing the value of the Bank Guarantees. As per the latest update, the following Bank Guarantees are required to be issued by HPhL to Eni vendor companies:

Beneficiary	Amount
ENI Oil Holdings B.V	USD 400,000
ENI ULX Limited	USD 76,000

Total	USD 476,000
--------------	--------------------

As per the shareholder's agreement executed between HPHL and the EBO Group, HPHL is required to issue bank guarantees for the purpose of Eni Transaction. In the event HPHL is unable to procure the Bank Guarantees, HUBCO will be requested to procure the Bank Guarantees on behalf of HPHL on ranking charge given by HUBCO.

The Bank Guarantees will be valid for a period of one (1) year or such other period till the time Parent Company Guarantees of Eni vendor companies are released by Director General Petroleum Concessions, whichever occurs later. The commission charged by the bank for the Bank Guarantees is yet to be agreed. All costs incurred in procuring the Bank Guarantees shall be reimbursed by the relevant project company. The Company shall provide security on such terms and condition as may be deemed appropriate (including margin over movable and/or immovable and/or any other assets of the Company) for the provision of the Bank Guarantees and negotiate the best possible terms with lenders.

Accordingly, approval is being sought from the members of the Company for issuance of the Bank Guarantees on behalf of Prime by the Company if HPHL is unable to procure the Bank Guarantees.

Investment in Equity of TEL

The Company has 60% shareholding in TEL and has to date, injected equity amounting to approximately USD 73 Million out of its total commitment of USD 78 Million. It is expected that the Company may be required to inject additional equity of up to USD 1 Million (over and above USD 78 Million commitment) to meet various project expenses.

In the Extraordinary General Meeting of the Company held on July 22, 2018 the members of the Company approved the following investments in TEL, by way of a special resolution, as required by Section 199 of the Companies Act, 2017: "RESOLVED THAT, the approval of the members of the Company be and is hereby accorded in terms of Section 199 to make "investments" in Thar Energy Limited ('TEL') up to an amount not exceeding USD 78 million (or PKR equivalent) by way of a subscription of shares at the rate of Rs. 10 per share plus premium, if any, finalized by the Board of TEL. Such investment shall be for a period up till December 2022.

In order to meet Project expenses, further equity investment of up to USD 1 million (or PKR equivalent) is being sought by way of a subscription of shares at the rate of Rs. 10 per share plus premium, if any, finalized by the Board of TEL. Such investment shall be for a period up till December 2024 or such period until the Company's liabilities / obligations as a Sponsor remain undischarged, whichever is later."

Information pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the "Regulations")

A) WORKING CAPITAL UNDERTAKING

Continuation of provision of Working Capital Undertaking in an amount not exceeding USD 90.25 Million (USD Ninety Million Two Hundred Fifty Thousand) (or PKR equivalent)

(a) Disclosures required under Regulations 3(a):

Information Required	Information Provided								
Name of the "associated company"	China Power Hub Generation Company (Private) Limited ("CPHGC")								
Basis of relationship;	The Company through its wholly owned subsidiary Hub Power Holdings Limited ("HPHL") owns 47.5% shares in the CPHGC. The following individuals are on the Boards of both CPHGC and Hubco: 1. Mr. Muhammad Kamran Kamal, Hubco CEO; and 2. Mr. Aly Khan Director.								
Earnings per share for the last three years;	<table border="1"> <tr> <td>2021</td> <td>3.41</td> </tr> <tr> <td>2020</td> <td>6.29</td> </tr> <tr> <td>2019</td> <td>1.80</td> </tr> </table>	2021	3.41	2020	6.29	2019	1.80		
2021	3.41								
2020	6.29								
2019	1.80								
Break-up value per share, based on latest audited financial statements;	PKR 21.96 per share as of December 31, 2021								
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Position as of December 31, 2021 in 'Millions' <table border="1"> <tr> <td>Total Assets</td> <td>397,369</td> </tr> <tr> <td>Equity</td> <td>122,625</td> </tr> <tr> <td>Current Liabilities</td> <td>67,463</td> </tr> <tr> <td>Profit for the year</td> <td>19,021</td> </tr> </table>	Total Assets	397,369	Equity	122,625	Current Liabilities	67,463	Profit for the year	19,021
Total Assets	397,369								
Equity	122,625								
Current Liabilities	67,463								
Profit for the year	19,021								
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-									
(I) Description of the project and its history since conceptualization;	(I) Please see preamble above for project description								
(II) Starting date and expected date of completion of work;	(II) Work has commenced on the Project since August 2016 and the Project achieved Commercial Operations Date ("COD") on August 2019								
(III) Time by which such project shall become commercially operational;	(III) The Project has achieved Commercial Operations Date on August 2019								
(IV) Expected time by which the project shall start paying return on investment; and	(IV) The Project is expected to start paying return on investment after the project completion date and subject to CPHGC lenders' approval.								

(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	(V) Fund Invest: Total amount invested is USD 248.8 Non-Funded: Completion Guarantee of USD 150 Million Working Capital Undertaking of USD 90.25 Million is given to CPHGC and it will trigger, if CPHGC is unable to arrange the facility.
Maximum amount of investment to be made;	Maximum investment could be - USD 90.25 Million
Purpose, 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 USD 2 Billion. As per Sponsor Support Agreement dated November 1, 2017 (the SSA) entered into between Hubco, Hub Power Holdings Limited (HPhL) and CPHGC's lenders, Hubco is required to undertake to provide/arrange a Working Capital Facility, equivalent to an aggregate amount of USD 90.25 Million, either directly or through its wholly owned subsidiary to CPHGC if the same cannot arrange such a facility for a period up till January 2030 or such period until the Company's liabilities /obligations to CPHGC's lenders remain undischarged, whichever is later. In terms of commercial operation of the Project, the facility was commissioned in August 2019. The equity investment has already been made and Project is yet to achieve its completion date, as required by the lenders of CPHGC.
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. Charge on all present and future fixed and/or current and/or any other assets of the Company. III. Project is anticipated to offer an IRR of 17% in USD 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. This investment is made pursuant to the Company's obligations under the SSA.
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 CPHGC. Mr. Aly Khan is the common director in both HUBCO & CPHGC's Board.
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;	In terms of the benefits to the Company, the Project is being set up under the 2015 Power Policy. Project is offering an ROE of 27% in USD, following the Commercial Operations Date. 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 90.25 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% through HPhL (1.5% of which to be transferred to GoB).

(c) 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 (KI-BOR) for the relevant period, rate of return for Shariah compliant products and average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and	N/A
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The markup on the working capital facility and any other charge would have to be agreed with the bank providing the facility. In the event any loan is given by the Company to CPHGC, it shall require CPHGC to pay interest at a rate 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 from the 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;	N/A
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertakings	Any amount paid as loan to CPHGC or its lenders pursuant to the Working Capital Commitment shall be marked as debt subordinated to that of CPHGC's lenders and assignable to CPHGC's lenders which shall be repayable after the repayment of amounts due to the lenders of CPHGC

B.BANK GUARANTEES TO ENI VENDOR COMPANIES**(a) Disclosures required under Regulations 3(a):**

Information Required	Information Provided																
Name of the "associated company"	Prime International Oil & Gas Company Limited (" Prime ")																
Basis of relationship;	The Company through its wholly owned subsidiary Hub Power Holdings Limited ("HPhL") owns 50% of the shares of Prime. The following are common directors in HPhL's and Prime's Boards: <table border="1" data-bbox="2138 796 2946 1003"> <thead> <tr> <th>Sr. No.</th> <th>Name</th> <th>HPhL</th> <th>Prime</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Muhammad Kamran Kamal</td> <td>Director & CEO</td> <td>Director</td> </tr> <tr> <td>2.</td> <td>Aly Khan</td> <td>Chairman/ Director</td> <td>Director</td> </tr> <tr> <td>3.</td> <td>Saleemullah Memon</td> <td>Director</td> <td>Director</td> </tr> </tbody> </table>	Sr. No.	Name	HPhL	Prime	1.	Muhammad Kamran Kamal	Director & CEO	Director	2.	Aly Khan	Chairman/ Director	Director	3.	Saleemullah Memon	Director	Director
Sr. No.	Name	HPhL	Prime														
1.	Muhammad Kamran Kamal	Director & CEO	Director														
2.	Aly Khan	Chairman/ Director	Director														
3.	Saleemullah Memon	Director	Director														
Earnings per share for the last three years;	<table border="1" data-bbox="2138 1024 2946 1145"> <tbody> <tr> <td>2022</td> <td>216.30</td> </tr> <tr> <td>2021</td> <td>(2,646.40)</td> </tr> <tr> <td>2020</td> <td>N/A</td> </tr> </tbody> </table> <p><i>Note: Prime was incorporated in September 2020, therefore, there is no data for the year ended June 2020. Up to now Prime has only incurred expenditures necessary for obtaining regulatory approvals for Eni Transaction and the results of project companies are not yet accounted for in Prime.</i></p>	2022	216.30	2021	(2,646.40)	2020	N/A										
2022	216.30																
2021	(2,646.40)																
2020	N/A																
Break-up value per share, based on latest audited financial statements;	Rs. (2,420.10) per share as of June 2022. <i>Note: Prime is in the process of seeking necessary regulatory approvals for Eni Transaction and will have to issue further shares in future for which advances have been received but not considered in the above-mentioned breakup value. If such advances are considered in breakup value calculations, breakup value per share, for existing shares, as of June 2022 would be Rs. 93,519.60.</i>																
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Position as of and for the year ended June 30, 2022 <table border="1" data-bbox="2138 1548 2946 1814"> <thead> <tr> <th></th> <th>PKR in '000'</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>937,873</td> </tr> <tr> <td>Equity</td> <td>935,196</td> </tr> <tr> <td>Liabilities</td> <td>2,677</td> </tr> <tr> <td>General and Administration Expenses</td> <td>3,294</td> </tr> <tr> <td>Net Profit for the Period</td> <td>2,163</td> </tr> </tbody> </table>		PKR in '000'	Total Assets	937,873	Equity	935,196	Liabilities	2,677	General and Administration Expenses	3,294	Net Profit for the Period	2,163				
	PKR in '000'																
Total Assets	937,873																
Equity	935,196																
Liabilities	2,677																
General and Administration Expenses	3,294																
Net Profit for the Period	2,163																

In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	
(I) Description of the project and its history since conceptualization;	(I) Please see preamble above for project description.
(II) Starting date and expected date of completion of work;	(II) The project is already in operation. The assets currently owned by Eni in Pakistan will be owned by Prime once the Eni Transaction is completed after necessary government and regulatory approvals.
(III) Time by which such project shall become commercially operational;	(III) Please refer to the response in point (II) above.
(IV) Expected time by which the project shall start paying return on investment; and	(IV) The project is expected to be profitable for the Company once the Eni Transaction is completed.
(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	(V) As at June 30, 2022, the Company has invested Rs 479.422 million in Prime through HPHL.
Maximum amount of investment to be made;	The maximum amount of Bank Guarantees to be provided to Eni vendor companies is USD 476,000.
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	Under the Eni Transaction, Prime is required to procure bank guarantees (the Bank Guarantees), in favor of Eni vendor companies, for outstanding parent company guarantees (PCGs) that have not yet been returned by the Director General of Petroleum Concessions (DGPC) to Eni vendor companies by the completion date of the Eni Transaction. As per the shareholder's agreement executed between HPHL and the EBO Group, HPHL is required to issue bank guarantees, if required, for the purpose of the Eni Transaction. In the event HPHL is unable to procure the bank guarantees, the Company shall procure bank guarantees on behalf of HPHL. The Bank Guarantees will be valid for a period of one (1) year or such other period till the time PCGs of Eni vendor companies are released DGPC, whichever is later.

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;	(I) The return from the investment would be greater than the borrowing cost of the Company.																
(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	(II) Charge on all present and/or future fixed and/or current and/or any other assets of the Company.																
(III) cost benefit analysis;	(III) Project companies are already generating revenue streams which will be accounted for in the Company after completion of Eni Transaction.																
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Currently, Bank Guarantees equivalent to USD 476,000/- shall be issued by HPHL or the Company to Eni vendor companies under the Shareholder's Agreement.																
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 50% shares in Prime. The following are common directors in HPHL's and Prime's Boards: <table border="1" data-bbox="2138 1205 2952 1387"> <thead> <tr> <th>Sr. No.</th> <th>Name</th> <th>HPHL</th> <th>Prime</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Muhammad Kamran Kamal</td> <td>Director & CEO</td> <td>Director</td> </tr> <tr> <td>2.</td> <td>Aly Khan</td> <td>Chairman/ Director</td> <td>Director</td> </tr> <tr> <td>3.</td> <td>Saleemullah Memon</td> <td>Director</td> <td>Director</td> </tr> </tbody> </table>	Sr. No.	Name	HPHL	Prime	1.	Muhammad Kamran Kamal	Director & CEO	Director	2.	Aly Khan	Chairman/ Director	Director	3.	Saleemullah Memon	Director	Director
Sr. No.	Name	HPHL	Prime														
1.	Muhammad Kamran Kamal	Director & CEO	Director														
2.	Aly Khan	Chairman/ Director	Director														
3.	Saleemullah Memon	Director	Director														
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;	No impairment conditions exist on the investment; accordingly, no charge/write offs have been made to date. The investment made so far is in accordance with the Shareholder's Agreement, which was necessary to discharge the statutory obligations under the Eni Transaction.																
Any other important details necessary for the members to understand the transaction;	None																

(b) Disclosures required under Regulation 3(b):

Maximum price at which securities will be acquired	N/A
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	N/A
Number of securities and percentage thereof held before and after the proposed investment	Present holding - 50% through HPHL. Issuance of bank guarantees of USD 476,000 will not alter the present holding through HPHL.
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 sub-regulation (1) of regulation 5 for investments in unlisted securities;	N/A

(c) Disclosures under Regulation 3(c):

Category-wise amount of investment;	N/A
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and	N/A
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission to be charged by the bank for the Bank Guarantees (BG) will be agreed with the bank providing the BG.

Particulars of collateral or security to be obtained in relation to the proposed investment	N/A
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;	N/A
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	N/A

INVESTMENT IN THAR ENERGY LIMITED ("TEL")

Investment in TEL up to an amount not exceeding USD 1 Million (USD One Million) (or PKR equivalent) by way of subscription of shares in TEL:

(d) Disclosures required under Regulation 3(a):

Information Required	Information Provided						
Name of the "associated company"	Thar Energy Limited (TEL)						
Basis of relationship;	The Company holds 60% of the total issued shares of TEL. Mr. Muhammad Kamran Kamal, CEO of the Company, is also on the Board of TEL. Mr. Aly Khan, Director of the Company, is also on the Board of TEL.						
Earnings per share for the last three years;	<table border="1"> <tr> <td>2022</td> <td>(0.46)</td> </tr> <tr> <td>2021</td> <td>(0.43)</td> </tr> <tr> <td>2020</td> <td>(0.39)</td> </tr> </table>	2022	(0.46)	2021	(0.43)	2020	(0.39)
2022	(0.46)						
2021	(0.43)						
2020	(0.39)						

Break-up value per share, based on latest audited financial statements;	Rs. 13.19 per share as of June 2022	
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Position as of June 30, 2022	
	Total Assets	77,668,469
	Equity	15,753,926
	Current Liabilities	3,465,290
	General and Administration Expenses	144,242
	Loss for the Period	(45,754)
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-		
(I) Description of the project and its history since conceptualization;	(I) Please see preamble above for project description	
(II) Starting date and expected date of completion of work;	(II) Work has commenced on the Project, and the Project is expected to achieve Commercial Operations Date ("COD") by 1st quarter of financial year, 2023	
(III) Time by which such project shall become commercially operational;	(III) The Project is expected to achieve Commercial Operations Date by 1st quarter of financial year 2023	
(IV) Expected time by which the project shall start paying return on investment; and	(IV) The Project is expected to start paying return on investment after the project completion date and subject to TEL lenders' approval.	
(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	(V) To date the Company has invested -USD 73 Million in TEL. The Company has currently committed to further invest -USD 5 Million	
Maximum amount of investment to be made;	Where the Board of TEL decides that TEL requires additional funding, the Board shall raise funds by issuance of further shares to the shareholders in proportion to the percentage of Shares owned by them at such time. The Company may further invest an amount not exceeding USD 1 million (in equivalent Pakistani Rupees) in cash.	

Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To construct, own, and operate 330 MW at the Thar Site in the province of Sindh, Pakistan ('Project'). In terms of Commercial Operations Date of the Project, the commissioning of the facility is anticipated by 1st quarter of financial year 2023. In terms of the benefits to the Company, the Project is being set under the 2015 Power Policy which is anticipated to offer an IRR of up to 20% in USD following the COD. The investment would be made as and when needed to meet Project expenses.
Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	(I) The cost of funds if provided through borrowings would be much less than 20% IRR. Further where the Company takes long term debt to fund such investments, the Company is able to share the risk of loss with the lenders (II) Pari-passu charge on all the present and future fixed assets of the Company (III) Project is anticipated to offer an IRR of up to 20% in USD following COD
(I) justification for investment through borrowings;	
(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	
(III) cost benefit analysis;	
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Equity investment equivalent to 60% of the total issued shares of TEL The Shareholders' Agreement contemplates investment in equity of TEL by each of the shareholders such that the shares of TEL are distributed as follows: the Company holds 60% of the total shareholding of TEL, FFC holds 30% and CMEC Dubai holds 10%
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;	Mr. Muhammad Kamran Kamal, is the CEO of the Company and Director of TEL. Mr. Aly Khan is a director of TEL and a director of the Company Mr. Amjad Ali Raja is an employee of Hub Power Services Ltd. (which is a wholly-owned subsidiary of Hubco) and a Director of TEL. Mr. Saleemullah Memon is an employee of the Company and has been seconded as the CEO of TEL.

PROXY FORM

The Company Secretary
The Hub Power Company Limited
 9th Floor, Ocean Tower, Block 9,
 Main Clifton Road P.O. Box No. 13841,
 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 31st Annual General Meeting of the Company to be held on Wednesday, October 5, 2022 at 10:00 am at Marriott Hotel, Karachi.

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;	TEL achieved financial close on January 31, 2020. The Company has invested -USD 73 Mn to date. In terms of the benefits to the Company, the Project is being set up under the 2015 Power Policy. Project is offering an IRR of up to 20% in USD, following the Commercial Operations Date. 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

(e) Disclosures required under Regulation 3(b):

Maximum price at which securities will be acquired	Rs. 10/ per share or such other rate as may be decided by the board of directors of TEL
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	Number of securities would be determined by converting the USD investment amount into PKR on the date of subscription and dividing the same by the rate of the shares as decided by the board of directors of TEL
Number of securities and percentage thereof held before and after the proposed investment	Present holding - 60% (equivalent PKR). The number of securities would depend upon the call made by TEL BOD specified above in preamble whether or not the Company opts to satisfy the call by way of subscription of shares in TEL. It is anticipated that the holding to stay 60%.
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 sub-regulation (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. TEL is currently not an operational company therefore, the determination of fair value of its shares, provided for in the Regulation cannot be made at this time. PKR 10 per share is the par value of the share and the latest offer price of TELs' shares. The Company, CMEC and FFC shall subscribe to shares of TEL at PKR 10 per share.

Witnesses:

(1) Signature _____	(2) Signature _____
Name _____	Name _____
Address _____	Address _____
_____	_____
_____	_____
CNIC / Passport No. _____	CNIC / Passport No. _____

Signature on
Revenue Stamp
of PKR 5/-

Signature of Shareholder
Folio / CDC No's.

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 9th 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 30, September 2022.
- **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.
 - (i) 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.

تشکیل نیابت داری

جناب کمپنی سیکریٹری
دی حب پاور کمپنی لمیٹڈ
9 فلور، اوٹین ٹاور، بلاک 9، مین کلِفٹن روڈ، کراچی



AFFIX
CORRECT
POSTAGE

The Company Secretary
The Hub Power Company Limited
9th Floor, Ocean Tower, Block 9,
Main Clifton Road P.O. Box No. 13841,
Karachi - 75600

میں / ہم _____
ساکن _____
عام حصص برطانیق شیئرز رجسٹرڈ فولیو نمبر _____ اور ایسی ڈی سی کے شرکائی آئی ڈی نمبر _____
اور ڈیلی کھاتہ نمبر _____ محترم / محترمہ _____
ساکن _____ یا ان کے دستیاب نہ ہونے کی صورت میں دیگر محترم / محترمہ _____
ساکن _____ کو یہاں اپنے لیے اور اپنی جانب سے مورخہ 105 اکتوبر، 2022ء بوقت 10:00 بجے صبح بروز بدھ، ہتھام میریٹ ہوٹل، کراچی منعقد ہونے والے 31 ویں سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا / اپنی نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

(1) دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

(2) دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

نوٹس:

- ایسازکن جو اجلاس میں شرکت کرنے کا / کی اہل ہے، وہ اجلاس میں شرکت کے لیے، تحریری طور پر اپنا / اپنی نمائندہ مقرر کر سکتا / سکتی ہے۔ نمائندے کے لیے کمپنی کا رکن ہونا ضروری نہیں۔

- اگر کوئی رکن اجلاس میں شرکت کے قابل نہیں ہے، وہ اس فارم پر دستخط کر کے کمپنی سیکریٹری، دی حب پاور کمپنی لمیٹڈ واقع 9 فلور، اوٹین ٹاور، بلاک 9، مین کلِفٹن روڈ، کراچی - 75500 کو اس طرح بھیج سکتا / سکتی ہے کہ یہ اجلاس شروع ہونے سے 48 گھنٹے قبل، تعطیلات کے علاوہ یعنی بروز جمعہ مورخہ 30 ستمبر، 2022ء تک پہنچ جائے۔

سی ڈی سی کے کھاتے دار / کارپوریٹ ادارے

(i) مذکورہ بالا کے علاوہ، درج ذیل تقاضے بھی پورے ہونا چاہئیں:

(ii) نیابت داری کے فارم پر دو افراد کی جانب سے بطور گواہ تصدیق ہونا چاہیے اور ان کے نام اپنے اور سی این آئی سی نمبرز بھی فارم پر درج ہونے چاہیے۔

نیابت داری کے فارم کے ہمراہ سینٹیفیکل اونر کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا چاہیے۔

کارپوریٹ رکن ہونے کی صورت میں، کمپنی کے پاس نیابت داری کے فارم کے ہمراہ بورڈ آف ڈائریکٹرز کی منظور کردہ قرار داد / مختار نامہ، مع نمائندے کے دستخط کا نمونہ بھی (اگر پہلے فراہم نہیں کیا گیا ہے) فراہم کرنا چاہیے۔

ریونیٹولٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں پہلے سے موجود

نمونہ کے مطابق ہونے چاہیے)





9th Floor, Ocean Tower, G-3, Block-9,
Main Clifton Road, P.O. Box No. 13841,
Karachi - 75600