

SUSTAINING THE FUTURE

ANNUAL REPORT 2024



SUSTAINING THE FUTURE

In an ever-evolving world, HUBCO emerges as a steadfast guardian of excellence and innovation. Our commitment to fostering enduring value through sustainable practices and visionary solutions is at the heart of this year's focus. By championing environmental stewardship and enhancing community well-being, we are not only meeting today's energy demands but also securing a resilient and prosperous future for generations to come. Every initiative and project undertaken by HUBCO is a testament to our dedication to crafting a sustainable legacy, one that embraces progress while honoring our responsibility to both the planet and the communities we serve. Together, we are forging a brighter, more sustainable future with deliberate and impactful strides.



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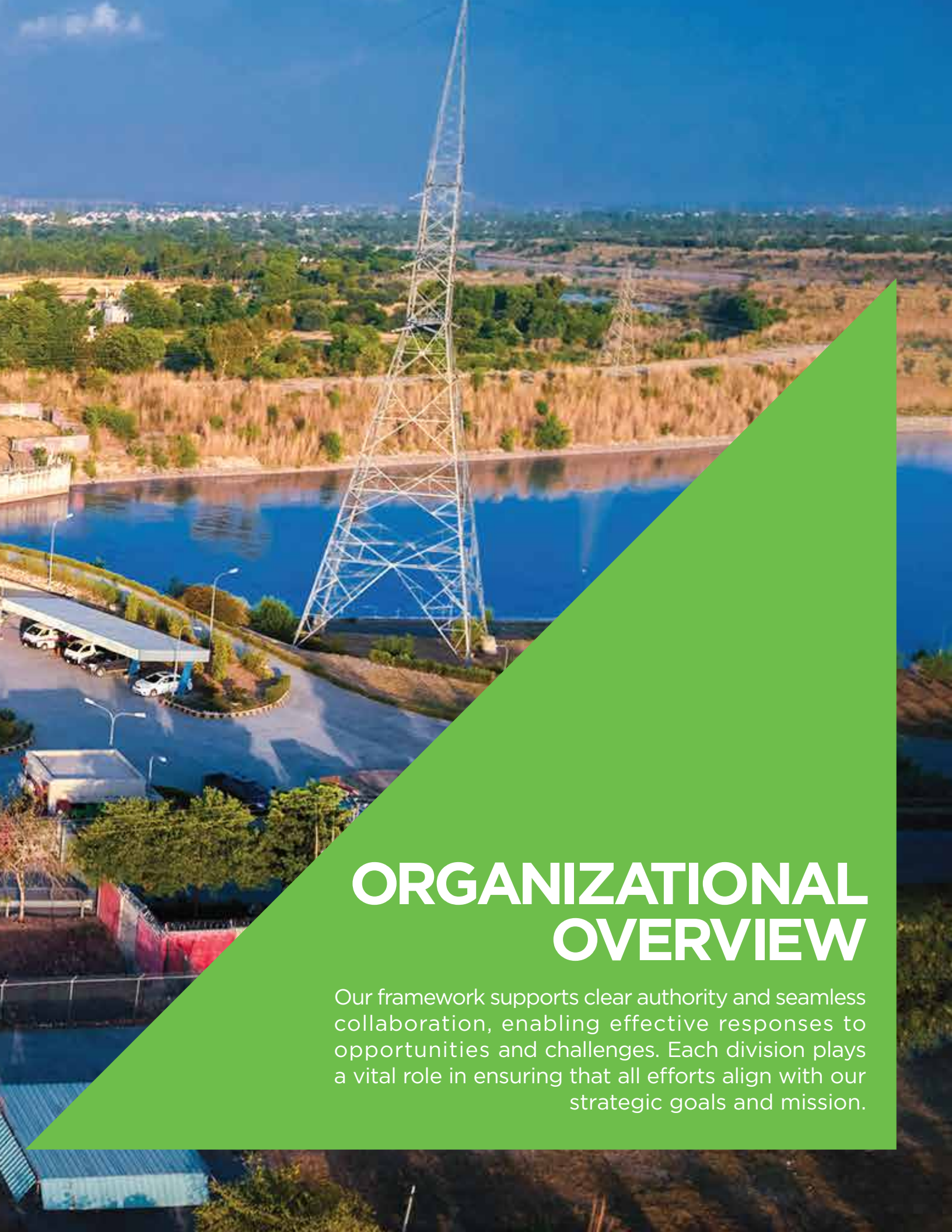
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ORGANIZATIONAL OVERVIEW

Our framework supports clear authority and seamless collaboration, enabling effective responses to opportunities and challenges. Each division plays a vital role in ensuring that all efforts align with our strategic goals and mission.

Company Profile

Since 1997, HUBCO has been the leading and largest Independent Power Producer (IPP) in Pakistan, with a combined installed power generation capacity of 3,581 MW, while adhering to international standards of safety and environmental responsibility. With our unwavering commitment to our vision and mission, we are dedicated to spearheading Pakistan's economic and social transformation by providing indigenous and affordable energy to the nation. As we recognize the crucial role that energy plays in driving economic prosperity, we remain persistent in our mission to fueling lives through energy.

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.”



Code of Conduct

General Principles

1. As a general rule, HUBCO employees are expected to promote the Company's best interests whilst maintaining the highest standards of personal integrity and business practice.
2. HUBCO's employees must act at all times in the interests of the Company's shareholders, and must abide by the Company's stated standards of environmental, safety and management practices.
3. No employee should ever commit an illegal or unethical act, or instruct or encourage another employee to do so. The known laws and regulations of the country should always be observed.
4. Employees should also be aware that the way in which others perceive our business relationships can be equally important; even perfectly ethical acts may be open to misinterpretation.
5. Therefore, in everything we do, we should always ask ourselves whether any of our actions, if known publicly in the locality and in the country as a whole, could be damaging to HUBCO in any way. If your proposed action appears to fail this test, it should not be progressed, and further line management advice should be sought.
6. The key to achieving the necessary standards of conduct is likely to be openness, with transparent recording of actions, and full declarations of all interests and concerns to line management.
7. Compliance is also required with the various policies, procedures and control guidelines issued from time to time by the Company.

Specific Requirements

Relations with officials and prospective business partners

1. These relationships should be conducted ethically and within the law. Unethical or unlawful payments should neither be made nor received, directly or indirectly, regardless of the amount.
2. We should strive at all times to avoid practices that might be construed to promote our own or the Company's interests by other than legitimate means. Integrity in our dealings is a prerequisite for successful and sustained business relationships.
3. It is Company policy not to make political donations.

Some of the issues likely to give rise to difficult decisions or uncertainty as to the proper course of action are:

Laws of the Pakistan

The laws of Pakistan should be obeyed. The traditions, culture and conventions of the country should also be respected.

Commissions, fees and similar payments

1. Commissions, consultants' fees, retainers, loans, or similar payments should be clearly related to, and commensurate with, the services being performed. Should this clear relationship do not exist, or could such payments be regarded as an improper inducement, they should not be made or accepted.
2. Agents or advisers, acting on our behalf should be made aware of our ethical values and expectations.

Public Activities

Where its experience can be useful, the Company is encouraged to co-operate with governments, individuals, agencies and other organizations in the development of proposed legislation and other regulations, which may affect such legitimate interests.

HUBCO is also encouraged to respond to requests from governments and other agencies for information, observation or opinions on issues relevant to business and the community in which they operate.

Political Activities

The Company does not support any political party or activity. Employees may have their own opinions. However, these must not be used to influence the Company's way of doing business.

Corporate Affairs

In order to defend and promote its legitimate interests, HUBCO has adopted the strategy of strengthening its corporate affairs activities. Corporate affairs are conducted under the direction of the Board through the CEO.

No employee is allowed to take a representative role vis-à-vis government bodies, trade associations or the media unless authorized by the CEO for specific instances.

The following are some examples, which conflict with the above principle:

- Media statements
- Participation in non-HUBCO conferences, seminars etc. on behalf of HUBCO
- Membership of trade associations.

Corrupt Business Practices

HUBCO does not give or receive bribes in order to retain or bestow business or financial advantages. HUBCO employees are directed that any demand for or offer of such bribe must be immediately rejected and reported to the Management.

Relations with suppliers and customers

1. All the guidelines above, which are designed to promote ethical conduct with business partners, apply.
2. The Company's policy is that competitive tendering should be adopted wherever possible. HUBCO cannot afford to show partiality towards any company with whom it does business. This is especially true of any company which is seeking to secure a supply contract.
3. The establishment of long-term and close relations between purchasers and suppliers is recognized, in the right context, as having the potential to benefit both the parties to such an arrangement and those with whom they deal. However, HUBCO employees and representatives are required to avoid relationships, whether with suppliers or others, which are, or might have the appearance of being contrary to the principles of fair competition.

Proper control and accounting

1. The Company must maintain an adequate system of internal control and strict compliance with Company policies.
2. Prescribed accounting systems and rules should be set in place to ensure that all transactions are accurately recorded and that no secret or other assets are established or maintained.
3. If, regardless of HUBCO's efforts in this regard, standards are not applied in companies in which the Company has an interest, HUBCO's representative should refer the matter to the Management Committee.

Reports and Periodic Reviews

1. Any employee who is requested to engage in any activity which is or may be contrary to this Policy will promptly report such information to the manager whom the individual reports, or, if the employee was so directed by the manager, then to assigned Company legal counsel.
2. Any employee who acquires information that gives the employee reason to believe that any other employee is engaged in conduct forbidden by the Policy will promptly report such information to the manager to whom the employee reports or, if the manager is engaged in such conduct, then to the assigned Company legal counsel.



Our Values

Passion | Ownership | Winning | Enjoyment | Renewal

POWER

Principal Business Activities

The Hub Power Company Limited

Subsidiaries

- Hub Power Holdings Limited (HPHL)
- Hub Power Services Limited (HPSL)
- Laraib Energy Limited (LEL)
- Narowal Energy Limited (NEL)
- Thar Energy Limited (TEL)
- Mega Motor Company (Private) Limited (MMCPL)

Associates

- China Power Hub Generation Company (Pvt.) Limited (CPHGC)
- ThalNova Power Thar (Private) Limited (TNPTL)

Joint Ventures

- Prime International Oil & Gas Company Limited (PIOGCL)
- China Power Hub Operating Company Limited (CPHOC)

Others

- Sindh Engro Coal Mining Company Limited (SECMC)

Geographical Presence



* Gas Processing Plant Capacity

** Coal Mining Capacity

Key Highlights



CAPACITY
3,581 MW



REVENUE
131 bn
IN PKR



NET PROFIT
75 bn
IN PKR



NO. OF
EMPLOYEES
801



PHILANTHROPY
257 mn
IN PKR

Company Information

Board of Directors

Mr. M. Habibullah Khan	Chairman
Mr. Kamran Kamal	Chief Executive Officer
Mr. Aly Khan	Member
Ms. Aleeya Khan	Member
Mr. Manzoor Ahmed	Member
Ms. Samina Mumtaz Zehri	Member (GOB Nominee)
Mr. Syed Bakhtiyar Kazmi	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
Mr. Syed Bakhtiyar Kazmi	Member
Ms. Farayha Sohail	Secretary

Leadership Team

Mr. Kamran Kamal	Chairman
Mr. Muhammad Saqib	Member
Mr. Amjad Ali Raja	Member
Mr. Fayyaz Ahmad Bhatti	Member
Ms. Faiza Kapadia Raffay	Member
Mr. Saleem Qureshi	Member
Mr. Kaleem Ullah Khan	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

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

Legal Advisor

Syed Jamil Shah

Auditors

A.F. Ferguson & Co. Chartered Accountants

Registrar

FAMCO Associates (Pvt) Ltd.

Shariah Auditors

Reanda Haroon Zakaria Aamir

Salman Rizwan & Company Chartered Accountants

Shariah Advisors

Alhamd Shariah Advisory Services (Pvt) Ltd.

Mufti Hafiz Muhammad Shoaib

Islamabad Head Office

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

CPHGC Head Office

Ocean Tower, Block-9, Clifton, 10th Floor, Karachi

CPHOC Head Office

Ocean Tower, Block-9, Clifton, 10th Floor, Karachi

MMCPL Head Office

Ocean Tower, Block-9, Clifton, 10th Floor, Karachi

Addresses of all Business Units

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 Plant

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

TEL Plant

Block-II, Thar Coalfield, Islamkot
(Dist. Tharparkar), Sindh

TN Plant

Block-II, Thar Coalfield, Islamkot
(Dist. Tharparkar), Sindh

PIOGCL Headoffice

5th Floor, The Fourm G-20, Block-9,
Khayaban-e-Jami, Clifton, Karachi

Major Milestones

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

2019

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

SECMC started Commercial Operations for Phase-I of mine with output capacity of 3.8 MTPA

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

2018

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

HUBCO (HPSL) undertakes O&M of Laraib Energy Limited on March 23, 2018

2020

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

2021

HUBCO incorporate PIOGCL which is 50:50 JV to acquire ENI Pakistan's business



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

2016

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

2015

Subsidiaries Established:

- a. Hub Power Services Ltd (HPSL)
- b. Hub Power Holdings Ltd (HPHL)
- c. Narowal Energy Limited (NEL)

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

2013

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

2022

HUBCO undertakes the O&M of CPHGC through CPHOC
COD of 330MW lignite coal-fired power plant, Thar Energy Limited

SECMC started Phase-II of mine with output capacity increased to 7.6 MTPA

Transaction Completion of ENI Pakistan's acquisition by PIOGCL

2023

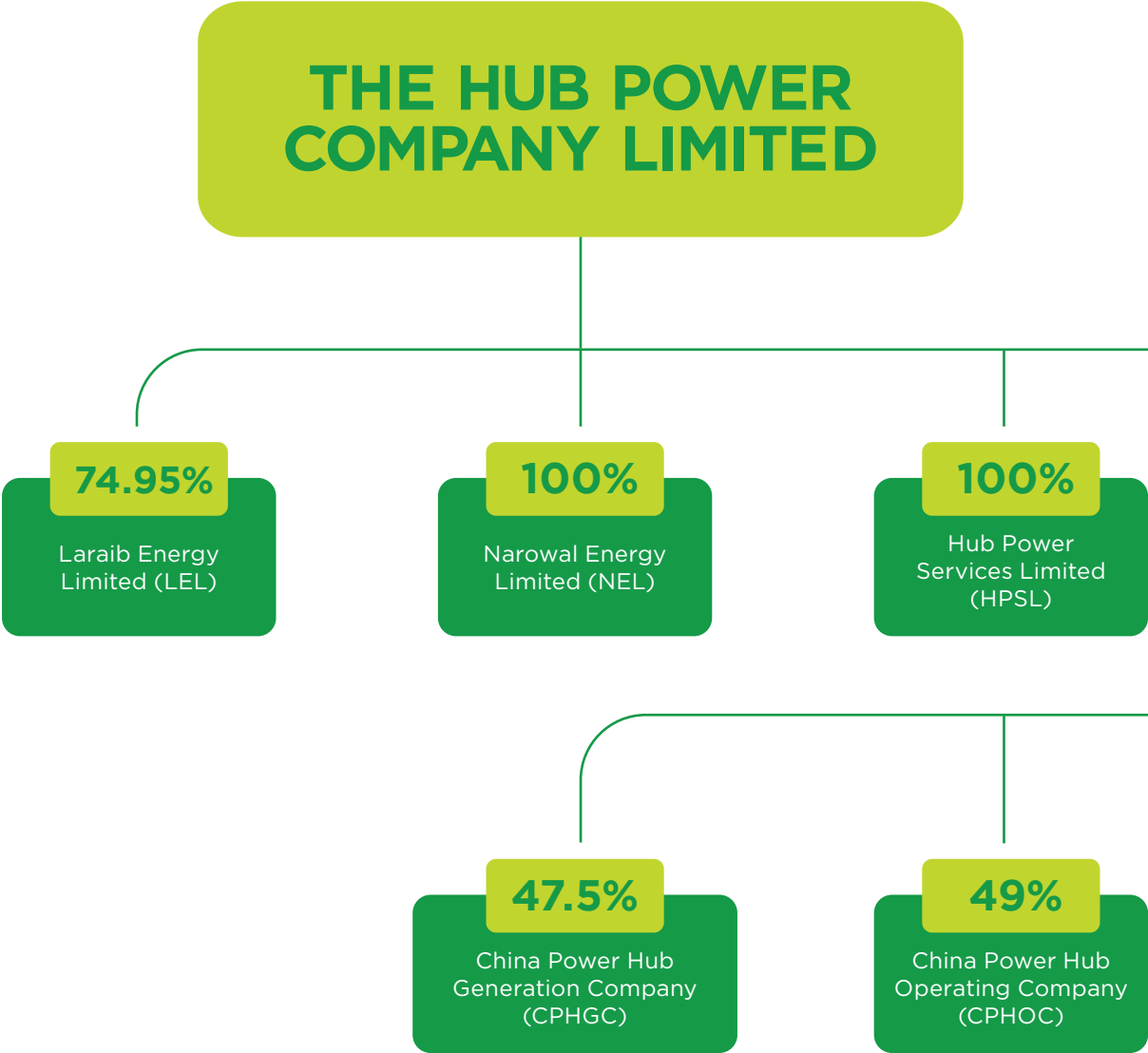
COD of 330MW lignite coal-fired power plant, ThalNova
Project Completion of CPHGC

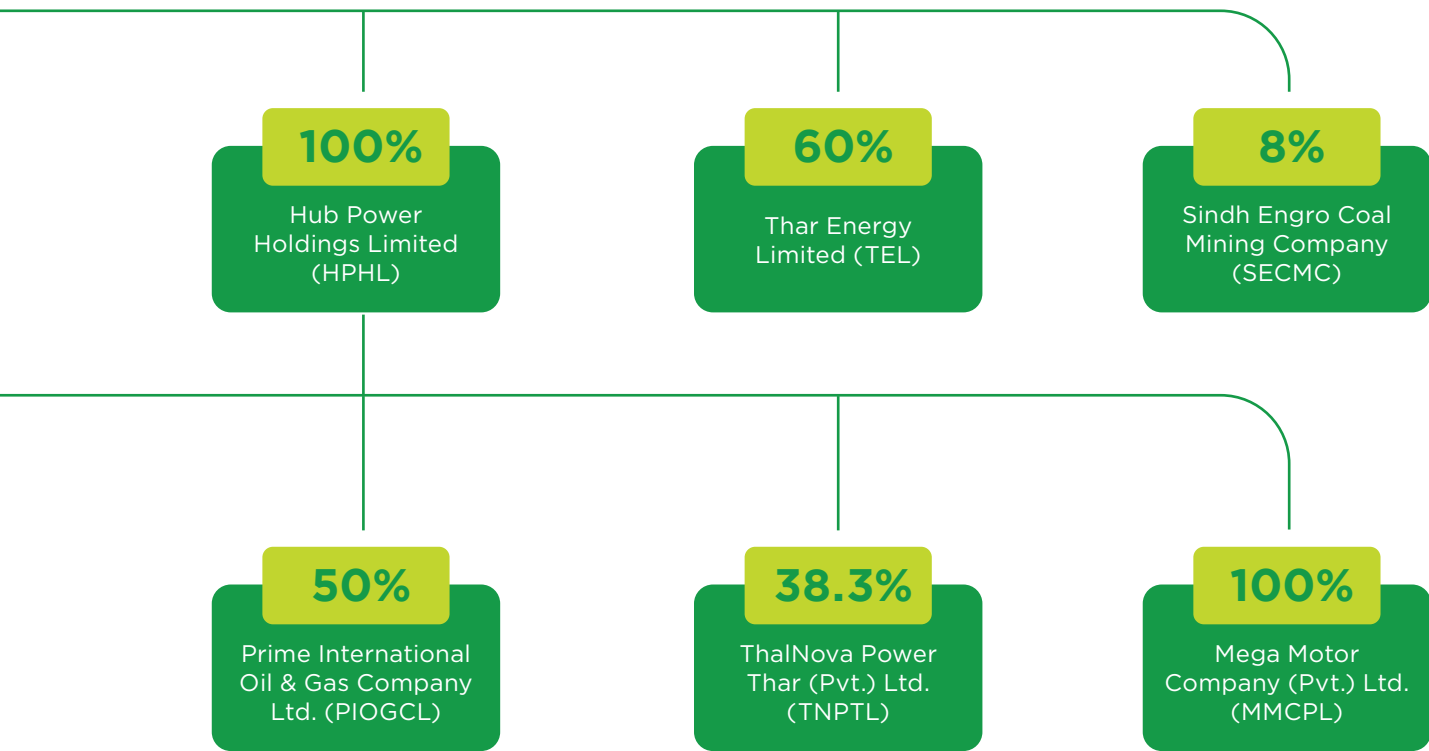
2024

Incorporation of Mega Motor Company Private Limited through HPHL



Group Structure





Swot Analysis

STRENGTHS



- Technical expertise in diverse power generation technologies, including indigenous fuel-based power generation
- Country-wide geographical presence
- Experience in development and execution of multi-billion-dollar projects
- Experienced workforce capable of managing large-scale projects, with diversified and successful history of Operations and Maintenance (O&M)
- Best in class management and governance practices
- Diversified portfolio after strategic collaboration with BYD for its New Energy Vehicles in Pakistan

WEAKNESSES



- Power generation portfolio skewed towards expensive fuel
- Reduced demand of RFO based power generation
- Potential supply chain disruptions due to geopolitical instability and economic challenges

OPPORTUNITIES



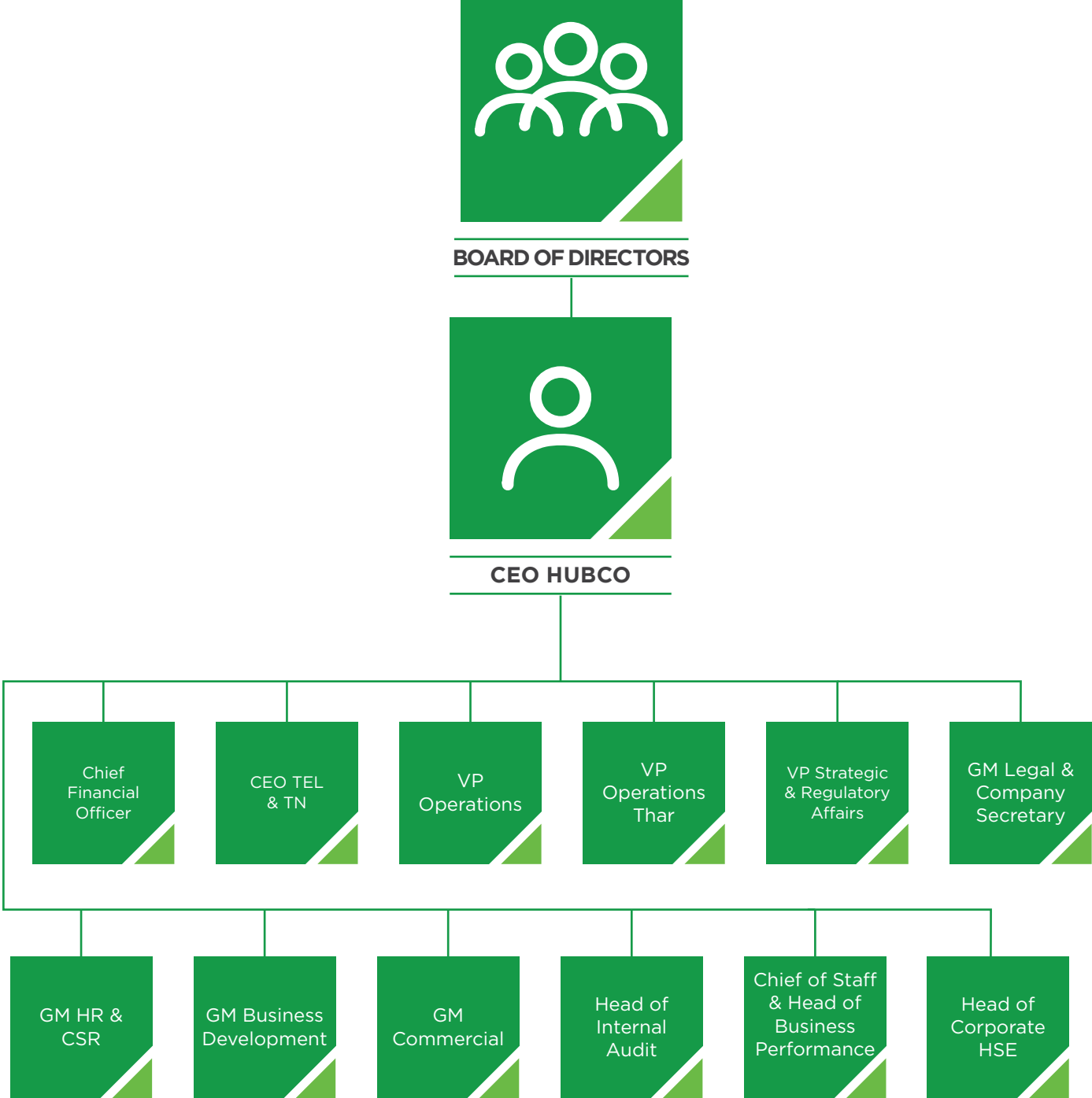
- Increasing need for clean energy and stress on energy independence
- Diversification via energy value chains other than power generation
- Expansion into the electric vehicle market as a response to global and local shifts towards sustainable transportation
- International partnerships enhancing technological capabilities and market reach in the renewable energy and electric vehicle sectors

THREATS



- Long outstanding and overdue amount receivable from the power purchaser and Government's inability to resolve Circular Debt issue
- Weak macro-economic factors along with rupee devaluation and volatile exchange rates
- Inconsistent government policies and political instability affecting long-term strategic planning

Organization Chart



Value Chain Positioning

Being Pakistan's largest Independent Power Producer (IPP) with a combined installed power generation capacity of 3,581 MW, our company strategically positions itself within the value chain to optimize efficiency and value creation. Our involvement spans several critical stages, each interconnected with upstream and downstream partners to ensure a seamless flow of operations.



Upstream Integration - Purchasing of Fuel

Our value chain begins with the procurement of fuel to generate electricity under a long-term fuel supply agreement. The fuel procured is transported to Hub power station through a dedicated pipeline.

Core Operations - Power Generation

At the heart of our value chain is electricity generation. Leveraging advanced technologies and robust infrastructure, we convert furnace oil into electrical power at our state-of-the-art facility with a skilled workforce, dedicated to keeping the plant available under the PPA for producing electricity in compliance with the regulatory requirements.



Downstream Distribution - Electricity Supply to CPPA

The plant remains available for dispatch to the Central Power Purchasing Agency (CPPA), for subsequent distribution to the end-consumers, including residential, commercial and industrial sectors, thereby supporting national energy demands and contributing to economic growth.

Through these integrated stages, our company effectively connects with other businesses within the upstream and downstream segments of the value chain. This strategic positioning not only enhances operational efficiency but also aligns with our commitment to providing reliable and sustainable energy solutions.

External Environment

The Legislative and Regulatory Environment in Which the Organization Operates

Our operations are governed by a comprehensive legislative and regulatory framework. Our activities align with applicable power policies, environmental standards and industry best practices, fostering sustainable growth and operational excellence.

Power Policies and Regulatory Bodies

Our organization operates under the oversight of several key regulatory bodies and adheres to a range of regulations. The primary regulatory authority is the National Electric Power Regulatory Authority (NEPRA), which is responsible for ensuring the provision of reliable, safe and efficient electricity at competitive rates. NEPRA's regulatory framework covers licensing, tariff setting, performance standards and compliance monitoring.

Licensing and Compliance

To operate effectively within this regulatory landscape, we hold various licenses and permits that authorize our activities in power generation. Compliance with these licenses involves regular reporting, adherence to safety standards and participation in performance audits, ensuring our operations meet or exceed regulatory expectations.

Environmental Regulations

Environmental sustainability is a core aspect of our operational strategy, guided by both national and international environmental regulations. We comply with the Environmental Protection Act, enforced by the Pakistan Environmental Protection Agency (Pak-EPA), which mandates rigorous environmental impact assessments (EIAs) for our projects. These assessments evaluate potential environmental impacts and outline mitigation measures to minimize adverse effects. Our adherence to these regulations underscores our commitment to reducing the environmental footprint of our power generation activities.

Health and Safety Standards

We prioritize the health and safety of our workforce and surrounding communities by adhering to local health and safety regulations and implementing comprehensive safety protocols. Our commitment is supported by regular training programs and stringent monitoring systems designed to prevent workplace incidents and ensure a safe working environment. To effectively monitor our Health, Safety and Environment (HSE) goals, we conduct regular HSE Committee meetings, chaired by top management and attended by all plant managers and the Head of Corporate HSE. This structured approach ensures that Process Safety Management is deeply integrated into all activities, reinforcing our dedication to maintaining the highest safety standards.

Corporate Governance and Ethical Practices

HUBCO adheres to the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP), which outlines principles for transparency, accountability and ethical conduct. Our governance framework includes robust internal controls, regular audits and a commitment to ethical business practices, ensuring that we operate with integrity and in the best interests of our stakeholders.

Engagement with Stakeholders

Our stakeholder engagement strategy ensures transparent and frequent communication with key partners, including investors, regulatory bodies, financial institutions, media, employees and the local community. We maintain regular updates and meetings with investors, customer, suppliers and financial analysts to foster trust and operational efficiency.

External Environment Analysis and Organization's Response

Our operations are influenced by several external factors, which we continuously monitor and respond to strategically. In the short term, we focus on securing a stable and affordable source of indigenous fuel for electricity generation and diversifying our portfolio to capitalize on emerging market trends and new growth opportunities. Medium-term strategies include strengthening our commitment to environmental and safety standards by advancing sustainability initiatives and enhancing energy efficiency. In the long term, we aim to leverage local resources and expand strategic partnerships to drive national growth and development.

GOVERNANCE

HUBCO upholds the highest standards of transparency and accountability. With a robust system of checks and balances, we ensure ethical practices and effective oversight across all levels. This commitment to strong governance reinforces our dedication to responsible leadership and sustainable growth.





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 two of the largest container terminals with land side facilities value addition rail-link to ICDs (40% market share with homeland security clearance for all USA traffic) in the country, third largest dairy producer (FMCG), top tier cement manufacturing company (5.2m++ tons/annum capacity), vertically integrated shipping & logistic company, majority ownership of Pakistan's largest independent power producer / energy utility / mining (appx 20% ttl countries power produced), oil & gas / E & P sector (gas fields, ex. ENI Italy assets), fintech (largest payment platform) and a progressive real-estate developer (hotel metropole, mixed multi-estate development and two of the largest corporate real estate transactions in the country) responsible for the first L.E.E.D. certified commercial building in Pakistan and currently introducing a new line of business of electric vehicles with BYD Auto Industry Limited in Pakistan, through HUBCO's subsidiary HPHL and its associated company Mega Motor Company (Private) Limited.

As a prolific philanthropist, Mr. Khan has been a patron of many social and environmental initiatives over the last four decades and is strongly associated with various CSR/charitable causes in the country.

Renowned global industrialist & businessman, especially with the expertise in operating large JV with several fortune 500 companies in the countries infrastructure, operates several of the largest listed companies in the Pakistan Stock Exchange.



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 large-scale infrastructure project structuring. He holds a Masters in Public Policy from Harvard University and a Bachelor's degree in Electrical and Computer Engineering from Georgia Tech.

He joined HUBCO as the Chief Executive Officer of 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 at China Power Hub Generation Company, where he was responsible for the development of the Barge Jetty and fuel supply chain for a 1320 MW Coal-fired Power Plant.

Previously, he was Commodities Trade Head at Engro EXIMP FZE, where he managed Fertilizer, Coal, Oilseeds, and Sugar Trading Portfolios. His work there allowed the organization to grow into new geographical locations and expand its commodities portfolio. Mr. Kamal was also involved in major energy and 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 overall business delivery in both management, executive, and Board roles. Currently, he is also a member of Board of Directors at K-Electric Limited, Sindh Engro Coal Mining Company Limited and China Power Hub Generation Company (Private) Limited.



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. Additionally, he has been instrumental in partnering with BYD for the widespread adoption of EVs in Pakistan.

He is the Chairman of Pioneer Cement Ltd. and Haleeb Foods Ltd. 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.

Aleeya spent time at New York-based award-winning-practice, Beyer Blinder Belle renowned for pioneering a different approach to design, during the wake of the urban renewal movement in the United States. After finishing her formal education, Aleeya Khan worked at Only - If Architecture specializing in facade and other architectural design techniques for projects in an urban metropolitan landscape.

She returned to Pakistan in 2017, to explore the local real estate market (amidst a boom in development) within her family business as an Executive Director at Imperial Builders & Developers (Pvt.) Ltd. ("IDBL"), the construction and development arm of one of Pakistan's largest business groups - Mega Conglomerate.

As a female executive, Aleeya has led multi-disciplinary teams from design to project completion. Her passion for entrepreneurship and desire to disrupt stigmas around women-led practices in her region led to the creation of Aleeya. design studio (A.). Whilst cultivating her personal design philosophy, Aleeya Khan remains committed to achieving design excellence. Through her exposure and deep understanding of technical design, her firm's involvement in landmark project's combined with a women-led team - Aleeya Khan brings an alternate perspective and distinct identity, with a vision to leave a lasting impact on her region.

Ms. Aleeya Khan also serves as a Director of Pioneer Cement Ltd. and Haleeb Foods Ltd. 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. 144 billion. He has experience of over 33 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 in 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 member of the Defence Authority Country and Golf Club - Karachi and also the Rotary Club of Karachi.



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 Storage & Services (Private) Limited, Metro Solar Power Limited, Metro Power Company Limited, Metro Wind Power Limited, Gul Ahmed Energy Limited, Gul Ahmed CBMC Glass Company Limited, Metro Ventures (Private) Limited, Metro Storage & Services (Private) Limited, Xloop Digital Services (Private) Limited, Gul Ahmed Bio Films Limited and Filters Pakistan (Private) Limited."



Mr. Shafiuddin Ghani Khan

Mr. Shafiuddin Ghani Khan holds a Bachelor of Science in Finance from the University of Oregon, USA. After completing his education, he returned to Pakistan and developed his family's real estate and construction business. He played a key role in constructing several townhouse projects in Karachi, particularly in the areas of DHA and Clifton.

Mr. Ghani has over two decades of management experience in the fields 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 position of Chief Executive Officer. He was responsible for overseeing the operational affairs of various business units within the group, including shipping lines, logistics and communication equipment. His professional responsibilities encompassed a diverse range of business units, including marketing and sales, customer service and support, accounts, finance, and administration.

Mr. Khan currently serves as a Non-Executive Director and member of the audit and remuneration committees on the Board of Pioneer Cement Limited. Since 2009, he has been providing guidance and leadership to the management. He was also on the Board of Haleeb Foods Ltd.



Senator Samina Mumtaz Zehri

Senator Samina Mumtaz Zehri is a versatile and enlightened politician affiliated with the Balochistan Awami Party/BAP who was sworn in as a Senator of the House of Federation in March 2021. Since arriving in Senate she has been leading her visionary efforts to combat violence against women and human rights violations; working on judicial and police reforms; streamlining institutional governance, and overseeing other substantial matters of national importance through her vibrant role as a legislator and performing her constitutional mandate of oversight through the membership of the Senate Standing Committees on Interior, Economic Affairs, Defense, Defense Production and a member of Senate Finance Committee.

Her recent nomination as Chairperson Senate Functional Committee on Human Rights bears the level of credence to her role as a proponent of human rights amongst the upper echelons of the state institutions. Additionally, she has been performing her due role in representing her country and people at various international forums such as IPU World Water Forum, IPU WTO Meetings etc.

Besides being a member of parliament, Senator Samina hails from a background steeped in the legal profession. She, as a lawyer, was enrolled in Sindh High Court Karachi on Jan 17, 2012; Sindh Bar Council Karachi on May 5, 2007, and Karachi Bar Association on May 5 2007. Areas of her legislative interests include corporate, financial and banking reforms, legal aid mechanisms, human rights, and civil and criminal matters.

Samina has also proved herself as a philanthropist also who remains ready to serve vulnerable communities in their hour of need. Most recently, in acknowledgment of her meritorious and generous flood relief efforts, she was nominated as the Focal Person by the Balochistan government during the 2022 Floods in Balochistan. Working up to the best of one's capabilities through utmost devotion is her benchmark.



Mr. Syed Bakhtiyar Kazmi

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectoral and functional strata within national and regional economies. The key areas of his specialization are fiscal policy and macroeconomic research, greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, outliers in accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

Mr. Kazmi served KPMG for 35 years; last 25 years as a partner. As a partner he interacted with the leadership in almost every industry, understanding their vision, their insights, and most importantly on their business strategies. His rigorous exposure to a diverse range of sectors and projects, enabled him to conceive and culminate strategic value additions for his clients, pertaining to public and private sector organizations. He successfully implemented a comprehensive service delivery framework that ensures quality assured service provision to KPMG's clients, and a cross-functional integration with the advisory and taxation services that allowed a robust and comprehensive service delivery package to the clients. As an auditor and an advisor, Mr Kazmi successfully delivered his promise of providing best-in-class and integrity driven services. With his career progression, he branched into macroeconomic research with a focus on contributing towards fiscal and regulatory policies of Pakistan. He almost single-handedly established advisory practice of KPMG in Islamabad about 2 decades ago which today arguably is the go-to advisory in Islamabad. This initiative covered financial projections, feasibilities, information memorandums, internal audit assessments, HR assessments, manuals for processes and controls, valuations, and development advisory which included an assessment of the Punjab and Sindh governments.

Mr. Bakhtiyar Kazmi has served on a number of diverse forums / boards in the Private Sector, Public Sector & Civil Society Organization. As a thinker, he actively spreads his thoughts and ideas through his articles on national economics, business and taxation matters and issues, regularly published in reputable dailies. Mr Kazmi is an avid golfer and currently holds the position of captain of Islamabad golf club.

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. Syed Bakhtiyar Kazmi (appointed on May 13, 2024)	Mr. Manzoor Ahmed

Board Audit Committee (BAC):

The BAC 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 four (4) times during the year and the attendance was as follows:

Names	Meetings Attended
1. Manzoor Ahmed (Chairman)	4/4
2. Saad Iqbal	4/4
3. Aly Khan	4/4
4. Nadeem Inayat	1/4

Note: Dr. Nadeem Inayat has resigned as a Director effective from May 3, 2024.

Secretary: **Farayha Sohail**

Board Nomination & Compensation Committee (BNCC):

The BNCC 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. Saad Iqbal (Chairman)	1/1
2. Aly Khan	1/1
3. Aleeya Khan	1/1
4. 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. Muhammad Saqib
Member



Mr. Amjad Ali Raja
Member



Mr. Saleem Qureshi
Member



Mr. Fayyaz Ahmad Bhatti
Member



Mrs. Faiza Kapadia Raffay
Member



Mr. Kaleem Ullah Khan
Member & Secretary



Chairman's Review

Dear Stakeholders,

It is my pleasure to present to you the Annual Report of HUBCO for financial year 2024. This year has been marked by significant strides in our diversification strategy, propelling us towards a future of sustained growth and innovation.

One of the most notable achievements of the year is our strategic partnership with BYD Auto Industry Company Limited, a global leader in new energy vehicles. Through this distributorship agreement, we are poised to introduce BYD's cutting-edge electric vehicles to the Pakistani market, aligning with our commitment to sustainable development and green energy solutions. This move not only expands our portfolio but also positions HUBCO as a key player in the burgeoning new energy vehicle sector in Pakistan with the name of Mega Motor Company (Private) Limited (MMCPL).

In addition to our ventures in the automotive sector, we have also taken substantial steps to solidify our presence in energy sector. Recognizing the vast potential of Thar coal, we have decided to increase our stake in Sindh Engro Coal Mining Company (SECMC) by formalizing through a definitive agreement with one of the shareholders in SECMC. This increase in investment underscores our confidence in Thar coal projects and its importance to long-term energy sustainability in the country.

Furthermore, I am delighted to report that our associate, China Power Hub Generation Company (CPHGC), has declared its first dividend during the year under review. This milestone is a testament to the soundness of our investment, reflecting positively on HUBCO's overall financial health and shareholder value.

These strategic initiatives, combined with our unwavering commitment to operational excellence, position HUBCO on a robust trajectory for future growth. Our diversified portfolio now encompasses a broader range of industries, from power generation to gas exploration and from coal mining to passenger vehicles, ensuring resilience and the capacity to adapt to changing market dynamics.

Our dedication to fostering a sustainable and inclusive future is also evident in our Environmental, Social and Governance (ESG) initiatives and Diversity, Equity and Inclusion (DEI) efforts. To foster our commitment to creating a more diverse and equitable workplace, a DEI committee has been constituted to create an environment where every individual is valued and empowered to contribute. Concurrently, we are also focused on designing a comprehensive ESG policy, which will embed sustainable practices and governance principles deeper into our operations. These initiatives underscore our commitment to making a positive impact on our environment, society and stakeholders, reinforcing our role as a responsible corporate leader.

Further underscoring our pledge to empower the communities in which we operate, we invested Rs. 257 million in Corporate Social Responsibility (CSR) initiatives, dedicated to creating positive change through various social initiatives, including education, livelihood, healthcare and infrastructure development. By uplifting the lives of many, we are fostering sustainable growth and empowering individuals within our communities.

As we move forward, we remain dedicated to delivering sustainable value to our shareholders, upholding our corporate responsibilities and contributing positively to the economic landscape of Pakistan. I would like to thank our employees, partners and stakeholders for their unwavering support and continued trust in HUBCO as we remain dedicated to our strategic goals, innovation and sustainability, continuing to set new benchmarks and build on our legacy of excellence.

Sincerely,



M. Habibullah Khan

Chairman



CEO'S Message

Dear Stakeholders,

As we reflect on a year marked by economic uncertainty and formidable challenges, HUBCO has demonstrated exceptional resilience and innovation. Our steadfast commitment to excellence has guided us through all obstacles, combining our collective resolve and inventive spirit to transform challenges into opportunities for growth and improvement. This journey has reaffirmed our strength and adaptability, setting the stage for continued success and future accomplishments.

This year's financial performance has been highlighted by significant achievements, reflecting our strategic focus on diversification and operational excellence. We are proud to report that our net profit grew by 22% to Rs. 70 billion, resulting in an earnings per share (EPS) of Rs. 53.98. Additionally, our efforts in enhancing operational efficiency have played a crucial role in this financial success. We also announced a dividend of Rs. 20 per share in line with our commitment to delivering consistent value to our stakeholders and demonstrating our ability to thrive even in challenging economic environments. I am immensely pleased to highlight that our associated company, China Power Hub Generation Company (Private) Limited (CPGHC), declared its maiden dividend during the year in November 2023, followed by a second dividend in May 2024.

Our Thar coal-based power plants Thar Energy Limited and ThalNova Power Thar (Private) Limited are consistently positioned among the top five ranks in the economic merit order. These China-Pakistan Economic Corridor (CPEC) projects power two million households and contribute significant forex savings to the country, playing a pivotal role in the country's economic growth. Both of these plants are being operated and maintained entirely by local manpower, employing hundreds of staff from nearby villages in Thar and various cities across the country.

During the year, we also decided to increase our stake in Thar coal mining by acquiring further shares in SECMC and entered into a definitive agreement with one of the shareholders of SECMC. The transaction is expected to be completed once necessary corporate and regulatory approvals are obtained.

Moreover, with successful closure of Eni transaction last year, Prime International Oil & Gas Company (Private) Limited (Prime) continues to explore indigenous oil and gas resources and has contributed significantly to the overall profitability of HUBCO. During the year, HUBCO has added Rs. 6.5 billion as its share of profit from Prime.

Building on our commitment to innovation and sustainability, we are proud to announce our entry into automotive business with the name of Mega Motor Company (Private) Limited (MMCPL), a company incorporated during the year as a wholly owned subsidiary of Hub Power Holdings Limited (HPHL). MMCPL has entered into a Distributorship Agreement with BYD Auto Industry Company Limited to launch new energy vehicles in Pakistan. This strategic move leverages BYD's cutting-edge technology and aligns with our commitment to sustainable innovation. Our collaboration aims to drive the country's transition to cleaner, more efficient transportation solutions, further solidifying our position as leaders in the industry.

Remarkably, our power generation plant sites have cumulatively achieved more than 30 million safe man-hours since the last Lost Workday Injury (LWI), underscoring our commitment to maintaining the highest safety standards.

At HUBCO, we recognize that the well-being of our employees is crucial to our shared success, especially in light of the rising cost of living caused by inflation and rupee devaluation. We have once again taken proactive steps this year by providing an inflation relief payout to our employees.

In the end, I would like to extend my sincere appreciation to our employees for their exceptional contributions to HUBCO's success and to our shareholders for their reposing confidence in our organization. We look forward to building on this momentum and continuing to drive growth, innovation and sustainability in the years to come.

Warm Regards,



Mr. Kamran Kamal

CEO



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, 2024.

About the Company

The Hub Power Company Limited (HUBCO) is the first Independent Power Producer (IPP) in Pakistan and now directly and indirectly operates and owns various power plants with a combined installed power generation capacity of 3,581MW.

Hub Plant, situated at Mouza Kund, Hub in Balochistan, is a 1292MW RFO-fired thermal power plant. Narowal Energy Limited, a 100% owned subsidiary of HUBCO, is a 225MW RFO-fired, engine based, combined cycle power station, located at Mouza Poong, Narowal in Punjab.

The Company also holds 75% controlling interest in Pakistan's first hydel IPP, Laraib Energy Limited, which is a run-of-the river 84MW hydel power plant near the New Bong Escape, in Azad Jammu and Kashmir. The Project is registered as a Clean Development Mechanism (CDM) project by CDM Executive Board under the United Nations Framework Convention on Climate Change, thus achieving the distinction of becoming the first Hydropower Project in Pakistan/AJ&K to have been registered with UNFCCC as a CDM plant. During the year under review, LEL contributed 416 GWh of clean energy into the national grid with no fuel cost, thereby saving ~USD 34 million for the country.

HUBCO has established two wholly owned subsidiaries for its future growth initiatives, The Hub Power Services Limited (HPSL) & Hub Power Holdings Limited (HPHL). HPHL has been incorporated to invest in the future growth projects. Whereas HPSL manages O&M of HUBCO's existing power assets, including the indigenous coal-based growth projects in Thar, Sindh. China Power Hub Generation Company Limited (CPHGC) is HUBCO's venture with China Power International Holdings (CPIH) with 1320MW imported coal-based power plant and an integrated coal jetty situated in Hub.

With 60% equity ownership, HUBCO established Thar Energy Limited (TEL) has a 330MW mine-mouth lignite-fired power plant at Thar Block II, Sindh. Meanwhile Fauji Fertilizer Company Limited (FFCL) and China Machinery Engineering Corporation (CMEC) hold 30% and 10% equity stakes, respectively.

HPHL also holds 38.3% shares and management control in ThalNova Power Thar Pvt. Ltd. (TNPTL), a 330MW mine-mouth lignite-fired power plant at Thar Block II, Sindh.

The Company also holds substantial stake in Sindh Engro Coal Mining Company Limited (SECMC), a leading coal producer in Pakistan with the world's largest lignite coal reserves located in Thar. The mining capacity now stands at 7.6 Mt/annum with Phase II catering for our two power plants in Thar of 330MW each. HUBCO intends to increase its stake by acquiring additional shares in SECMC through a definitive agreement with one of its shareholders. The transaction is expected to be completed once the necessary corporate and regulatory approvals are obtained.

HUBCO, through a 50:50 joint venture Prime International Oil and Gas Company Limited (Prime), remains committed to expand its footprint in oil and gas sector in Pakistan. During the year under review, Prime has drilled five new development wells and one exploration well and plans to continue with this program in future as well. Prime also plans on commencing the exploration activity in the newly acquired exploration block Southwest Miano III. Prime continues to assess opportunities to increase the exploration and development activity within the existing blocks as well as in partnership with leading oil and gas companies in Pakistan.

In May 2024, Mega Motor Company (Private) Limited (MMCPPL) was incorporated as a wholly owned subsidiary of HPHL, which entered into a Distribution Agreement with BYD Auto Industry Company Limited in June 2024 to launch new energy vehicles in Pakistan.

Operational Highlights

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

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 (%)
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	157,880	9,265	5.9%
2022-23	138,210	4,728*	3.4%
2023-24	130,617	5,004	3.8%

* Including 359 GWh generated by TEL and TNPTL prior to start of commercial operations

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

Plant Name	FY 2023-24	FY 2022-23
TEL Plant (COD on Oct 1, 2022)	1,940 GWh	1053 GWh
TNPTL Plant (COD on Feb 17, 2023)	1,971 GWh	758 GWh
CPHGC Plant	476 GWh	1546 GWh
Laraib Plant	416 GWh	345 GWh
Narowal Plant	201 GWh	470 GWh
Hub Plant	Nil	205 GWh

We are committed to developing a sustainable import substitution strategy. Our Thar Coal Based Power Plants are a testament to this strategy. These plants are ranked high in the merit order as they offer substantially lower cost of power generation compared to imported fuels. The two plants contributed to saving an estimated forex outflow of -USD 380 million (compared to imported RLNG-based plants) during the year.

FUTURE OUTLOOK

Renewable Energy Projects

The Company remains cognizant that important Renewable Energy (RE) Power Generation business opportunities are critical for Pakistan's overall energy security. We continue to monitor actionable National and Distribution levels projects for RE (Wind, Solar, Battery Energy Storage and Hybrid) projects and are fully committed to participate in projects which have meaningful contribution and value to all stakeholders.

HUBCO is pursuing participation in the competitive bidding phase for the KE Renewable Energy projects amounting to a cumulative capacity of 640 MW including Pakistan's first wind-solar hybrid project of 220 MW capacity near Dhabeji Grid Station. We envision this to be one of many other renewable projects that HUBCO will undertake in the coming future.

Electric Vehicles Landscape

HUBCO via HPHL is entering into the New Energy Vehicle (NEV) business. It is envisaged that over the next few years, the global automotive sector will evolve towards electrical energy sector as the primary source of energy. The Company remains vigilant on promising opportunities to participate in new energy products and services which will enable widespread adoption and the company will act upon sound business opportunities as they develop.

Water Projects

The Company continues its pursuit for potential projects in Public-Private Partnership mode for wastewater recycling. HUBCO being pre-qualified for the wastewater recycling project envisaged for the SITE industrial area in Karachi and having obtained the Right of First Refusal (RoFR), will evaluate participation in the competitive bidding phase.

GOVERNANCE

Board of Directors

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

The Current Board of Directors of the Company including non-elected directors, consists of:

Composition	
Independent Directors	4
Other Non-Executive Directors (Male)	2
Executive Director	1
Non-Executive Directors (Female)	2

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

Name	Attendance
Mr. M. Habibullah Khan	6/6
Mr. Aly Khan	5/6
Ms. Aleeya Khan	5/6
Mr. Manzoor Ahmed	6/6
Mr. Saad Iqbal	6/6
Mr. Shafiuddin Ghani Khan	6/6
Dr. Nadeem Inayat	2/5
Ms. Samina Mumtaz Zehri	3/6
Mr. Muhammad Kamran Kamal	6/6
Mr. Syed Bakhtiyar Kazmi	1/1

Mr. Syed Bakhtiyar Kazmi was appointed as an Independent Director in place of Dr. Nadeem Inayat in May 2024.

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 344 of the Annual Report.

Committees of the Board

The Board committees and their members are disclosed on page 32 of the Annual Report.

Chief Executive and Directors' Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee for attending the meetings. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise to govern the company successfully and with value addition. Remuneration of Chief Executive and Directors for the Financial Statements of the year ended June 30, 2024, are disclosed on the page 216 of Financial Statements.

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 the 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, 2024	Year ended June 30, 2023
Turnover	130,526	114,263
Cost of revenue	62,180	61,485
*Net Profit	70,018	57,554
*Earnings per share (Rs.)	53.98	44.37

*attributable to owners of the holding company

The Consolidated net profit during the year under review is Rs. 70,018 million resulting in earnings per share of Rs. 53.98 compared to net profit of Rs. 57,554 million and earnings per share of Rs. 44.37 last year. The increase in gross margin is mainly due to higher share of profit from associates and joint venture.

Rs. in million

Unconsolidated	Year ended June 30, 2024	Year ended June 30, 2023
Turnover	41,534	44,516
Cost of revenue	11,101	18,875
Net Profit	33,879	30,942
Earnings per share (Rs.)	26.12	23.85

The Unconsolidated net profit earned by the Company during the year under review is Rs. 33,879 million, resulting in earnings per share of Rs. 26.12 compared to a net profit of Rs. 30,942 million and earnings per share of Rs. 23.85 last year. The increase in unconsolidated profit is mainly due to lower repair and maintenance expenses at Hub Plant and higher dividend income from subsidiaries.

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 174 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), the Companies Act, 2017 and the related party transactions policy of the Company. 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	To efficiently operate and maintain Hub Plant. Further, to develop resources to provide similar services to other company including the group companies.
Hub Power Services Limited Narowal Energy Limited Thar Energy Limited Laraib Energy Limited Hub Power Holding Limited ThalNova Power Thar (Private) Limited Mega Motor Company (Private) Limited	Reimbursement of Expenses	To share the common resources / expenses on proportionate basis to minimize Company's and group companies' costs.

The details of related party transactions are disclosed on page 217 of the Annual Report.

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	2024	2023	2022	2021	2020	2019
Turnover	41,534	44,516	62,544	32,292	27,524	36,029
Profit	33,879	30,942	21,128	21,434	10,167	8,037
Assets	157,390	151,823	154,008	160,007	164,521	153,728
Dividend	22,700	31,132	14,917	9,080	-	3,240

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as of June 30, 2023 are as follows:

Fund	Rs. in million
Provident Fund	3
Gratuity Fund	273

Risk Management & Strategy for Mitigating Risks

The Company is committed to maintaining rigorous standards in managing risks, recognizing that comprehensive risk management is crucial to our operational stability and strategic success. Our Enterprise Risk Management (ERM) framework, integral to our corporate governance, ensures proactive identification, assessment and mitigation of risks across the organization.

In response to principal risks, we have implemented robust strategies for mitigation. These include diversifying our energy sources, securing alternate revenue streams and enhancing our operational readiness through strategic maintenance and training programs. Our approach is to manage risks in alignment with our set risk appetite, balancing potential impacts against our strategic objectives to ensure sustainability and protect stakeholder interests.

This proactive risk management strategy, supported by continuous monitoring and reporting, enables us to navigate uncertainties effectively, positioning HUBCO to meet future challenges while safeguarding our stakeholders' interests.

For further information on key risks and mitigation, please refer to page number 86.

Health, Safety & Environment

At HUBCO, our commitment to Health, Safety and Environment (HSE) is a fundamental aspect of our operational strategy and corporate values. We are dedicated to fostering a culture where HSE considerations are integrated into every facet of our business, ensuring the well-being of our employees, stakeholders, and the communities we serve.

In the year under review, HUBCO achieved a significant milestone by securing ISO 45001:2018 certification for our NEL, LEL, and Thar plants. Our outstanding HSE performance was recognized by the National Electric Power Regulatory Authority (NEPRA) in its HSE Performance Evaluation Report 2024, acknowledging all our assets as top performers in HSE standards. Furthermore, ThalNova Power Thar (Private) Limited, one of our two 330 MW mine-mouth Thar coal-fired power plants, celebrated its first operational year with an exceptional safety record, reporting zero recordable injuries. By the end of this fiscal year, HUBCO has achieved an impressive milestone of 30 million safe man-hours without Lost Workday Injury (LWI). Reinforcing our dedication to environmental responsibility, we also secured ISO 14001 certification across all our assets.

Our commitment to HSE extends beyond compliance to encompass a proactive approach to environmental stewardship and safety innovation. We continuously evaluate and enhance our HSE policies and practices to address emerging risks and adapt to evolving regulatory requirements.

Environment, Social & Governance

As part of our dedication to integrating ESG principles into our corporate framework, we are currently in the process of developing a comprehensive ESG policy. This policy will serve as a cornerstone for guiding our ESG initiatives and ensuring alignment with global best practices.

For further information on our ESG initiatives and progress, please refer to page number 117.

Human Resources

At HUBCO, our Human Resources Management (HRM) strategy is focused on ensuring leadership continuity and fostering employee growth. A fundamental element of our HRM strategy is crafting and executing a robust succession plan, designed to identify and nurture future leaders within our organization.

Our learning initiatives have been robust and multifaceted, encompassing awareness sessions on key policies and tools, extensive soft skills training and specialized upskilling workshops.

Additionally, we have cultivated a vibrant organizational culture through a range of events and activities, including sports tournaments, family events, town halls and cultural celebrations. These initiatives are instrumental in strengthening team cohesion, celebrating achievements and fostering a positive and engaging work environment.

For a detailed overview of our HR initiatives and strategies, please refer to page number 125 in this report.

Diversity, Equity & Inclusion

At HUBCO, our dedication to diversity, equity and inclusion (DEI) is integral to our organizational ethos and strategic vision. We are currently developing a strategic DEI policy, which is prepared by a thorough benchmarking process against industry best practices. This policy aims to create a framework that not only promotes inclusivity but also drives meaningful change across all levels of our organization.

In line with this commitment, we have reinstated our DEI Committee, tasked with overseeing the development and implementation of our DEI initiatives, addressing challenges and ensuring that our policies translate into tangible outcomes and foster a truly inclusive environment.

The company has an Anti-Harassment Policy, designed to eliminate all forms of discrimination, bullying, harassment, and victimization. This policy aims to create a supportive work environment that safeguards employees' job performance, health, and well-being.

Speak Up Policy

Upholding the highest standards of professionalism, integrity and ethical behavior is central to our approach. Our Speak Up Policy embodies this commitment by fostering a culture of transparency and accountability. This policy provides a robust framework that empowers all stakeholders including employees, customers, vendors and contractors to report unethical practices or misconduct with confidence and security. It ensures that concerns are addressed effectively while safeguarding confidentiality.

Our commitment to this policy is guided by principles of empowerment, non-retaliation, confidentiality, fairness, disciplinary action, the right to be heard and continuous improvement, ensuring that we consistently reinforce our values and foster a culture of integrity.

Corporate & Environmental Responsibility

For over 26 years, HUBCO has steadfastly maintained a philanthropic legacy that reflects our dedication to uplifting communities and fostering sustainable development. HUBCO's Community & Society Relationship Policy aims to have a significant economic and collective impact on the communities and societies in the areas we operate. Our Corporate Social Responsibility (CSR) initiatives are deeply embedded in our operations, focusing on education, health, livelihood and infrastructure development.

Driven by a sense of humanitarian duty and a commitment to creating lasting, positive impacts in the regions surrounding our plant sites, we address immediate needs while laying the groundwork for long-term progress. Through collaboration and a relentless focus on our values, HUBCO is poised to continue leading with purpose and contributing meaningfully to the well-being of our communities and the environment.

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

کارپوریٹ اور ماحولیاتی ذمہ داری

HUBCO نے گزشتہ 26 سالوں سے ثابت قدمی کے ساتھ ایک انسان دوست میراث کو برقرار رکھا ہے جو کمیونٹیوں کی ترقی اور پائیدار ترقی کو فروغ دینے کے لیے ہماری لگن کی عکاسی کرتی ہے۔ HUBCO کی کمیونٹی ایڈ سوسائٹی ریلیشن شپ پالیسی کا مقصد ان علاقوں میں کمیونٹیز اور معاشروں پر ایک اہم معاشی اور اجتماعی اثر ڈالنا ہے جن پر ہم کام کرتے ہیں۔ ہمارے کارپوریٹ سماجی ذمہ داری (CSR) کے اقدامات میں تعلیم، صحت، ذریعہ معاش اور بنیادی ڈھانچے کی ترقی پر توجہ مرکوز کرتے ہوئے ہمارے کاموں میں شامل ہیں۔

انسانی فریضہ کے احساس اور ہمارے پلانٹ کی جگہوں کے آس پاس کے علاقوں میں دیرپا، مثبت اثرات پیدا کرنے کے عزم کے ساتھ ہم طویل مدتی پیشرفت کی بنیاد رکھتے ہوئے فوری ضروریات کو پورا کرتے ہیں۔ اپنی اقدار پر انھنک توجہ اور تعاون و اشتراک کے ذریعے HUBCO اس مقصد کے ساتھ آگے بڑھنے اور اپنی کمیونٹیوں اور ماحولیات کی بہبود کے لیے با معنی کردار ادا کرنے کے لیے تیار ہے۔

آڈیٹرز

ریٹائر ہونے والے آڈیٹرز میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔

کمپنی اپنے سینئر ہولڈرز، ملازمین، کاروباری شراکت داروں اور دیگر تمام اسٹیک ہولڈرز کی شکرگزار ہے جنہوں نے کمپنی پر اعتماد کیا اور ترقی اور خوشحالی کی راہ پر گامزن کمپنی کے سفر میں ان کی حمایت کی۔

بورڈ کے حکم سے



ایم حبیب اللہ خان
چیرمین



کامران کمال
چیف ایگزیکٹو

ماحولیات، سماجی اور گورننس

ESG اصولوں کو اپنے کارپوریٹ فریم ورک میں شامل کرنے کی ہماری لگن کے حصے کے طور پر، ہم فی الحال ایک جامع ESG پالیسی تیار کرنے کے عمل میں ہیں۔ یہ پالیسی ہمارے ESG اقدامات کی رہنمائی اور عالمی بہترین طریقوں کے ساتھ ہم آہنگی کو یقینی بنانے کے لیے ایک بنیاد کے طور پر کام کرے گی۔ ہمارے ESG اقدامات اور پیشرفت کے بارے میں مزید معلومات کے لیے، برائے مہربانی صفحہ نمبر 117 دیکھیں۔

انسانی وسائل

HUBCO میں، ہماری ہیومن ریسورس مینجمنٹ (HRM) حکمت عملی قیادت کے تسلسل کو یقینی بنانے اور ملازمین کی ترقی کو فروغ دینے پر کارفرما ہے۔ ہماری HRM حکمت عملی کا ایک بنیادی عنصر ایک مضبوط جانشینی کا منصوبہ تیار کرنا اور اس پر عمل درآمد کرنا ہے، جو ہماری تنظیم کے اندر مستقبل کے لیڈروں کی نشاندہی اور فروغ کے لیے تیار کیا گیا ہے۔

ہمارے سیکھنے کے اقدامات مضبوط اور کثیر جہتی رہے ہیں جس میں بنیادی پالیسیوں اور طریقہ ہائے کار کے بارے میں آگاہی سیشن، وسیع تر مہارتوں کی تربیت اور خصوصی تربیتی ورکشاپس شامل ہیں۔ مزید برآں، ہم نے مختلف تقریبات اور سرگرمیوں کے ذریعے ایک متحرک تنظیمی ثقافت کو فروغ دیا ہے جن میں کھیلوں کے ٹورنامنٹ، فیملی ایونٹس، ٹاؤن ہالز اور ثقافتی تقریبات شامل ہیں۔ یہ اقدامات ٹیم کی ہم آہنگی کو مضبوط بنانے، کامیابیوں کا جشن منانے اور مثبت اور مصروف کام کے ماحول کو فروغ دینے میں اہم کردار ادا کرتے ہیں۔

ہمارے HR اقدامات اور حکمت عملیوں کے تفصیلی جائزہ کے لیے، برائے مہربانی اس رپورٹ کا صفحہ نمبر 125 دیکھیں۔

تنوع، مساوات اور شمولیت

HUBCO میں، تنوع، مساوات اور شمولیت (DEI) کے لیے ہمارا عزم ہمارے تنظیمی اخلاقیات اور اسٹریٹجک وژن کے لیے لازم و ملزوم ہے۔ ہم فی الحال ایک اسٹریٹجک DEI پالیسی تیار کر رہے ہیں، جس کو صنعت کے بہترین طریقوں کیلئے ایک مکمل بیچ مارکنگ کے عمل سے آگاہ کیا جاتا ہے۔ اس پالیسی کا مقصد ایک ایسا فریم ورک بنانا ہے جو نہ صرف شمولیت کو فروغ دیتا ہے بلکہ ہماری تنظیم کی تمام سطحوں پر با معنی تبدیلی بھی لاتا ہے۔

اس عزم کے مطابق ہم نے اپنی DEI کمیٹی کو بحال کیا ہے، جسے ہمارے DEI اقدامات کی ترقی اور نفاذ کی نگرانی کرنے، چیلنجوں سے نمٹنے اور اس بات کو یقینی بنانے کی ذمہ داری سونپی گئی ہے کہ ہماری پالیسیاں ٹھوس نتائج میں تبدیل ہوں اور واقعی ایک جامع ماحول کو فروغ دیں۔

کمپنی کے پاس ہر اسان کرنے کے خلاف پالیسی ہے جو ہر طرح کے امتیازی سلوک، غنڈہ گردی، ایذا رسانی اور زیادتی کو ختم کرنے کے لیے بنائی گئی ہے۔ اس پالیسی کا مقصد ایک معاون کام کا ماحول بنانا ہے جو ملازمین کی ملازمت کی کارکردگی، صحت اور بہبود کی حفاظت کرے۔

اسپیک اپ پالیسی

پیشہ ورانہ مہارت، دیانتداری اور اخلاقی رویے کے اعلیٰ ترین معیارات کو برقرار رکھنا، ہمارے طریقہ کار کا مرکزی نقطہ ہے۔ ہماری اسپیک اپ پالیسی شفافیت اور جوابدہی کے کلچر کو فروغ دے کر اس عزم کو بروئے کار لاتی ہے۔ یہ پالیسی ایک مضبوط فریم ورک فراہم کرتی ہے جو تمام اسپیک ہولڈرز سمیت ملازمین، صارفین، دکانداروں اور ٹھیکیداروں کو اعتماد اور تحفظ کے ساتھ غیر اخلاقی طریقوں یا بدانتظامی کی اطلاع دینے کا اختیار دیتی ہے۔ یہ پالیسی اس امر کو یقینی بناتی ہے کہ رازداری کی حفاظت کرتے ہوئے مسائل کو مؤثر طریقے سے حل کیا جائے۔

اس پالیسی کے ساتھ ہماری وابستگی با اختیار بنانے، عدم انتقامی کارروائی، رازداری، انصاف پسندی، تادیبی کارروائی، سنے کے حق اور مسلسل بہتری کے اصولوں سے رہنمائی حاصل کرتی ہے، اس بات کو یقینی بناتے ہوئے کہ ہم اپنی اقدار کو مستقل طور پر تقویت دیں گے اور دیانتداری کے کلچر کو فروغ دیں گے۔

گزشتہ چھ سالوں کے اہم مالیاتی اعداد و شمار (غیر مربوط) درج ذیل ہیں:
روپے بلین میں

2019	2020	2021	2022	2023	2024	جون کو ختم ہونے والا مالی سال
36,029	27,524	32,292	62,544	44,516	41,534	ٹرن اوور
8,037	10,167	21,434	21,128	30,942	33,879	فائدہ
153,728	164,521	160,007	154,008	151,823	157,390	اثاثے
3,240	-	9,080	14,917	31,132	22,700	منافع

30 جون 2023 تک ان کے متعلقہ آڈٹ شدہ کھاتوں کی بنیاد پر پراویڈنٹ فنڈ اور گریجویٹ اسکیم کی سرمایہ کاری کی قدر درج ذیل ہے:

فنڈ	روپے بلین میں
پراویڈنٹ فنڈ	3
گریجویٹ فنڈ	273

خطرات کم کرنے کے لیے خطرے کا انتظام اور حکمت عملی

کمپنی خطرات کے انتظام میں سخت معیارات کو برقرار رکھنے کے لیے پرعزم ہے اور اس بات کو تسلیم کرتے ہوئے کہ خطرات کا جامع انتظام ہمارے آپریشنل استحکام اور اسٹریٹجک کامیابی کے لیے بہت ضروری ہے۔ ہمارا انٹریپرائزر سکیمینٹ (ERM) فریم ورک، جو ہماری کارپوریٹ گورننس کے لیے ضروری اور اہم ہے، یہ پوری تنظیم میں خطرات کی فعال نشاندہی، تشخیص اور تخفیف کو یقینی بناتا ہے۔

بنیادی خطرات نمٹنے کے لیے ہم نے ان خطرات کی تخفیف کے لیے مضبوط حکمت عملیوں کو نافذ کیا جن میں اپنے توانائی کے ذرائع کو متنوع بنانا، آمدنی کے متبادل ذرائع کو محفوظ بنانا اور اسٹریٹجک دیکھ بھال اور تربیتی پروگراموں کے ذریعے اپنی آپریشنل تیاری کو فروغ دینا شامل ہے۔ ہمارے طریقہ کار میں اپنے طے شدہ خطرے کے مطابق خطرات کا انتظام کرنا ہے، پائیداری کو یقینی بنانے اور اسٹیک ہولڈر کے مفادات کی حفاظت کے لیے اپنے اسٹریٹجک مقاصد کے خلاف ممکنہ اثرات کو متوازن کرنا ہے۔

یہ فعال خطرے کے انتظام کی حکمت عملی جسے مسلسل نگرانی اور رپورٹنگ کی معاونت حاصل ہے، ہمیں غیر یقینی صورتحال کو مؤثر طریقے سے کام کرنے اور HUBCO کو مستقبل کے چیلنجوں کا مقابلہ کرنے کے لیے اپنے اسٹیک ہولڈرز کے مفادات کا تحفظ کرنے کے قابل بناتی ہے۔ اہم خطرات اور تخفیف کے بارے میں مزید معلومات کے لیے، برائے مہربانی صفحہ نمبر 86 دیکھیں۔

صحت، حفاظت اور ماحولیات

HUBCO میں صحت، حفاظت اور ماحولیات (HSE) سے ہماری وابستگی ہماری آپریشنل حکمت عملی اور کارپوریٹ اقدار کا ایک بنیادی پہلو ہے۔ ہم ایک ایسے کلچر کو فروغ دینے کے لیے پرعزم ہیں جہاں HSE کے تحفظات کو ہمارے کاروبار کے ہر پہلو میں شامل کیا جاتا ہے، ہمارے ملازمین، اسٹیک ہولڈرز، اور جن کمیونیٹیوں کے لیے ہم خدمات انجام دیتے ہیں، ان کی فلاح و بہبود کو یقینی بناتے ہیں۔

HUBCO نے زیر جائزہ سال میں اپنے NEL، LEL، اور تھر پلائٹس کے لیے ISO 45001:2018 سرٹیفیکیشن حاصل کر کے ایک اہم سنگ میل حاصل کیا۔ نیشنل الیکٹریک پاور ریگولیشن اتھارٹی (NEPRA) نے اپنی HSE پرفارمنس ایویلیویشن رپورٹ 2024 میں ہماری شاندار HSE کارکردگی کا اعتراف کیا، ہمارے تمام اثاثوں کو HSE معیارات میں اولین کارکردگی کا مظاہرہ کرنے والی کمپنی کے طور پر تسلیم کیا۔ مزید برآں، تھل نووا پاور تھر (پرائیویٹ) لمیٹڈ، ہمارے دو 330 میگا واٹ کے مائن ماڈر تھر کولنگ سے چلنے والے پاور پلانٹس میں سے ایک نے اپنا پہلا آپریشنل سال ایک غیر معمولی حفاظتی ریکارڈ کے ساتھ منایا، جس میں صفر ریکارڈ کی جانے والی چوٹوں کی رپورٹ شامل ہے۔ اس مالی سال کے اختتام تک، HUBCO نے ورک ڈے کی چوٹ کے بغیر 30 ملین محفوظ اوقات کار کا ایک شاندار سنگ میل حاصل کر لیا ہے۔ ماحولیاتی ذمہ داری کے لیے اپنی لگن کو تقویت دیتے ہوئے، ہم نے اپنے تمام اثاثوں میں ISO 14001 سرٹیفیکیشن بھی حاصل کیا۔

HSE کے ساتھ ہماری وابستگی ماحولیاتی ذمہ داری اور حفاظتی جدت کے لیے ایک فعال نقطہ نظر کو شامل کرنے کے لیے تعمیل سے باہر ہے۔ ہم ابھرتے ہوئے خطرات سے نمٹنے اور ریگولیشن تقاضوں کے مطابق اپنے آپ کو ڈھالنے کے لیے اپنی HSE پالیسیوں اور طریقہ کار کا مسلسل جائزہ لیتے اور ان میں اضافہ کرتے رہتے ہیں۔

متعلقہ فریق کا نام	لین دین کی نوعیت	جواز
حب پاور سروسز لمیٹڈ	O&M سروسز	حب پلانٹ کو مؤثر طریقے سے چلانے اور برقرار رکھنے کے لیے۔ مزید یہ کہ گروپ کمپنیوں سمیت دیگر کمپنیوں کو بھی اسی طرح کی خدمات فراہم کرنے کے لیے وسائل تیار کرنا۔
حب پاور سروسز لمیٹڈ نارووال انرجی لمیٹڈ تھر انرجی لمیٹڈ لاریب انرجی لمیٹڈ حب پاور ہولڈنگ لمیٹڈ تھل نو واپور تھر (پرائیویٹ) لمیٹڈ میگا موٹرز کمپنی (پرائیویٹ) لمیٹڈ	اخراجات کی واپس ادائیگی	کمپنی اور گروپ کمپنیوں کے اخراجات کو کم سے کم کرنے کے لیے متناسب بنیادوں پر مشترکہ وسائل/ اخراجات کا تبادلہ کرنا۔

متعلقہ فریق سیلین دین کی تفصیلات سالانہ رپورٹ کے صفحہ 217 پر ظاہر کی گئی ہیں۔

کریڈٹ ریٹنگ

کریڈٹ ریٹنگ پاکستان میں اداروں کے کریڈٹ ساکھ کا جائزہ پیش کرتی ہے۔ PACRA نے 2008 سے، جب کمپنی نے اپنی درجہ بندی کا عمل شروع کیا، کمپنی کے لیے بالترتیب AA+ اور A1+ پر طویل المدت اور قلیل المدت ادارے کی درجہ بندی برقرار رکھی ہے۔ یہ درجہ بندی کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہیں اور مالی وعدوں کی بروقت ادائیگی کے لیے بہت مضبوط صلاحیت کی نشاندہی کرتی ہیں۔ NEL کی طویل مدتی درجہ بندی AA- کے طور پر برقرار ہے اور مختصر مدت کی درجہ بندی A1+ ہے جو بہت ہی اعلیٰ کریڈٹ کوالٹی اور مالی وعدوں کی بروقت ادائیگی کے لیے بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔ یہ صلاحیت قابل ذکر واقعات کے لیے نمایاں طور پر کمزور نہیں ہے۔

مالیاتی گوشوارے

کمپنی کے غیر مجتمع اور مجتمع مالیاتی گوشواروں کا آڈٹ میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، آڈیٹرز نے مکمل جانچ کے بعد کیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز کو سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک اور کوڈ آف کارپوریٹ گورننس کی تعمیل کی تصدیق کرتے ہیں:

1. کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور اس کی ایکویٹی میں تبدیلیوں کو بہتر انداز میں پیش کیے گئے ہیں۔
2. کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
3. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
4. IFRSs جیسا کہ پاکستان میں اطلاق ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی روانگی کا مناسب طور پر انکشاف کیا گیا ہے۔ اور
5. جاری توثیق کے طور پر جاری رکھنے کی کمپنی کی صلاحیت میں کوئی شک نہیں ہے۔

مالیاتی کارکردگی کا خلاصہ

ذریعہ رسال کے دوران گروپ کی مالی جھلکیاں حسب ذیل ہیں

روپے ملین میں

مربوط	30 جون 2024 کو ختم ہونے والا سال	30 جون 2023 کو ختم ہونے والا سال
ٹرن اور	130,526	114,263
آمدنی کی لاگت	62,180	61,485
خالص منافع	70,018	57,554
کمائی فی شیئر (روپے)	53.98	44.37

* ہولڈنگ کمپنی کے ماکان سے منسوب

رواں مالی سال کے دوران مجموعی خالص منافع 70,018 ملین روپے رہا جس کے نتیجے میں فی حصص آمدنی 53.98 روپے رہی جس کے مقابلے میں گزشتہ سال 57,554 ملین روپے اور فی حصص آمدنی 44.37 روپے تھی۔ منافع میں اضافے کی بنیادی وجہ ایسوی ایٹس اور جوائنٹ ونچرز کے منافع کا زیادہ حصہ ہے۔

روپے ملین میں

غیر مربوط	30 جون 2024 کو ختم ہونے والا سال	30 جون 2023 کو ختم ہونے والا سال
ٹرن اور	41,534	44,516
آمدنی کی لاگت	11,101	18,875
خالص منافع	33,879	30,942
کمائی فی شیئر (روپے)	26.12	23.85

ذریعہ رسال کے دوران کمپنی کا غیر مربوط خالص منافع 33,879 ملین روپے ہے اور 26.12 روپے فی حصص آمدنی ہے۔ اس کے مقابلے میں گزشتہ سال کا خالص منافع 30,942 ملین روپے اور فی حصص آمدنی 23.85 روپے تھی۔ غیر مربوط منافع میں اضافہ بنیادی طور پر جب پلانٹ میں مرمت اور دیکھ بھال کے کم اخراجات اور ذیلی اداروں سے ہونے والے زیادہ منافع کی آمدنی کی وجہ سے ہوا۔ ذخائر میں تخصیص اور نقل و حرکت کا انکشاف سالانہ رپورٹ کے صفحہ 174 پر ایکویٹی میں تبدیلیوں کے گوشوارے میں کیا گیا ہے۔

متعلقہ فریق سے لین دین

بورڈ آڈٹ کمیٹی نے متعلقہ فریق کے لین دین کا جائزہ لیا اور بورڈ نے ان کی منظوری دی۔ یہ لین دین کے معاملات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کمپنیز ایکٹ، 2017 اور کمپنی کی متعلقہ فریق کے لین دین کی پالیسی کے تقاضوں کے مطابق تھے۔ کمپنی ایسے تمام لین دین کا مکمل اور باضابطہ ریکارڈ رکھتی ہے۔

کمپنی نے باہمی طور پر متفقہ شرائط پر درج ذیل متعلقہ فریق کیساتھ لین دین ان کے جواز کے ساتھ کیا ہے:

مذکورہ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس ہوئے۔ ڈائریکٹرز کی حاضری حسب ذیل تھی:

نام	حاضری
جناب ایم حبیب اللہ خان	6/6
جناب علی خان	6/5
محترمہ عالیہ خان	6/5
جناب منظور احمد صاحب	6/6
جناب سعد اقبال	6/6
جناب شفیع الدین غنی خان	6/6
ڈاکٹر ندیم عنایت	5/2
محترمہ شمیہ ممتاز زہری	6/3
جناب محمد کامران کمال	6/6
جناب سید بخشیار کاظمی	1/1

جناب سید بخشیار کاظمی کو مئی 2024 میں ڈاکٹر ندیم عنایت کی جگہ ایک آزاد ڈائریکٹر کے طور پر مقرر کیا گیا تھا۔

شیئر ہولڈنگ کا نمونہ

کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ شیئر ہولڈنگ کا پیرن اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز اور کلیدی اہل کاروں اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص کی تجارت کی تفصیلات سالانہ رپورٹ کے صفحہ 344 پر دی گئی ہیں۔

بورڈ کی کمیٹیاں

بورڈ کمیٹیوں اور ان کے ممبران کو سالانہ رپورٹ کے صفحے 32 نمبر پر ظاہر کیا گیا ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کا معاوضہ

چیئر مین، نان ایگزیکٹو ڈائریکٹرز اور انڈیپنڈنٹ ڈائریکٹرز مینٹننگز میں شرکت کے لیے صرف فیس کے حقدار ہیں۔ معاوضے کی سطحیں مناسب ہیں اور مطلوبہ ذمہ داری اور مہارت کی سطح سے مطابقت رکھتی ہیں تاکہ کمپنی کو کامیابی کے ساتھ اس کی قدر میں اضافے کے لیے چلایا جاسکے۔ 30 جون 2024 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے لیے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضے، مالیاتی گوشواروں کے صفحہ 216 پر ظاہر کیے گئے ہیں۔

ڈائریکٹرز کی تربیت

نو (9) ڈائریکٹرز میں سے، ایک (1) ڈائریکٹر کو کارپوریٹ گورننس لیڈرشپ سکول (CGLS) ٹریننگ سے مستثنیٰ قرار دیا ہے جس کی بنیاد ان کا بطور ڈائریکٹر بورڈ آف لسٹڈ کمپنیز میں تجربہ ہے۔ بورڈ کے کل سات اراکین سند یافتہ ڈائریکٹرز ہیں۔

داخلی مالیاتی کنٹرول کی مناسبت

ڈائریکٹرز کو کارپوریٹ گورننس کے اعلیٰ ترین معیار کی تعمیل کی تصدیق کرتے ہیں اور یہ کہ اندرونی کنٹرول ڈیزائن کے لحاظ سے درست ہیں اور ان پر مؤثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے۔

مستقبل کا منظر نامہ

قابل تجدید توانائی کے منصوبے

اگرچہ HUBCO کے توسیعی منصوبے کے لیے غیر پاور جنریشن کا تنوع اہم ہے لیکن کمپنی اس بات سے بھی بخوبی آگاہ ہے کہ قابل تجدید توانائی (RE) پاور جنریشن کے اہم کاروباری مواقع پاکستان کی مجموعی توانائی کی سیکورٹی کے لیے اہم ہیں۔ ہم RE (ونڈ، سولر، بیٹری انرجی سٹوریج اور ہائبرڈ) پراجیکٹس کے لیے قابل عمل قومی اور ڈسٹری بیوشن کی سطح کے پراجیکٹس کا جائزہ لیتے رہتے ہیں اور ان پراجیکٹس میں حصہ لینے کے لیے پوری طرح پرعزم ہیں جو تمام اسٹیک ہولڈرز کے لیے باہمی شراکت اور قدر رکھتے ہوں۔

K-Electric کے قابل تجدید توانائی کے منصوبوں کے لیے HUBCO مسابقتی بولی کے مرحلے میں حصہ لے رہا ہے جس کی مجموعی استعداد 640 میگا واٹ ہے جس میں دھابھی گرڈ اسٹیشن کے قریب 220 میگا واٹ استعداد کا پاکستان کا پہلا ونڈ سولر ہائبرڈ پراجیکٹ بھی شامل ہے۔ ہم سمجھتے ہیں کہ یہ بہت سے دوسرے قابل تجدید منصوبوں میں سے ایک ہوگا جو HUBCO مستقبل میں شروع کرے گا۔

الیکٹریک گاڑیوں کی آمد

HUBCO بذریعہ HPHL نیوانرجی ویکیل (NEV) کاروبار کرنے جا رہا ہے۔ یہ تصور کیا جاتا ہے کہ اگلے چند سالوں میں، عالمی آٹوموبیل سیکٹر توانائی کے بنیادی ذریعہ کے طور پر برقی توانائی کے شعبے کی جانب ترقی کر جائے گا۔ کمپنی توانائی کی نئی مصنوعات اور خدمات میں حصہ لینے کے لیے امید افزا مواقع کے تلاش میں رہتی ہے جو وسیع پیمانے پر انھیں اپنانے کے قابل بنائے اور جیسے جیسے وہ شعبے ترقی کریں گے، ہماری کمپنی مضبوط کاروباری مواقع پر عمل پیرا ہوگی۔

پانی کے منصوبے

کمپنی گندے پانی کی ری سائیکلنگ کے لیے پبلک پرائیویٹ پارٹنرشپ طریقہ کار کی سلسلے میں ممکنہ منصوبوں کے لیے اپنی کوشش جاری رکھے ہوئے ہے۔

کمپنی ویسٹ واٹر (ناکارہ پانی) کو دوبارہ کارآمد بنانے کے لیے پبلک پرائیویٹ پارٹنرشپ کے منصوبوں کے امکانات تلاش کر رہی ہے۔ HUBCO ویسٹ واٹر کو دوبارہ کارآمد بنانے کی اہلیت کے ساتھ سائٹ انڈسٹریل ایریا کراچی میں رائٹ آف فرسٹ ری فیوزل حاصل کی ہے اور مسابقتی بولی میں شرکت کا جائزہ لے رہی ہے۔

گورننس

بورڈ آف ڈائریکٹرز

بورڈ نے کمپنی کی اسٹریٹجک سمت، سالانہ کارپوریٹ منصوبوں اور اہداف، طویل مدتی سرمایہ کاری اور قرض لینے کا جائزہ لیا۔ بورڈ گورننس کے اعلیٰ ترین معیار کو یقینی بنانے کے لیے پرعزم ہے۔ کمپنی کا موجودہ بورڈ آف ڈائریکٹرز بشمول غیر منتخب ڈائریکٹرز درج ذیل پر مشتمل ہے:

ترتیب	
4	آزاد ڈائریکٹرز
2	دیگر نان ایگزیکٹو ڈائریکٹرز (مرد)
1	ایگزیکٹو ڈائریکٹرز
2	نان ایگزیکٹو ڈائریکٹرز (خواتین)

آپریشنل جھلکیاں

کمپنی کے پاور جنریشن شیئرز کا جائزہ

آپریٹنگ ماتحت اداروں اور ایسوسی ایٹس سمیت گزشتہ چھ سالوں میں کمپنی کا پاور جنریشن حصہ حسب ذیل ہے:

مالی سال	پاکستان میں بجلی کی پیداوار (GWh)	کمپنی کا حصہ (GWh)	فیصد (%)
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	157,880	9,265	5.9%
2022-23	138,210	4,728	3.4%
2023-24	130,617	5,004	3.8%

* تجارتی آپریشنز شروع کرنے سے پہلے TEL اور TNPTL کے ذریعے پیدا کردہ 359 گیگا واٹ شامل ہیں۔

زیر جائزہ سال کے دوران ہمارے پلانٹس اور ایسوسی ایٹس کی تجارتی آپریشنز کی جھلکیاں درج ذیل ہیں:

پلانٹ کا نام	مالی سال 24-2023	مالی سال 23-2022
TEL پلانٹ (on Oct 1, 2022 COD)	1,940 GWh	1053 GWh
TNPTL پلانٹ (on Feb 17, 2023 COD)	1,971 GWh	758 GWh
CPHGC پلانٹ	476 GWh	1546 GWh
لاریب پلانٹ	416 GWh	345 GWh
ناروال پلانٹ	201 GWh	470 GWh
حب پلانٹ	Nil	205 GWh

ہم ایک پائیدار درآمدات کی متبادل حکمت عملی تیار کرنے کے لیے پرعزم ہیں۔ ان پلانٹس کو معیار کے لحاظ سے اعلیٰ درجہ دیا گیا ہے کیونکہ یہ درآمدی ایندھن کے مقابلے میں بجلی کی پیداوار کی کافی کم لاگت پیش کرتے ہیں۔ دونوں پلانٹس نے سال کے دوران (درآمد شدہ RLNG پر مبنی پلانٹس کے مقابلے میں) 380~ ملین امریکی ڈالر کے تخمینہ شدہ غیر ملکی کرنسی کی بچت کی ہے۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کی سالانہ رپورٹ کو اس کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ پیش کرنے پر خوش ہیں۔

کمپنی کے بارے میں

حب پاور کمپنی لمیٹڈ (HUBCO) پاکستان کی پہلی خود مختار پاور پروڈیوسر (IPP) ہے اور اب یہ براہ راست اور بالواسطہ طور پر اپنا کام کرتی ہے نیز 3,581 میگا واٹ کی مشترکہ نصب شدہ بجلی پیدا کرنے کی استعداد کے ساتھ مختلف پاور پلانٹس کی مالک ہے اور انھیں چلاتی بھی ہے۔

حب پلانٹ، موضع کنڈ، حب، صوبہ بلوچستان میں واقع ہے اور 1,292 میگا واٹ کا آرایف او سے چلنے والا تھرمل پاور پلانٹ ہے۔ نارووال انرجی لمیٹڈ، جبکو 100 فیصد ملکیتی ذیلی ادارہ ہے اور 225 میگا واٹ کا آرایف او سے چلنے والے انجن پرنی کمبائنڈ سائیکل پاور اسٹیشن ہے جو پنجاب میں موضع پونگ، نارووال پنجاب میں واقع ہے۔

کمپنی پاکستان کے پہلے ہائیڈرو پاور پلانٹس میں بھی 75 فیصد ملکیت رکھتی ہے جو آزاد جموں و کشمیر میں نیو یونگ ایسیکپ کے قریب 84 میگا واٹ ہائیڈرو پاور پلانٹ ہے۔ یہ پراجیکٹ اقوام متحدہ کے فریم ورک کونشن برائے موسمیاتی تبدیلی کے تحت CDM ایگزیکٹو بورڈ کے ذریعے کلین ڈویلپمنٹ میکانزم (CDM) پراجیکٹ کے طور پر رجسٹرڈ ہے، اس طرح پاکستان/آزاد جموں و کشمیر میں پہلا ہائیڈرو پاور پراجیکٹ بننے کا اعزاز حاصل ہے جسے UNFCCC کے ساتھ بطور CDM رجسٹر کیا گیا ہے۔ زیر جائزہ سال کے دوران، LEL نے بغیر ایندھن کی لاگت کے قومی گزڈ میں 416 گیگا واٹ صاف توانائی کا حصہ ڈالا، اس طرح ملک کے لیے 34 ملین امریکی ڈالر کی بچت ہوئی۔

HUBCO نے اپنے مستقبل کے ترقیاتی اقدامات کے لیے دو مکمل ملکیتی ذیلی ادارے قائم کیے ہیں جن میں حب پاور سروسز لمیٹڈ (HPSL) اور حب پاور ہولڈنگز لمیٹڈ (HPHL) شامل ہیں۔ HPHL کو مستقبل میں ترقی کے منصوبوں میں سرمایہ کاری کے لیے شامل کیا گیا ہے۔ جبکہ HPSL کمپنی کے موجودہ پاور اثاثوں کے O&M کا انتظام کرنے سمیت تھر، سندھ میں دیسی کونکے پرنی ترقیاتی منصوبے۔ چائنا پاور حب جزییشن کمپنی لمیٹڈ (CPHGC)، چائنا پاور انٹرنیشنل ہولڈنگز (CPIH) کے ساتھ ہمارا منصوبہ ہے جس میں 1320 میگا واٹ درآمدی کونکے پرنی پاور پلانٹ اور حب میں واقع ایک مربوط کول جیٹی شامل ہے، کا انتظام چلاتی ہے۔

HUBCO نے 60 فیصد ایکویٹی ملکیت کے ساتھ تھر انرجی لمیٹڈ (TEL) قائم کیا جس کے پاس تھر بلاک II، سندھ میں 330 میگا واٹ کا مائن ماؤتھ لگنائٹ سے چلنے والا پاور پلانٹ ہے۔ دریں اثنا، فوجی فریڈائزر کمپنی لمیٹڈ (FFCL) اور چائنا مشینری انجینئرنگ کارپوریشن (CMEC) کے پاس بالتز جیب 30 فیصد اور 10 فیصد ایکویٹی حصص ہیں۔

HPHL کے پاس تھل نو پاور تھر پرائیویٹ لمیٹڈ (TNPTL) میں 38.3 فیصد شیئرز اور مینجمنٹ کنٹرول ہے جو تھر بلاک II، سندھ میں 330 میگا واٹ کا مائن ماؤتھ لگنائٹ سے چلنے والا پاور پلانٹ ہے۔

کمپنی سندھ اینڈ کول مینٹنگ کمپنی لمیٹڈ (SECMC) میں بھی وافر حصص رکھتی ہے جو پاکستان میں کونکے پیدا کرنے والی معروف کمپنی ہے جس میں تھر میں موجود دنیا کے سب سے بڑے لگنائٹ کونکے کے ذخائر ہیں۔ کان کنی کی گنجائش اب 7.6 Mt / سالانہ ہے جس کے فیڈر II کے ساتھ تھر میں ہمارے دو پاور پلانٹس 330 میگا واٹ ہر ایک کے لیے خدمات مہیا کر رہے ہیں۔ HUBCO ایک شیئر ہولڈر کے ساتھ حتمی معاہدے کے ذریعے SECMC میں اضافی حصص حاصل کر کے اپنے حصص میں مزید اضافہ کرنے کا ارادہ رکھتی ہے۔ مذکورہ منصوبہ ضروری کارپوریٹ اور ریگولیٹری منظوری ملنے کے بعد مکمل ہونے کی توقع ہے۔

HUBCO جو انٹرنیشنل آئل اینڈ گیس کمپنی لمیٹڈ (Prime) کے ذریعے 50:50 کی بنیاد پر پاکستان میں تیل اور گیس کے شعبے میں اپنے منصوبوں میں اضافہ کرنے کے لیے پرعزم ہے۔ زیر جائزہ سال کے دوران، پرائم نے پانچ نئے ترقیاتی کنویں اور ایک ایکسپلوریشن کنواں کھدائی کی ہے اور مستقبل میں بھی اس پروگرام کو جاری رکھنے کا ارادہ رکھتی ہے۔ پرائم نے نئے حاصل کردہ ایکسپلوریشن بلاک ساؤتھ ویسٹ میاٹا III میں تیل و گیس کی تلاش کی سرگرمی شروع کرنے کا بھی منصوبہ بنایا ہے۔ پرائم موجودہ بلاکس کے ساتھ ساتھ پاکستان میں تیل اور گیس کی سرکردہ کمپنیوں کے ساتھ بھی شراکت داری کے ذریعے تیل و گیس کی تلاش اور ترقیاتی سرگرمیوں کو بڑھانے کے مواقع کا جائزہ لے رہی ہے۔

میگا موٹر کمپنی (پرائیویٹ) لمیٹڈ (MMC) کو مئی 2024 میں HPHL کی مکمل ملکیتی ذیلی کمپنی کے طور پر شامل کیا گیا جس نے پاکستان میں نئی توانائی کی گاڑیاں شروع کرنے کے لیے جون 2024 میں BYD آٹو انڈسٹری کمپنی لمیٹڈ کے ساتھ ڈسٹری بیوٹن کا معاہدہ کیا۔



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 (the Company) for the year ended June 30, 2024 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, 2024.

A handwritten signature in black ink, appearing to read 'A. F. Ferguson & Co.', followed by a horizontal line.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: September 7, 2024

UDIN: CR202410080Y4JH8eIhz

Statement Of Compliance

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

The Hub Power Company Limited

For the year ended June 30, 2024.

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

1. The total number of directors are nine (9) as per the following:
 - Male: seven (7)
 - Female: two (2)

2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Manzoor Ahmed Mr. Saad Iqbal Mr. Shafiuddin Ghani Khan Mr. Syed Bakhtiyar Kazmi
Non-executive Directors (Male)	Mr. M. Habibullah Khan Mr. Aly Khan
Executive Director	Mr. Muhammad Kamran Kamal
Non-Executive Directors (Female)	Ms. Aleeya Khan Ms. Samina Mumtaz Zehri

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Companies Act 2017 (the Act) and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. 8 out of 9 directors are duly certified or are exempted from Director’s Training Program;
10. During the year, Board has approved the appointment of Head of Internal Audit, including her remuneration and terms and conditions of employment and compiled with relevant requirements of the regulations. There were no changes in the position of Company Secretary and Chief Financial Officer;
11. The Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed Committees comprising of members given below:

Board Audit Committee	Board Nomination & Compensation Committee
Mr. Manzoor Ahmed (Chairman)	Mr. Saad Iqbal (Chairman)
Mr. Aly Khan	Mr. Aly Khan
Mr. Saad Iqbal	Ms. Aleeya Khan
Mr. Syed Bakhtiyar Kazmi	Mr. Manzoor Ahmed

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance;
14. The frequency of meetings of the Committees were as per following:
 - a) Board Audit Committee: four (4) meetings have been convened during the financial year ended June 30, 2024;
 - b) Board Compensation Committee: one (1) meeting has been convened during the financial year ended June 30, 2024;
15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with; and
19. Explanation for non-compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33 and 36 are below:

- a) Anti-harassment, Diversity, Equity and Inclusion (DE&I) & Sustainability Committees (Regulations 10, 10a and 35)**
Pursuant to the amendment in Listed Companies (Code of Corporate Governance) Regulations, 2019 via Securities and Exchange Commission Pakistan's (SECP) notification (S.R.O. (1)/2024) dated June 12, 2024 a new regulation 10a and amendment to Regulation 10 and 35 have been inserted / added and accordingly, formation of committee for DE&I and sustainability related risks is under review and will be presented to the Board for its approval. The Company has formed an Anti-harassment committee and a policy as approved by the CEO is in place. The Anti-harassment policy is to be placed before the Board in the upcoming meeting for approval. Further, the company may consider to upload synopsis of the terms of reference of the board committees (Board Audit Committee and Board nomination and Compensation Committee), DE&I and sustainability policies on the Company's website, once approved.
- b) Directors Training (Regulation 19)**
Some of the heads and female executives have attended the Directors' Training program in prior years. The Company has identified some of its department heads and female executives as potential candidates along with the board member who has not obtained training for director training program in the next year, 2025.
- c) Risk Management Committee (Regulation 30)**
Risk management committee is not mandatory, and risks are raised and discussed at BAC level therefore, a separate committee for Risk Management is not required



Mr. M. Habibullah Khan

Chairman

Karachi | Date: August 26, 2024

Independent Assurance Report To The Board of Directors

on the Statement of Compliance with the Shariah Governance Regulations, 2023 and Sukuk (Privately Placed) Regulations, 2017 For The Year Ended June 30, 2024



1. Introduction

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, 2023 (the Regulations) and Sukuk (Privately Placed) Regulations, 2017- External Shariah Audit of the Company 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, Sukuk-11 amounting to Rs. 6,000 million, Sukuk-12 amounting to Rs. 6,000 million and Sukuk-13 amounting to Rs. 6,000 million (collectively referred to as "the Sukuk") having Shariah implications with the Shariah principles (criteria specified below) for the year ended June 30, 2024. 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, 2023 and Sukuk (Privately Placed) Regulations, 2017 for the year ended June 30, 2024 (the Statement) (underlying subject matter information) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

- a) legal and regulatory framework administered by the Commission;
- b) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by Commission;
- c) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- d) guidance and recommendations of the Shariah advisory committee, as notified by Commission; and,
- e) approvals, rulings or pronouncements of Shariah Supervisory board or the Shariah Advisor of the Company, in line with (a) to (d) above.

Our engagement was carried out as required under Regulation 29 of Chapter VII of the Regulations in the above criteria.

The above criteria were evaluated for their implications on the documents and transactions of the Sukuk issued by the company as reflected in the annexed Statement of Compliance for the year ended June 30, 2024.

3. Management's Responsibility for Shariah Compliance

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 with its sukuk holders, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. 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.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan (the Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management (ISQM-1) "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or 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. Our Responsibility and Summary of the Work Performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company's financial arrangements, contracts, and transactions in relation to the Sukuk having Shariah implications with Shariah principles, in all material respects for the year ended June 30, 2024 based on the evidence we have obtained. We conducted our reasonable assurance engagement 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 compliance of the Company's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement in relation to the Sukuk.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with Shariah principles 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 in relation to the Sukuk having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles.

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

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Company's financial arrangements, contracts and transactions for the year ended June 30, 2024 in relation to the Sukuk are in compliance with the Shariah principles, in all material respects.

Reanda Haroon Zakaria Aamir Salman Rizwan & Co

**Reanda Haroon Zakaria Aamir Salman Rizwan &
Company Chartered Accountants**

Place: Karachi

Dated: August 26, 2024

Statement of Compliance with the Shariah Governance Regulations, 2023 & Sukuk (Privately Placed) Regulations 2017

For The Year Ended June 30, 2024

This Statement of Compliance (the Statement) for the year ended June 30, 2024, is being presented to comply with the requirements under the Shariah Governance Regulations, 2023 and Sukuk (Privately Placed) Regulations, 2017 (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-3 amounting to Rs. 7,000 million, Sukuk-5 amounting to Rs. 5,000 million, Sukuk-11 amounting to Rs. 6,000 million, Sukuk-12 amounting to Rs. 6,000 million and Sukuk-13 amounting to Rs. 6,000 million (collectively referred to as "the Sukuk") for the year ended June 30, 2024, 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:

- a) Rules, regulations and directives issued by the SECP;
- b) Pronouncements of Shariah Supervisory Board;
- c) Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and
- d) 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 Report

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 period ended on 30th June 2024

This was the overall 14th & last Shariah review of this instrument since its issuance.

Our Opinion:

We have conducted the Shari'ah review of the said Sukuk for the period ended on 30th June 2024 in accordance with the provisions of **Shariah Governance Regulations, 2023 & Sukuk (Privately Placed) Regulations, 2017** and in our opinion.

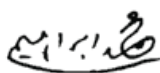
- a) The transactions & the relevant documentation and the procedures adopted have been in accordance with the rules and principles of Shariah.
- b) The affairs have been carried out in accordance with rules and principles of Shariah.
- c) Further, no Shariah non-compliant income has been earned by the participants during the period, 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 period.

Further, the last buyout took place on 15 March 2024 as mentioned in the Revised Purchase Undertaking and the principal amount was paid to the participants.

Therefore, 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
Head-Research & Development

Dated: July 3, 2024

Shariah Compliance Review Report

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 period ended on 30th June 2024

This was the overall 12th & last Shariah review of this instrument since its issuance.

Our Opinion:

We have conducted the Shari'ah review of the said Sukuk for the period ended on 30th June 2024 in accordance with the provisions of **Shariah Governance Regulations, 2023 & Sukuk (Privately Placed) Regulations, 2017** 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) No Shariah non-compliant income has been earned by the participants during the period, 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 period.

Further, the last buyout took place during the period on 24 August 2023 as mentioned in the Purchase Undertaking and the principal amount was paid to the participants.

Based on our review, overall the Security is Shariah Compliant and was completed in Shariah compliant manner.

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
Head-Research & Development

Dated: July 4, 2024

Shariah Compliance Review Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Hub Power Company Limited - Short Term Sukuk

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

Dear Sir,

Assalam o Alaikum

Shariah Review Report for the period ended 30th June 2024

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 6,000 Mn**, a Shariah Compliant instrument issued by The 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 will be accounted for in the calculation of Shirkat ul aqd profit which will be further distributed to the sukuk holders.



Hafiz Muhammad Shoaib

CNIC# 31201-1550326-9

SECP/IFD/SA/146

Dated: July 9, 2024

Corporate Governance

AGM Issues and Responses

The 32nd Annual General Meeting of the Company was held on October 16, 2023. 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.

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 always 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, exclusive of SRB taxes per year. Mufti Hafiz Muhammad Shoaib is the Shariah Advisor for Short Term Sukuk, and the remuneration is covered under the arrangement fee of Meezan Bank Limited. Reanda Haroon Zakaria Aamir Salman Rizwan & Company Chartered Accountant is our Shariah External Auditor for these sukuks and their remuneration is fixed at Pak Rupees One Hundred Sixty Five Thousand and any applicable SRB taxes.

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 companies, Trading companies, 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 Hafiz Muhammad Shoaib is a Shariah Scholar carrying more than 7 years' experience of Shariah Compliance in multiple organizations including AL Ghani Motors, Arif Habib Power Cement, Salaam Takaful, Soneri Bank and Meezan bank. Currently, he is serving in Meezan bank as SCD analyst.

He graduated from Jamia Dar ul Uloom Karachi and obtained his Shahadatul Alamia (Masters in Arabic and Islamic Studies) from there in 2017. After that, he secured 3 years Takhassus fi Fiqh il Muamlat (Specialization in Islamic Commercial Law and Management Sciences) from Jamia tur Rasheed Karachi in 2020. He has done 16 year's BS from University of Karachi and Master of Business Administration from Institute of Business Management (IoBM) Karachi. He is also a Certified Shariah Auditor and Advisor (CSAA) from AAOIFI and authorized Shariah advisor from Securities and exchange commission of Pakistan (SECP).

Mufti Shoaib has also been associated as visiting faculty member with multiple institutes i.e. Madaris and Universities in Pakistan and taught different courses specifically about Islamic jurisprudence and Islamic Finance. During his banking career, he has served as Islamic Banking Trainer and has also conducted multiple Awareness sessions of Islamic Banking to create awareness about Islamic Banking concepts and practices among the general public and academia.

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.

Board's Performance Evaluation

The Board's performance was carried out internally and no external consultant was engaged.

Orientation for Directors

The Chairman of the Board issued a formal letter to the newly appointed director outlining their role, obligations, powers, and responsibilities in accordance with the Act and the company's Articles of Association. The letter also detailed their remuneration and entitlements.

Diversity in the Board

The qualifications and composition of the Company's Board of Directors comply with the requirements established by the Companies Act 2017, the Code of Corporate Governance 2019, and the best practices outlined in the Articles of Association.

Board meetings held outside Pakistan

All board meetings were conducted in Pakistan only.

Safety of Records

The Company's Record Retention Policy is a critical component of its Business Continuity Plan (BCP), focusing on preserving records of significant or permanent value beyond legal requirements. These documents are securely stored to ensure rapid access when necessary. The archive encompasses well-preserved books of account and documentation related to secretarial, legal, contractual, taxation and other matters, organized as follows:

- Data is continuously backed up in real-time at both on-site and off-site locations on the cloud.
- Secure storage includes state-of-the-art protections against physical deterioration, fire, natural disasters, and similar risks.
- Access to records follows a management hierarchy system with password security.
- Whistleblowing procedures are implemented for immediate reporting of any security breach or damage to records, as per the information security policy.
- A remote Disaster Recovery site is established to provide immediate backup for all primary data, aligned with business continuity practices.
- Responsibility for safeguarding record systems is delegated within individual company departments.
- Printed data is electronically backed up, facilitating efficient retrieval of necessary documents through controlled access and authorization systems in a secure environment.

Board's Statement on Business Continuity and Disaster Recovery Plan

A robust Business Continuity Plan (BCP) in the realm of IT is crucial for ensuring seamless operations and mitigating risks during unforeseen disruptions. Our comprehensive BCP encompasses strategies and procedures designed to maintain essential IT services and minimize downtime in case of disasters or emergencies. Key components include establishing redundant systems such as a Disaster Recovery (DR) site, where critical data and applications like Oracle ERP are replicated and ready for immediate deployment if the primary site fails. Regular testing and simulation exercises, integral to the BCP, ensure that recovery processes are well-rehearsed and can be swiftly executed when needed.

A comprehensive Disaster Recovery Plan (DRP) is in place, and a DR site is established for critical systems, including Oracle ERP, ensuring robust business continuity. Regular data synchronization between the primary site and the DR site is configured to enable seamless switching in disaster scenarios. Additionally, as part of the BCP, data is regularly backed up to a Cloud Library to safeguard against malware attacks and ensure swift recovery processes.

Board Audit Committee Report

Composition of the Committee

The Audit Committee of HUBCO is composed of four non-executive directors. The Chairman of the Committee is financially literate and an independent director, ensuring unbiased oversight and governance.

The Head of Internal Audit has been appointed as the secretary of the Committee. The Chief Financial Officer and other senior officials attend the Committee meetings on invitation.

Financial Statements

The Committee reviews the quarterly, half yearly and annual performance of the Company, including its financial position and cashflows.

The Committee has ensured that the Company's financial statements present a fair, balanced, and understandable picture of the company's financial position and performance, and reports that:

- The standalone and consolidated financial statements for the year ended June 30, 2024 have been prepared on a going concern basis and 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.
- The financial statements give a true and fair view of the state of the Company's affairs as of June 30, 2024, and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.
- The auditors have concluded the audit of above financial statements in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan and issued unmodified audit reports.
- Major judgmental areas and significant adjustments have been thoroughly reviewed and adequately addressed in the financial statements.
- Accounting policies and practices have been disclosed in the financial statements and consistently applied.
- The transactions with related parties have been conducted at mutually agreed terms and conditions and properly disclosed in the financial statements as reviewed by the Committee and approved by the Board.
- The Committee evaluated the appropriateness of key accounting estimates and judgments made by management, ensuring they were reasonable and in line with industry practices.
- The issue of circular debt remains a significant challenge for the company. The Committee reviewed the impact of circular debt on the company's cash flows and financial stability. The financial statements include detailed disclosures on the circular debt situation, outlining its implications for HUBCO's operations and financial health.
- The independent auditor's have reviewed and certified the Company's statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 in a Review Report issued thereon.
- The committee ensured that significant issues were thoroughly reviewed and adequately addressed in the financial statements to reflect a true and fair view of the company's financial health.

Risk Management and Internal Control

The Audit Committee has a comprehensive approach to risk management and internal control, guided by HUBCO's Enterprise Risk Management (ERM) framework and Statement of Internal Control System. This includes regular assessments of the company's risk profile, implementation of robust internal control systems, and continuous monitoring of compliance with regulatory requirements.

The ERM framework ensures the identification, assessment, and mitigation of risks across all levels of the organization. The outcomes of these processes are transparently disclosed in the annual report, demonstrating the company's commitment to maintaining high standards of risk management and internal control.

The internal control system is designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Board reviews the effectiveness of established internal controls through the Audit Committee, which receives reports from management, Internal Audit, and the external auditor on the systems of internal control and risk management arrangements. The Audit Committee ensures that necessary actions are taken to address any significant failings or weaknesses identified.

Role of Internal Audit

The Company has established an independent Internal Audit function, integral to HUBCO's risk management and internal control framework.

The Internal Audit team has direct access to the Audit Committee, ensuring independence and objectivity in their evaluations.

The committee regularly reviews the performance of the Internal Audit function, ensuring it operates effectively and contributes to the overall governance framework of the company.

The internal audit function executed its tasks in alignment with the annual internal audit plan approved by the Committee, along with additional special assignments as directed by the Committee. The internal audit team also ensured the implementation of the company's risk management and ethics policies.

Management facilitated coordination between the internal and external auditors to ensure efficient audit processes and transparency in maintaining a reliable financial reporting and internal control system.

Confidential Reporting and Remedial Measures

The committee has established arrangements for staff and management to report any concerns about actual or potential improprieties confidentially.

External Audit Process

The Audit Committee discussed the audit process and observations with the external auditors of the Company, A.F. Ferguson & Co., Chartered Accountants. The committee also gave the opportunity to the auditors to report any matters in the absence of any company officials including the CFO and Head of Internal Audit.

The Audit Committee assessed the effectiveness of the external audit process by reviewing the auditor's performance, independence, and objectivity.

The committee follows a rigorous approach to the appointment or reappointment process of the external auditors. Being eligible, the auditors have offered themselves to be reappointed for the financial year ending June 30, 2025.

Recommendation of External Auditors

There were no recommendations to replace the external auditors before the completion of their term. The current external auditors have consistently met the committee's performance expectations and maintained their independence.

Fairness of the Annual Report

The Audit Committee believes that the Annual Report is fair, balanced, and understandable. It provides comprehensive information to shareholders, enabling them to assess the company's position, performance, business model, and strategy accurately.

Whistle-Blowing Incidents

The Company has established confidential reporting channels to ensure concerns regarding unethical behaviour, policy breaches, or misconduct are reported without fear of retaliation or discrimination.

The Committee reviews the number of reports and their outcomes on a quarterly basis. The committee ensures the reported incidents are thoroughly investigated, and appropriate actions are taken to address any issues raised. The committee continues to encourage a culture of transparency and accountability within the organization.

This report outlines the diligent efforts of the Audit Committee in maintaining robust governance and oversight at HUBCO, ensuring the company remains resilient and prepared for future challenges.

Manzoor Ahmed

Chairman - Board Audit Committee
The Hub Power Company Limited

Calendar of Corporate Events

Actual Dates for The Financial Year 2023-24

Board Approval of Financial Statements for First Quarter ended September 30, 2023

OCTOBER 26, 2023

Board Approval of Financial Statements for Third Quarter ended March 31, 2024

APRIL 29, 2024

Board Approval of Financial Statements for Second Quarter ended December 31, 2023

FEBRUARY 14, 2024

Board Approval of Financial Statements for Fourth Quarter and year ended June 30, 2024

AUGUST 26, 2024

Tentative Dates for The Financial Year 2024-25

Board Approval of Financial Statements for First Quarter ended September 30, 2024

(Last week of **OCTOBER 2024**)

Board Approval of Financial Statements for Third Quarter ended March 31, 2025

(Last week of **APRIL 2025**)

Board Approval of Financial Statements for Second Quarter ended December 31, 2024

(Last week of **FEBRUARY 2025**)

Board Approval of Financial Statements for Fourth Quarter and year ended June 30, 2025

(Last week of **AUGUST 2025**)

Calendar Of Major Events



Final Cash Dividend for year ending June 30, 2023, dispatched to shareholders on

Oct
27, 2023



1st Interim cash Dividend dispatched to shareholders on

Nov
20, 2023



2nd Interim cash Dividend dispatched to shareholders on

Mar
11, 2024



3rd Interim cash Dividend dispatched to shareholders on

May
24, 2024



Incorporation of Mega Motor Company (Private) Limited through wholly owned subsidiary Hub Power Holdings Limited on

May
06, 2024

Stakeholder's Relationship & Engagement

Stakeholder Engagement Policy

Our stakeholder engagement policy fosters transparency, trust and collaboration with all our stakeholders. We identify our stakeholders through a thorough analysis of our business operations and their impact, ensuring we address the needs and concerns of those who influence or are influenced by our activities. Key stakeholders include investors, Customer and suppliers, financial analysts, banks and lenders, media, regulators, employees, local communities and the general public. Engagement with these groups is managed through regular communication, consultations and feedback mechanisms to ensure their interests are considered in our decision-making processes.

Stakeholder Engagement

Stakeholder engagement involves the strategic management of key relationships, detailing the frequency and impact on the Company's performance and value throughout the year. This ongoing process ensures transparency and fosters mutual trust, aligning with business and corporate requirements, including the Code of Corporate Governance, contractual obligations and situational necessities.

Investors / Shareholders

We maintain regular communication with our investors and shareholders through quarterly reports, annual general meetings and periodic updates, ensuring they are well-informed about our financial health and strategic direction.

Customer and Suppliers

Engagement with Customer and our suppliers is crucial for operational efficiency. We hold routine meetings to discuss supply chain management, contract fulfilment and collaborative projects, ensuring a seamless flow of resources and services.

Financial Analysts

Our interactions with financial analysts include quarterly briefings, earnings calls, and one-on-one meetings to provide insights into our financial performance, strategic initiatives and market outlook.

Banks and Other Lenders

To maintain strong financial partnerships, we engage with banks and other lenders through regular financial reviews, compliance reporting and strategic discussions on financing needs and opportunities.

Media

We leverage multiple communication mediums to keep the public informed about new developments, activities and initiatives. This strategy ensures transparency, fosters trust and enhances our corporate image. Our approach includes timely press releases, active social media engagement and print and electronic article publications.

Regulators

We engage with regulatory bodies through formal submissions, compliance audits and regular consultations to ensure adherence to legal and industry standards.

Employees

Our employees are our greatest asset. We foster open communication through town hall meetings, feedback mechanisms and open door policy, promoting a positive and inclusive work environment

Local Community and General Public

Beyond our engagement with local communities near our plant sites, HUBCO extends its outreach to the broader public through robust community development programs and CSR initiatives. Our CSR Department focuses on critical intervention areas: education, health, livelihood and infrastructure development, with the goal of uplifting and empowering society. By aligning our efforts with the United Nations' Sustainable Development Goals, we ensure that our initiatives drive meaningful global progress and create a lasting positive impact on communities.

Encouraging Minority Shareholders to Attend General Meetings

Our management takes proactive steps to encourage minority shareholders to attend general meetings and actively participate in the decision-making process. We ensure timely and transparent communication by providing early notifications about upcoming meetings, including detailed agendas and relevant materials. Meetings are scheduled at accessible locations and convenient times, with virtual participation options available for broader accessibility. We conduct Q&A sessions to engage shareholders and address their concerns. Additionally, we welcome feedback from all shareholders to continuously improve our meeting process and engagement strategies, demonstrating our commitment to fostering an inclusive environment where all shareholders can contribute to the company's governance and growth

Investor Relations

We maintain a dedicated Investor Relations section on our corporate website to ensure transparent and effective communication with our investors. This section provides comprehensive information on the following:

- Financial Reports and Ratios
- Investor Presentations
- Important Notices
- Shareholder Information
- Financial Results/Dividends
- Shareholding & Free Float
- Election of Directors
- Compliance Updates

By offering timely and detailed disclosures, we aim to keep our investors well-informed and engaged with our company's progress and plans.

Statement of Value Added and Its Distribution:

Our value-added statement reflects our commitment to equitable distribution among various stakeholders, ensuring sustainable growth and shared prosperity. The graphical presentation below illustrates how the value generated by the company is distributed:



Employees as Remuneration

We prioritize our employees' well-being by providing competitive salaries, benefits and incentives. A significant portion of the value added is allocated as remuneration to recognize and reward their contributions.



Shareholders as Dividends

We ensure that our shareholders receive a fair return on their investment through regular dividend payouts. This reflects our commitment to delivering consistent value to our investors.



Society as Donations

As part of our Corporate Social Responsibility (CSR) we allocate funds for donations and community development projects. These initiatives support education, healthcare, livelihood and infrastructure development, contributing to societal well-being.



Government as Taxes

We recognize our role in contributing to national and local economies through various tax obligations. Our tax payments include corporate income taxes, sales taxes, and other statutory levies. These taxes are vital in funding public services and infrastructure, supporting social programs, and fostering economic development. By fulfilling our tax responsibilities, we not only comply with legal requirements but also contribute to the stability and growth of the communities in which we operate.



Providers of Financial Capital as Financial Charges

Our financial obligations to providers of capital, such as banks and bondholders, are met through interest payments and other financial charges. This ensures the sustainability of our financial relationships.



Retained within the Business

A portion of the value added is retained within the business to fund future growth, innovation and development. This reinvestment strengthens our financial position and ensures long-term sustainability.

Analyst Briefing:

The company holds annual analysts' briefings to present its business perspective to investors, enabling them to make sound investment decisions. During the year, two analysts' briefings were held, where the CEO and CFO apprised stakeholders of the company's performance and future plans. Analysts' briefings were attended by investment analysts from across the country, representatives of banks and other stakeholders. The presentations were followed by detailed question-and-answer sessions, where queries were satisfactorily addressed, demonstrating the company's commitment to transparent and evolving stakeholder engagement.

Enterprise Resource Planning (ERP) Software

Integrated Inventory Management Across Core Business Processes in a Single System:

We have Oracle ERP which is integrated with the other systems to manage the complete information in a single system. This modular architecture ensures seamless interaction and real-time updates, automating workflows to enhance efficiency and consistency

Management Support in The Effective Implementation and Continuous Updation:

Management regularly oversees all IT projects, including upgrades driven by evolving technology, to ensure continuous improvement. This involves updating systems regularly and monitoring performance to maintain optimal effectiveness and adapt to technological advancements.

User Training for ERP Software:

All ERP users receive regular training, including updates and major changes, to ensure they are well-equipped to utilize the system effectively. Also, the detailed UAT is performed for all the new developments and upgradations.

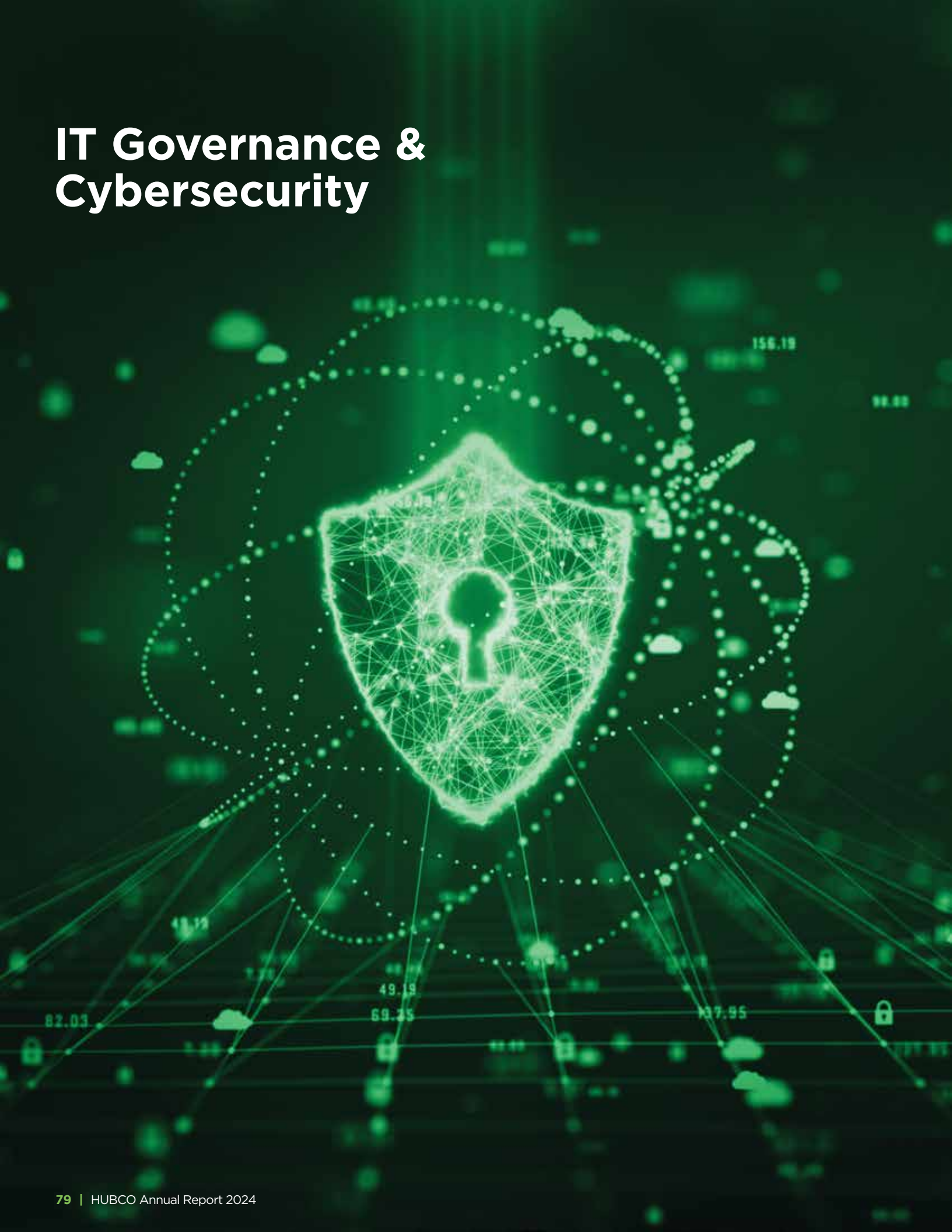
Risk Management Strategies for ERP Projects:

The IT department regularly conducts risk assessments and updates the risk register which also includes risks associated with the ERP system. This updated risk register is reviewed by management, who also evaluates the effectiveness and practicality of the risk mitigation strategies. This thorough review process ensures that potential risks are managed proactively and that mitigation measures are both effective and feasible. Furthermore, the annual external audit verifies that all controls are effectively implemented and that the IT governance structure is properly established. The management letter issued by the external auditors, which outlines their findings and recommendations, is presented to both management and the board of directors, along with a detailed action plan.

Assessing System Security, Access to Sensitive Data and Segregation of Duties:

To ensure robust system security, access control, and segregation of duties, we implement a multi-faceted approach that includes regular system assessment, along with periodic audits and compliance checks with standards. Access to sensitive data is managed through role-based access control (RBAC), multi-factor authentication (MFA), and stringent authorization processes, with regular reviews to adjust access rights as needed. Additionally, segregation of duties (SoD) is established to divide critical tasks among different individuals and periodic reviews to monitor compliance and address any conflicts or exceptions. This comprehensive strategy helps protect sensitive information, prevent fraud and errors, and maintain overall system integrity.

IT Governance & Cybersecurity





Responsibility Statement on Cyber Risks

The IT department of HUBCO consistently evaluates the legal and regulatory framework, following international best practices to effectively mitigate and monitor cyber risks. They routinely monitor changes in laws and regulations, including adherence to the Information Security Management System (ISMS) or ISO-27001 standard. No cyber risk breaches were detected over the year, underscoring their strong commitment to compliance and robust cybersecurity management.



Disclosure Related to IT Governance and Cybersecurity Programs

Under the standards of ISO/IEC 27001 ISMS (Information Security Management System), a comprehensive set of Standard Operating Procedures (SOPs), guidelines, policies, and procedures have been developed to ensure the security of IT assets and data. These encompass a range of policies including but not limited to Information Security Policy, IT Operation Procedures, IT Procurement Procedure, Software Development Life Cycle, Access Control Policy, Cyber Security Policy, Change Management Policy, Password Control Policy etc.



Disclosure Related to Cybersecurity Matters

Management is regularly informed about the performance and assessment of the IT infrastructure as required. Ongoing evaluation of cybersecurity risks is managed through updates to the Risk Register, which includes profiling risks, implementing mitigation strategies, outlining remedial plans, and conducting residual risk analyses. The IT provides updates to the CFO on critical or significant aspects of the IT infrastructure, particularly focusing on maintaining IT asset integrity encompassing confidentiality, integrity, and availability. IT and cybersecurity risks, along with their corresponding controls, are meticulously documented in the Risk Register. The Risk Register undergoes periodic reviews by the IT team and is presented to the Head of Internal Audit at regular intervals..



Early Warning System

The IT department has established information security protocols with objectives that encompass monitoring, detecting, investigating cyber incidents, and implementing preventive and remedial actions against cyber threats. Throughout the year, no specific critical threats emerged. The unit has deployed specific hardware and software to mitigate risks effectively. The NGFW enhances your Early Warning System by providing real-time protection against advanced threats through deep packet inspection and application-layer filtering. It effectively blocks malware, ransomware, and zero-day attacks, ensuring robust security for your critical infrastructure.



Network Security

All network points are secured via firewall with built-in IPS, IDS, DNS protection, DDoS protection, anti-malware and application control etc. The installed firewall is state-of-the-art and has been ranked as leader quadrant by Gartner. Furthermore, all the remote users are given company provided licensed VPN connection to securely and privately connect to critical servers.



End Point Security

All endpoints and hosts are secured using the latest endpoint security solutions, complemented by ePolicy Orchestrator (ePO) and cloud servers. This setup ensures regular updates and maintains the cleanliness and security of all endpoints.



Multi-factor Authentication

Multifactor authentication is enabled for all accounts linked to HubPower, ensuring enhanced security across the board.



Encryption

All the data stored on drives or in state of transition is encrypted using robust encryption algorithms. HUBCO uses Advanced Encryption Standard (AES) as primary encryption algorithm.



Logical and Physical Access Control

HUBCO employs defined access protocols to manage access to all critical systems. Privileged access is strictly controlled using Privileged Access Management (PAM), alongside additional security measures such as multifactor authentication, PIN codes, and biometric authentication. CCTV surveillance systems monitor all premises, and physical access is restricted through RFID cards or biometric scanners.



Security Assessment of Technology Environment

Every year, external auditors conducts thorough audits to evaluate the IT department adherence to the ISMS (Information Security Management System) standard at HUBCO. The audit concludes with the issuance of a comprehensive report that confirms the compliance status of HUBCO's IT. This detailed report outlines the conclusions drawn from the audit findings, including observations and any identified instances of non-conformities. Furthermore, it provides valuable recommendations and suggestions aimed at improving the practices and procedures of the IT department. These recommendations are carefully reviewed and implemented as needed by the IT department to strengthen its security posture and operational resilience. Annual audits ensure that the IT department consistently meets industry standards and actively pursues opportunities for enhancement.

To strengthen HUBCO's cybersecurity posture, the IT department engaged reputable external third-party consultants. These consultants were tasked with conducting thorough cybersecurity assessments, including Vulnerability Assessment and Penetration Testing (VAPT). This initiative aimed to identify and address potential weaknesses in our IT infrastructure and systems. The VAPT process involved simulated attacks to uncover vulnerabilities that could be exploited by malicious actors. By partnering with external experts, HUBCO ensured a rigorous evaluation of our cybersecurity measures, enabling us to proactively enhance our defences and safeguard our operations against emerging cyber threats.



Contingency and Disaster Recovery Plan

At HUBCO, we prioritize the security and continuity of our operations in the face of potential IT failures or cyber breaches. Our resilient contingency and disaster recovery plan is meticulously crafted to ensure swift and effective responses to such incidents. This plan includes but not limited to:

- Risk Assessment and Preparedness: Regular assessments of potential risks and vulnerabilities to our IT infrastructure, ensuring proactive measures are in place to mitigate these risks.
- Incident Response Procedures: Clearly defined protocols for responding to IT failures or cyber breaches, including immediate containment, investigation, and restoration steps.
- Business Continuity Strategies: Strategies to maintain essential services and minimize disruption to operations during and after incidents, ensuring minimal impact on our stakeholders.
- Testing and Validation: Regular testing and validation of our contingency and recovery procedures to ensure they remain effective and up-to-date.



Digital Transformation

HUBCO has transitioned to a fully virtualized infrastructure, utilizing cloud computing services to effectively reduce overall ownership and operational costs. This approach also enhances flexibility in deploying new and innovative solutions across the organization.

HUBCO leverages SharePoint, Power Automate and Power Apps to enhance its digital workplace. SharePoint facilitates document management and collaboration, while Power Automate automates workflows across applications and Power Apps enables custom app development with minimal coding. Together, these tools drive efficiency, agility, innovation and collaboration, accelerating HUBCO's digital transformation and decision-making capabilities. They are integral to in-house application development and play a crucial role in daily operations.



Cybersecurity Training Program

Information Technology department organizes regular awareness sessions for all HUBCO locations to educate employees about cybersecurity risks and prevention measures. These sessions cover a wide range of topics, including updates on emerging cyber threats. Security awareness is also communicated via email to all users to ensure widespread awareness and active participation. Furthermore, specialized cybersecurity training is provided upon departmental request or whenever necessary to enhance understanding and preparedness across the organization.



Safety of Records

Business Continuity Plan (BCP) focusing on preserving records of significant or permanent value beyond requirements. These documents are securely stored to ensure rapid access when necessary. The archive encompasses well-preserved books of account and documentation related to secretarial, legal, contractual, taxation, and other matters, organized as follows:

- Data is continuously backed up in real-time at both on-site and off-site locations on cloud.
- Secure storage includes state-of-the-art protections against physical deterioration, fire, natural disasters, and similar risks.
- Access to records follows a management hierarchy system with password security.
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- A remote Disaster Recovery site is established to provide immediate backup for all primary data, aligned with business continuity practices.
- Responsibility for safeguarding record systems is delegated within individual company departments.
- Printed data is electronically backed up, facilitating efficient retrieval of necessary documents through controlled access and authorization systems in a secure environment.



Business Continuity and Disaster Recovery Plan

A robust Business Continuity Plan (BCP) in the realm of IT is crucial for ensuring seamless operations and mitigating risks during unforeseen disruptions. We have a comprehensive Business Continuity Plan that encompasses strategies and procedures designed to maintain essential IT services and minimize downtime in case of disasters or emergencies. Key components include establishing redundant systems such as a Disaster Recovery (DR) Site, where critical data and applications like Oracle ERP are replicated and ready for immediate deployment if the primary site fails. Testing and simulation exercises are also done regularly which is an integral to the BCP, ensuring that recovery processes are well-rehearsed and can be swiftly executed when needed.

A comprehensive Disaster Recovery Plan (DRP) is in place and a DR Site is established for critical systems, including Oracle ERP, ensuring robust business continuity. Regular data synchronization between the primary site and DR Site is configured to enable seamless switching in disaster scenarios. Additionally, as part of the business continuity plan, data is regularly backed up on a Cloud Library to safeguard against malware attacks and ensure swift recovery processes.

Prioritizing IT resilience and continuity enables us to maintain seamless operations, uphold high service standards, and safeguard reputation even in the face of challenging circumstances.

Strategy & Resource Allocation

Short, Medium and Long-Term Strategic Objectives

HUBCO's strategic objectives are designed to ensure growth, innovation and sustainability across our core business areas.

In the short term, our primary focus is on strengthening our position in the energy sector. We are the leaders in electricity generation using different sources of fuel and renewable sources. Over the past decade, we have also developed a stronghold in O&M of all our plant sites, including the latest lignite coal plants in Thar.

Our medium-term objectives focus on advancing our sustainability initiatives, particularly including the increase of stake in SECMC and focus on exploration of oil and gas through Prime. We are further diversifying into automobile industry by collaboration with BYD for its NEVs in Pakistan. This move not only aligns with global sustainability trends but also addresses the local demand for advanced, eco-friendly transportation solutions.

In the long term, we are committed to integrating environmentally responsible practices across all operations, investing in renewable energy projects, enhancing energy efficiency and reducing our carbon footprint. To further promote sustainable development and create long-term value for both the environment and our stakeholders, we are in the process of developing an Environment, Social & Governance (ESG) policy. We aim to leverage local resources and invest in key sectors by expanding our strategic partnerships with global industry leaders, focusing on contributing to national growth and development.

Resource Allocation Plans

Intellectual Capital:

Our governance framework upholds transparency and accountability, fostering a culture of ethical conduct and sound decision-making. The Board has established two Committees, Board Audit Committee (BAC) & Board Nomination & Compensation Committee (BNCC), to conduct smooth operations of the Board and assist in decision making. Both the committees are chaired by independent directors. The BAC 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. The BAC convened four times during the year, while the BNCC met once, both contributing diligently to upholding rigorous internal controls.

Financial Capital:

HUBCO's financial allocation strategy is driven by a steadfast commitment to maximizing returns through strategic investments in growth projects and new ventures. By diversifying our portfolio, we aim to foster innovation and contribute to the country's development, ensuring a robust and resilient financial foundation. Our approach prioritizes long-term sustainability, aligning with our vision to create enduring value for our stakeholders through prudent financial management and targeted resource allocation, dedicated to enhancing our competitive advantage in the market.

Human Capital:

Recognized as one of the best places to work in the country, HUBCO firmly prides itself on cultivating a dynamic and supportive work environment. Our merit-based performance reviews ensure that excellence is rewarded, fostering a culture of continuous improvement and high achievement. Comprehensive training programs and professional growth opportunities empower our employees, while our stringent ethical standards and commitment to transparency promote integrity across the organization.

Succession planning policies are meticulously designed to ensure leadership continuity, preparing our workforce for future challenges. We are dedicated to maintaining a diverse and inclusive environment, where every employee feels valued and respected. Through active engagement and open communication, employees play a crucial role in shaping our company culture and driving innovation, reinforcing our commitment to excellence and sustainability.

Infrastructure Capital:

In alignment with the requirement of Power Purchase Agreement (PPA), HUBCO ensures the plant remains available for despatch to the power purchaser. We prioritize asset maintenance, recognizing its critical importance to our business operations and overall safety. By adhering to rigorous maintenance protocols, we ensure the reliability and efficiency of our infrastructure, supporting our commitment to sustaining operational excellence.

Social & Relationship Capital:

HUBCO regularly invests in community development, ensuring our efforts align with the UN Sustainable Development Goals (SDGs). Our core focus encompasses health, education, livelihood, and infrastructure development are committed to fostering trust-based relationships with a wide range of stakeholders.

For a comprehensive overview of our CSR initiatives, please refer to page 95.

Natural Capital:

A strong commitment to natural capital management is integral to our operations, emphasizing the importance of Health, Safety and Environment (HSE) practices. A key advancement in HUBCO's HSE management is the digital transformation of its HSE systems, which has significantly enhanced the efficiency and productivity by enabling real-time data analysis and streamlined record-keeping. The company fosters a culture of environmental stewardship and employee well-being, striving to exceed regulatory requirements and set high standards for corporate responsibility.

Sustainable Competitive Advantage and Value Creation

HUBCO's core capabilities and resources position us as a market leader in the country. With a diversified portfolio in the energy value chain, we have established a resilient and stable foundation and continue to operate with focus on operational excellence, combined with a steadfast commitment to environmental sustainability. Through continuous investments in indigenous infrastructure and maintaining operational efficiency, HUBCO effectively mitigates market volatility and sustains its competitive advantage.

Key Risks & Opportunities



Key Risks

Risk Management

The Hub Power Company Limited (HUBCO) is dedicated to maintaining high standards of risk management to safeguard the interests of its stakeholders. Our Enterprise Risk Management (ERM) framework is a cornerstone of our corporate governance, designed to identify, assess, and mitigate risks across all levels of the organization. This framework supports our strategic objectives, operational efficiency, and compliance with regulatory requirements.

Principal Risks and Uncertainties

HUBCO faces a variety of risks that can potentially impact our ability to achieve business objectives and maintain operational stability. These principal risks include:

- **Circular Debt Power Purchaser's:**
Inability to make timely payments to suppliers and lenders.
- **Disruption in Fuel Supply:**
Company's inability to maintain plant operations.
- **Plant Maintenance and Readiness:**
Ensuring the plant is maintained and ready for operation as and when required for despatch demands significant operational and maintenance costs. Extended downtime may also lead to degradation of equipment.
- **Regulatory Risks:**
Changes in government policies, regulations, and compliance requirements can affect HUBCO's operations, financial performance and strategic initiatives.

Governance plans and strategies to address risks and uncertainties

HUBCO addresses its principal risks and uncertainties through a robust governance framework, comprehensive risk management strategies, and stringent internal control policies, ensuring operational stability, financial integrity, and compliance with regulatory requirements.

Corporate Governance

Board Oversight:

The Board of Directors, along with the Audit Committee, provides strategic oversight. These bodies ensure that risk management practices align with corporate objectives and regulatory standards.

Ethical Conduct:

Upholding high ethical standards through a well-enforced Code of Conduct, the company ensures all employees are aware of and adhere to these standards, fostering a culture of integrity and accountability.

Risk Governance:

HUBCO's risk governance ensures robust oversight and proactive risk management. The specific duties and accountabilities within our risk management program are detailed in our established risk management framework and governance policies.

- **Internal Control Policies**

HUBCO's internal control policies are designed to ensure operational efficiency, reliable financial reporting, and compliance with laws and regulations. Key components include a strong control environment, defined roles and responsibilities, robust control activities such as preventive maintenance and financial controls, effective communication channels, and continuous monitoring through internal and external audits. These measures collectively ensure the integrity and effectiveness of our operations.

- **Control Activities**

Management plays a crucial role in assessing potential risks and implementing comprehensive controls and strategies to mitigate the risks to an acceptable level.



Risk Management Framework

Our ERM framework is a comprehensive approach to managing risks that includes a structured process for identifying, assessing, and mitigating risks. This framework is integral to our corporate governance and is embedded in our strategic planning, operational processes, and decision-making activities. The ERM framework ensures that risks are managed proactively and consistently across the organization.



Risk Identification and Assessment

At HUBCO, risk identification and assessment are continuous processes. We utilize various tools and techniques to identify potential risks, including risk registers, risk assessments, and scenario analyses. These tools help us to systematically identify risks that could impact our business objectives. Once identified, risks are assessed based on their potential impact and likelihood of occurrence. This assessment allows us to prioritize risks and allocate resources effectively to manage them.



Risk Appetite

HUBCO's risk appetite defines the level of risk we are willing to accept in pursuit of our strategic objectives. Our risk appetite is determined by the Board of Directors and is aligned with our overall strategy, business model, and stakeholder expectations. We aim to balance risk and reward, ensuring that we take measured risks that are aligned with our growth objectives while maintaining robust controls to mitigate adverse outcomes.



Risk Mitigation

Our risk mitigation strategies are designed to reduce the likelihood and impact of identified risks. These strategies include implementing robust internal controls, adopting best practices, and ensuring compliance with regulatory requirements. We also invest in training and development programs to enhance the risk management capabilities of our employees. Regular monitoring and reporting of risk management activities ensure that our mitigation strategies are effective and that emerging risks are promptly addressed.



Internal Control System

HUBCO's internal control system plays a crucial role in our risk management framework. The system is designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Key features of our internal control system include:

- Control environment
- Control procedures
- Corporate planning
- Performance monitoring
- Performance review
- Investment projects
- Corporate reporting
- Risk identification and management
- Monitoring

The Board of Directors, through the Audit Committee, regularly reviews the effectiveness of the internal control system. This review process includes receiving reports from management, Internal Audit, and external auditors on the adequacy and effectiveness of internal controls and risk management arrangements.



Risk Reporting

Effective monitoring and reporting are critical components of our risk management framework. We have established a robust monitoring mechanism that includes regular performance and financial reporting, internal audits, and external audits. These reports provide valuable insights into the effectiveness of our risk management strategies and help us to identify and address any weaknesses in our controls.

The Audit Committee plays a vital role in overseeing the risk management process. It ensures that the necessary actions are taken to address any significant failings or weaknesses identified in the risk management and internal control systems. The Committee also ensures that there is continuous improvement in our risk management practices.



Conclusion

HUBCO's commitment to robust risk management practices is fundamental to our success. Our ERM framework ensures that risks are managed proactively and effectively, enabling us to achieve our strategic objectives while safeguarding the interests of our stakeholders. We remain dedicated to maintaining high standards of risk management and continuously improving our practices to address the evolving risk landscape.



Addressing Supply Chain Disruption from ESG Incidents

The Hub Power Company Limited (HUBCO) acknowledges the potential risk of supply chain disruptions due to environmental, social, or governance (ESG) incidents.

ESG incidents such as natural disasters, social unrest, labor disputes, and governance failures among suppliers can lead to delays in the delivery of critical materials and services, increased costs, and challenges in meeting our obligations. These disruptions could significantly impact our capacity to resume operations efficiently when required.

HUBCO remains committed to managing and mitigating supply chain risks associated with ESG incidents. By implementing robust strategies, we aim to ensure our readiness for future operational demands and maintain our financial stability. Our proactive approach to risk management helps us uphold our reputation as a responsible and ethical company.

Risk And Opportunity Report

The Hub Power Company Limited (HUBCO) is committed to identifying and managing risks and opportunities that impact the availability, quality, and affordability of our capitals. These capitals include financial, manufactured, intellectual, human, social, and natural resources. Our strategic objectives, strategies, plans, policies, targets, and KPIs are designed to mitigate risks and leverage opportunities to create sustainable value for our stakeholders.



Key Risks

Strategic Risks	Impact	Mitigation Steps
Circular Debt / Mounting Receivables from Power Purchaser	Inability to make timely payments to suppliers and lenders.	While circular debt still persists, the build up has reduced and CPPA has been making payment of existing invoices because of continuous follow-up with the Government and Power Purchaser for the release of funds and resolution of circular debt.
Disruption in Fuel Supply	Company's inability to maintain plant operations	Continuous liaison and coordination with fuel suppliers for the timely and smooth delivery of fuel. Arranging working capital lines at competitive and cost-effective rates to ensure payments to fuel suppliers.

Operational Risks	Impact	Mitigation Steps
Plant Maintenance and Readiness	Ensuring the plant is maintained and ready for operation upon government request can lead to significant operational and maintenance costs. Extended downtime may also lead to degradation of equipment.	Implementing robust maintenance programs to ensure that all equipment is kept in optimal condition and ready for operation. Investing in preventive maintenance and periodic inspections to avoid equipment degradation. Maintaining a high readiness level with trained staff and necessary resources to ensure the plant can be operational at short notice.
Natural Calamities or Disasters	Disruption of maintenance activities and potential damage to equipment during extended downtime.	Robust Emergency Response plan is in place to deal with any disruption / calamity at Plant. For any disruption at Head Office, Business Continuity and Disaster Recovery Plan are in place and tested periodically. Maintenance of a disaster recovery site in Karachi to ensure smooth operational activities during disasters. All risks insurance policies are taken for all projects which cover for most of natural calamities or disasters and hence, the maximum financial exposure is limited to the deductibles.
Employee Retention and Development	Attrition of trained and potential resources could affect the plant's operations.	Conducting regular employee engagement surveys and reviewing employee development policies to retain talent. Providing ongoing training and development programs to ensure staff remain skilled and ready for operational demands. Rotating employees to other plants within the group to keep them engaged and retain their expertise.

Compliance Risks	Impact	Mitigation Steps
Regulatory Changes	Changes in laws, regulations, and policies can affect our operations, financial performance, and strategic initiatives.	Keeping abreast of regulatory changes and maintaining close liaison with external auditors and legal advisors to ensure compliance.



Key Opportunities

Opportunities	Opportunity	Strategic Steps
Renewable Energy Expansion	The growing demand for renewable energy presents a significant opportunity for HUBCO to diversify its energy portfolio.	Investing in renewable energy projects, explore partnerships with renewable energy companies, and leverage government incentives to expand our renewable energy capacity.
Technological Innovation	Advancements in technology offer opportunities to enhance operational efficiency and reduce costs.	The Company has started working on entry into EV space through partnership with world's reputed EV Company - BYD. The Company is also investing in digital transformation, adopt advanced analytics, and integrate smart grid technologies to improve operational performance.
Human Capital Development	Developing a skilled and motivated workforce is crucial for achieving our strategic objectives.	Investing in employee training and development programs, foster a culture of continuous improvement, and implement talent management initiatives to attract and retain top talent.
Strategic Partnerships	Forming strategic partnerships can help us access new markets, technologies, and resources.	Pursuing collaborations with industry leaders, research institutions, and technology providers to enhance our capabilities and expand our market reach.
Community Engagement	Forming strategic partnerships can help us access new markets, technologies, and resources.	Further strengthening engagement with community stakeholders, investing in social development programs, promoting local employment and procurement to support community development.

Conclusion

HUBCO's proactive approach to identifying and managing risks and leveraging opportunities ensures the sustainable availability, quality, and affordability of our capitals. By implementing strategic objectives, strategies, plans, policies, targets, and KPIs, we aim to create long-term value for our stakeholders and achieve our business goals.

SUSTAINING THE PROMISE

Our commitment to Corporate Social Responsibility is driven by a holistic approach to societal impact. We invest in community development to foster long-term positive change. By aligning our business practices with the needs of the communities we serve, we uphold our dedication to being a catalyst for positive change and a beacon of responsible corporate citizenship.





OUR CSR History

Continuing a philanthropic legacy of **26 years**, HUBCO remains persistent and steadfast in our commitment to fuel people's lives and give back to society. Over the years, we have passionately built and optimized numerous CSR initiatives designed to bring about the greatest impact in society. We remain motivated not only by giving back to the community with compassion but also by our obligation to support and uplift them.

HUBCO's CSR Philosophy

Education

Investing in the future of a community by forming strong, informational foundation for its future.



Health

Providing access to healthcare that ensures all individuals maintain a sense of well-being and lead enriched lives of quality.



Livelihood

Creating opportunities and providing the necessary skills to help build a more equitable society



Infrastructure Development

Building the structures and facilities essential for the ease of every-day life in the



CSR Highlights

Environment-Related Obligations

HUBCO diligently adheres to all environmental obligations applicable to our operations. We have implemented comprehensive measures to minimize our environmental impact, including waste management, emission control and energy efficiency initiatives. Our ongoing efforts in environmental conservation underscore our commitment to sustainable development.

Progress Towards ESG Initiatives

During the year, HUBCO made significant strides in advancing our ESG initiatives. We focused on enhancing our environmental performance, promoting social equity and strengthening governance structures. Additionally, we are diligently working on developing a comprehensive ESG policy to further our commitment to sustainable and responsible business practices.

For more information on our ESG initiatives, please refer to page 117.

Responsibility Towards Staff, Health & Safety

HUBCO prioritizes the health, safety and well-being of our staff. We have implemented a world-renowned Process Safety Management System and rigorous health and safety protocols to ensure a safe working environment. Regular training sessions and health, safety and environment programs are conducted to promote a culture of safety and well-being among our employees.



Sustainable Development Goals (SDGs)

At HUBCO, our commitment to the United Nations Sustainable Development Goals (SDGs) reflects our dedication to fostering sustainable growth and positively impacting the communities we serve. Through a comprehensive deliberation, we strategically identified and prioritized the SDGs that align most closely with our operational scope and long-term objectives. By integrating these goals into our corporate strategy, we aim to address pressing challenges and contribute to a sustainable future. Our initiatives, spanning various sectors, underscores our holistic approach to advancing sustainability. We are committed to continuously advancing our efforts, ensuring they remain aligned with our strategic vision and evolving needs. Below are our key initiatives aligned with SDGs:





SDG 3: Good Health and Well-Being

Mobile Medical Service

Access to healthcare is a fundamental human right, essential for building prosperous societies. HUBCO operates a mobile medical service that provides free medical consultations and medicines to over 30,000 people across 28 villages surrounding the Hub plant. With a dedicated team of healthcare professionals, this service ensures that approximately 4,000 patients receive necessary medical attention each month, significantly improving the health and well-being of the local community.

Medical Camps

Recognizing the importance of specialized medical care, HUBCO organizes annual medical camps in partnership with reputable healthcare institutions. In February 2024, we collaborated with Al Baseer Eye Hospital to conduct a medical camp at Winder, resulting in 77 eye cataract surgeries and 813 OPD consultations, all provided free of cost.

NEL also sponsors regular medical camps, one of which was held in Darian Wala and Dgarag Miana Villages, which benefited 362 patients with free consultations and medicines. These initiatives ensure that remote communities have access to critical healthcare services.

Community Health Services

HUBCO supports basic health units in the villages of Pong and Arood Afghana, sponsored by NEL, providing free medical consultations and medicines to around 1,200 patients each month. Additionally, LEL operates a medical facility at Chechain Village, offering essential healthcare services to underserved populations. These efforts contribute to the overall health and resilience of our communities, promoting well-being for all ages.

Process Safety Management

We have established a world-class Process Safety Management System to safeguard the health and safety of both our employees and the community. It is worth mentioning that we have achieved a “Zero” Total Recordable Injury rate during the year. Additionally, we have put in place an Occupational Health and Industrial Hygiene program. Regular audits are conducted to ensure that these protocols are consistently upheld.



SDG 4: Quality Education

HUBCO Sponsored TCF Schools

Education is a powerful tool for breaking the cycle of poverty and driving social and economic development. HUBCO has partnered with The Citizen Foundation (TCF) to operate and maintain 7 primary and 2 secondary schools in the Hub and Narowal plant surroundings, benefiting over 1,750 students. By covering all operational expenses, including books, uniforms, teacher salaries and transportation, HUBCO ensures that children from underprivileged backgrounds have access to quality education and a brighter future.



Support to Mirpur University of Science & Technology (MUST)

Laraib Energy Limited (LEL) supports underprivileged students at MUST by providing educational scholarships. In FY2023-24, 35 students have benefited from these scholarships. Additionally, LEL offers a comprehensive internship program for MUST students, providing in-depth knowledge of power plant operations and engineering maintenance. So far, 11 students have completed this structured internship program. After the internship, one of the interns was selected as an administrative officer and later secured a permanent position.

Support for Female Students

LEL donated 0.5 million rupees to the College of Education in Afzalpur to support 22 female students who lack the resources to complete their educational expenses. This amount was deposited into the college account against the students' annual fee challans, ensuring they could continue their education without financial barriers.

Free Pick-and-Drop Service

To facilitate access to higher education, HUBCO sponsors a 60-seater bus service from the Hub plant to Hub/Gaddani city. This service benefits students who need to travel 27 km to reach educational institutions, ensuring that distance is not a barrier to their academic pursuits. Students from Degree College Hub, Technical Training Centre Hub and other institutions benefit from our free pick-and-drop service.



Sponsoring Young Leaders Conference (Program by School of Leadership)

Each year, HUBCO sponsors students from Lasbela University to attend the Young Leaders Conference, a six-day residential program designed to develop leadership skills and potential among youth from remote areas. This dynamic program helps participants amplify their potential, excel in life and contribute positively to their communities. Since its inception, HUBCO has sponsored 174 youngsters (96 male and 78 female), empowering them to become future leaders.

Scholarships for Narowal Campus, (UET) Students

HUBCO has awarded scholarships to 11 deserving students (6 girls and 5 boys) at the University of Engineering and Technology (UET). These scholarships support their academic pursuits and help alleviate financial barriers to higher education.



School Bags Distribution

As part of our ongoing support for education, HUBCO distributed school bags to deserving students. This initiative provides essential resources for their educational journey, helping to ensure that students have the tools they need to succeed in their studies.



Empowering Education with Technology and Sustainability

LEL offered a complete computer lab with an 8.5 KV solar system to the Government Girls High School in Lehri.





SDG 5: Gender Equality

Empowering Through Digital Skills Training

To enhance digital literacy and economic opportunities for women, HUBCO sponsored a transformative four-month digital skills training program to equip housewives, physically challenged and deserving students with essential skills in social media marketing, web development, Google Ads, graphic design and digital marketing. By providing hands-on experience and practical knowledge, this initiative focused on empowering participants to leverage these skills in professional settings, fostering community empowerment and contributing to sustainable economic growth.



Breast Cancer Awareness Campaign

In October 2023, HUBCO launched a dedicated Breast Cancer Awareness Campaign in neighbouring communities and TCF schools. This initiative aimed to educate women and young people about breast cancer, its risk factors, and the importance of early detection. Over 300 participants, including community members and students, attended informative sessions covering topics such as self-examination, the significance of mammography, and lifestyle factors. By raising awareness and promoting preventive measures, HUBCO is actively contributing to women's health and well-being.



Treatment for Breast Cancer Patients

In collaboration with ROCHE Pakistan Ltd., HUBCO provided treatment to three breast cancer patients in FY2023-24. These patients, identified from rural areas of Balochistan, received regular and timely medication. HUBCO contributed Rs 2.9 million towards this initiative, demonstrating our commitment to supporting healthcare in underserved communities.



Participation in Women in Business & Leadership Conference (WIBCON)

HUBCO showcased its commitment to gender equality at the Women in Business & Leadership Conference (WIBCON), organized by the Pakistan Society for Training & Development (PSTD). As a corporate exhibitor, HUBCO engaged with female icons, leaders, entrepreneurs and professionals, celebrating their achievements and life stories. This participation underscores HUBCO's dedication to supporting women's leadership and promoting positive change in society.



Support for Female Paramedical Staff

LEL donated one million rupees to the Medical University of Mirpur AJK to support female paramedical staff who lack sufficient resources to complete their degrees. This initiative underscores our commitment to empowering women.



SDG 6: Clean Water and Sanitation

Solar-Based RO Plant at TCF School

Access to clean water is essential for health and well-being. HUBCO has installed a solar-based reverse osmosis (RO) plant at a TCF school, providing clean drinking water to around 750 school children. This initiative not only ensures safe water for students but also promotes sustainable water management practices.

Water Tanker Services

To address water scarcity in the neighbouring villages around our Hub plant, we supply 38,500 gallons of water each day, benefiting approximately 5,000 people daily.

Water Cooler Sponsorship

NEL has enhanced the infrastructure of a government school in Darian Wala & Dhay by sponsoring an electric water cooler. This initiative ensures that students have access to clean and cool drinking water, contributing to their health and overall school experience.

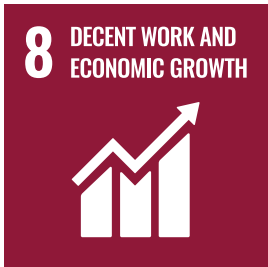
Water Boring Project at NEL School Campus

HUBCO has successfully completed water boring project at the NEL school campus, aiming to provide access to clean and drinkable water for the students, staff and faculty members and further supporting our commitment to improving water access and quality.

Tractor Trolley for Community Cleanliness

Laraib Energy Limited (LEL) has donated a tractor with a bucket to the municipal corporation to assist in cleaning the surrounding areas, particularly those most affected during the rainy season.





SDG 8: Decent Work and Economic Growth

HUBCO is committed to fostering economic growth and providing meaningful employment opportunities. We promote sustained economic development by creating job opportunities and supporting local talent in the areas we serve. Our efforts include providing a safe and supportive work environment, investing in employee development and encouraging innovation. By adhering to fair labour practices and offering competitive opportunities, we contribute to economic resilience.

Apprenticeship Program

HUBCO maintains a two-year apprenticeship program at the HUB plant, training 224 apprentices from the local Balochistan community in electrical, mechanical, electronics, HVAC and power plant operations. With an 80% employment success rate, these apprentices find employment locally and globally.



Empowering Women through Vocational Training

HUBCO has established vocational training centers in HUB and NEL for community females, focusing on economic empowerment through income generation and micro-enterprises. Training includes tailoring, embroidery, entrepreneurship skills and digital literacy, enabling women to market their products online and manage digital transactions.





SDG 13: Climate Action

Our dedication to the preservation and enhancement of terrestrial ecosystems is reflected in our comprehensive environmental management practices. HUBCO's plants are ISO 14001:2015 certified, ensuring rigorous compliance with environmental standards and zero non-compliance incidents. Our environmental initiatives include emission control, waste management and adherence to national and global benchmarks for sustainable practices. Notably, our Laraib Energy Limited plant's recognition at the Pakistan Environmental Awards underscores our commitment to corporate ecosystem responsibility.

Strengthening Mangrove Conservation

HUBCO, in collaboration with the International Union for Conservation of Nature (IUCN), has embarked on a significant environmental initiative by planting mangrove trees across approximately 75 hectares of Maini Hor land along the Balochistan Coastline. This strategic endeavor not only aims to enhance the local biodiversity but also plays a crucial role in protecting fragile coastal ecosystems. For FY 2024-25, we have extended our partnership with IUCN to plant mangrove trees on 60 more hectares of Miani Hor land along the Balochistan coastline.



This strategic endeavor not only aims to enhance the local biodiversity but also plays a crucial role in protecting fragile coastal ecosystems. For FY 2024-25, we have extended our partnership with IUCN to plant mangrove trees on 60 more hectares of Miani Hor land along the Balochistan coastline.



Tree Plantation Initiatives

HUBCO has planted approximately over 14,000 trees at HUB, 12,000 trees at NEL, 1,000 trees at LEL and 8,700 at Thar site, enhancing environmental sustainability.

LEL also collaborated with the Environmental Protection Agency (EPA) to plant shady trees along the median strip of Mangla-Mirpur Road.

Moreover, NEL provided 2,170 plants to the Narowal district management for tree plantation, further supporting regional ecological development.



Solar System Installation at Vajihar

To optimize operations and enhance system efficiency, two 232KW solar plants have been installed at the Vajihar TEL & TN facilities for water pumping, which is critical for the operation of these coal power plants. This initiative is expected to save ≈ 0.2 mn litres of diesel annually.



Other Notable CSR Initiatives

Food Support for Elderly Residents

On the occasion of the holy event of Eid, NEL extended its support to the elderly residents of the local old age home by sponsoring a special lunch. This gesture aimed to bring joy and warmth to the lives of seniors, who are often overlooked during festive times.

Ration Bags Distribution

To support and empower underprivileged women, HUBCO distributed 100 dry ration bags in the surrounding villages of NEL. Additionally, LEL, in collaboration with the local government, provided 100 ration bags to local communities during Ramadan. This strategic initiative aims to assist those struggling to make ends meet, reinforcing our commitment to community welfare and social responsibility.

Iftar Meals for Deprived Patients

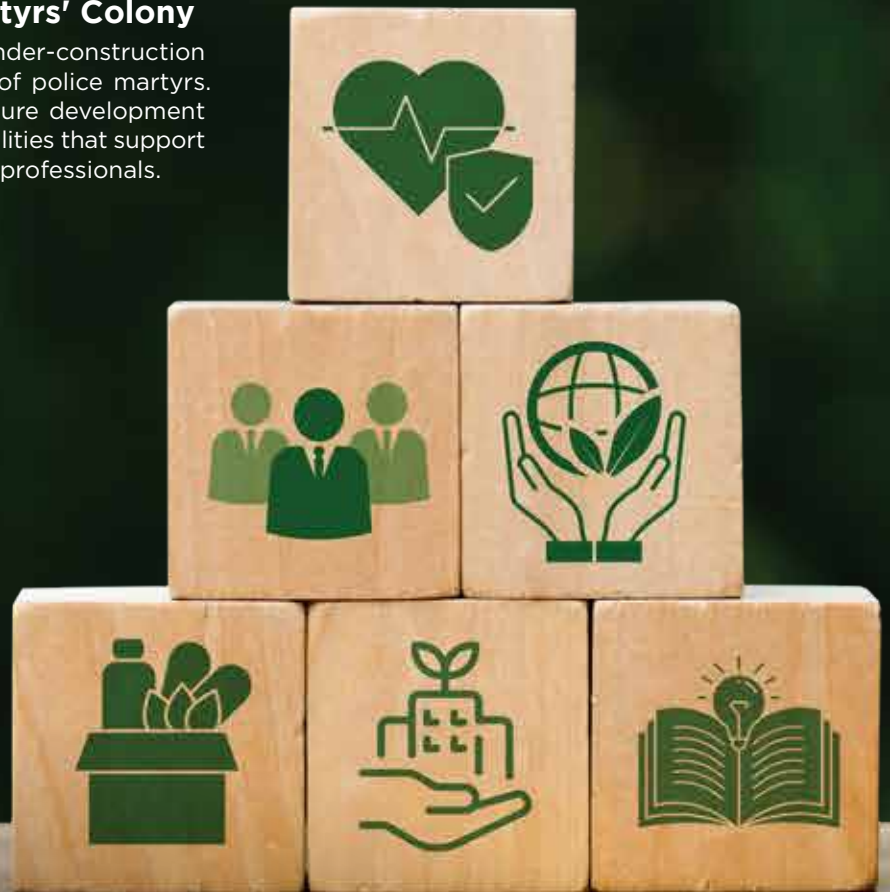
HUBCO generously sponsored iftar meals for ownerless and deprived patients at DHQ Narowal during the month of Ramadan, aimed to provide nourishing meals and bring comfort to those enduring challenging circumstances.

Road Safety Enhancements

To improve community safety, HUBCO has implemented key road safety measures around NEL plant. These improvements include freshly painted road markings to enhance visibility and guide drivers, as well as repaired road patches to smooth out surfaces and prevent accidents. These proactive steps are aimed at ensuring safer travel for the community and supporting overall road infrastructure development.

Civil Material Support for Police Martyrs' Colony

HUBCO provided civil material support for the under-construction Police Martyrs' Colony, honouring the sacrifices of police martyrs. This initiative is a part of our broader infrastructure development efforts, contributing to the creation of essential facilities that support and recognize the contributions of public service professionals.



**We make a living
by what we get,
but we make a life
by what we give.**

- Winston Churchill





SUSTAINING EXCELLENCE

HUBCO's commitment to Environment, Social and Governance (ESG) principles underpins every aspect of our operations. This commitment guides us toward long-term, sustainable growth and responsible corporate citizenship.



Health Safety Environment

Our Health Environment & Safety policy aims to safeguard the physical, mental, and social welfare of our workers, residents, and the environment. We take a forward-looking approach, focusing on sustainable development and fostering a culture of safety and health through ongoing training, awareness initiatives, incentives, and a robust HSE management system. Additionally, we ensure the occupational safety of contracted workers through adherence to a comprehensive Contractor's Code of Conduct.

Leadership Commitment

At HUBCO, we prioritize HSE issues with dedicated leadership and engagement at all levels. Our management and employees are deeply committed to ensuring compliance with Health, Safety and Environmental standards across all our operations. Maintaining safe operations of excellence across our portfolio is our core objective.

HUBCO upholds responsibility in all actions, always considering health, safety and environmental factors with rigorous quality assurance and control embedded in every activity, including our social impact. Operating in hazardous environments, we proactively manage risks to maintain them at levels as low as reasonably practicable (ALARP). This includes integrating risk reduction practices into our work processes.



One-year operational milestone at Thal Nova Plant addressed by CEO

To monitor our HSE goals effectively, regular HSE Committee meetings were conducted and chaired by the Top management and attended by all Plant managers along with the Head of Corporate HSE. This structured approach ensures that Process Safety Management is ingrained across all activities, encompassing material selection, quality assurance/control, and disciplined operations.

HSE Performance

The efforts and commitment shown by the company staff and management in maintaining ambitious standards of safety, health and environment are visible through its strong track record.

Our safety performance for the year 2024 is reflected by the below statistics.

HSE Performance	2024
Total Recordable Injury Rate (TRIR)	0
Recordable Injuries	0
Safe Man hours (million)	6.12

- The HUBCO-HSE management system has undergone digital transformation, with our HSE applications now configured within the IBM Maximo, a Computerized Maintenance Management System (CMMS). This has significantly enhanced effectiveness and productivity by enabling efficient tracking record-keeping, stewardship, and real-time data analysis.
- The schedule annual outages of all plants were successfully completed without any injury owing to the enhanced focus and commitment of the team towards safe execution of all jobs.
- We strategically focus on measuring HSE performance through Key Performance Indicators (KPIs), achieving over **Ninety Percent (90%)** and **Zero TRIR** throughout the operational year as part of our performance management system. This approach aims to foster an enabling and competitive work environment that motivates all employees to actively contribute towards driving positive results.

- Cumulatively, our all-operational plants have achieved more than **30 million safe man-hours** since the last Lost Workday Injury (LWI). This milestone underscores the steadfast focus and unwavering commitment of our management and staff members towards maintaining a safe working environment. It reflects our dedication to prioritizing safety as a core value across all aspects of our operations.
- National Electric Power Regulatory Authority (NEPRA), in its HSE Performance Evaluation Report 2024 has recognized all assets of HUBCO as top performers in HSE standards. This esteemed recognition reflects HUBCO's relentless pursuit of excellence in safeguarding its workforce, championing environmental sustainability and optimizing operational efficiency across all its plant sites.
- To achieve the excellence in the HSE Performance our NEL, LEL, Thar and Thal Nova plants have achieved the ISO 4500:2018 certification. The standard has been implemented without any significant non-conformances, as audited by external body.

Environmental Management & Regulatory Compliance

In 2024, dedicated efforts were undertaken to enhance environmental performance at HUBCO. Key highlights include:

- Thar & ThalNova are **ISO 14001: 2015 Certified**. Our audits against EMS Standards resulted in zero non-compliance. Emission control measures preferably using environment-friendly equipment. Waste management and our environment-related KPIs are the basic and important measures that have been practised.
- Our commitment to sustainability is exemplified by the **WWF Green Office Certification** achieved by our Head offices and Laraib plant. This certification underscores our proactive approach towards environmental responsibility, demonstrating our adherence to rigorous standards in energy efficiency, waste management, and conservation practices. It reflects our ongoing dedication to reducing our environmental footprint while promoting sustainable business operations.
- HUBCO, as a responsible organization, rigorously implements a variety of measures to underscore our commitment to environmental stewardship. Each of our plants not only meets the requirements of National Environmental Quality Standards but also goes above and beyond to adhere to global benchmarks for sustainable practices. A notable testament to this commitment is our Laraib Energy Limited plant, which was awarded the **Certificate of Performance** in the **Corporate Ecosystem Responsibility** category at the prestigious event “**Pakistan Environmental Awards**”, organized jointly by **EPA Pakistan and UNEP**.



HSE Celebrations

At HUBCO, all plants commemorated Safety Week 2024 under the theme **"Powering through Safety Culture."** The week-long events included safety walks, best toolbox talk, risk assessment and permit issuance, safety bingo, safety poster and slogan, Quiz competition, Defensive driving competition, Contractor quiz, Hazard hunt, firefighting training and competition, housekeeping and tree plantation. Aiming to raise awareness, empower our employees, and involve their families, stressing safety as a shared responsibility. Aligned with our HSE policy, we focused on continual improvement in performance and transparent reporting. Through these activities, we reaffirmed our dedication to safety excellence, embodying our values of **Passion, Ownership, Winning, Enjoyment and Renewal (POWER)**.



- Throughout the year, our company actively participated in the celebration of various international observance days, such as World Ozone Day, World Water Day, World Cancer Day, International Fire Fighters Day, World Day for Safety and Health at Work and World Environment Day. These initiatives encompassed a diverse range of activities aimed at raising awareness and fostering engagement among our workforces. The impact of these initiatives has been contributing to enhanced operational discipline and a sense of responsibility among individuals within our organization. By empowering our employees to take ownership of HSE initiatives, we have seen a transformation in mindset and behavior, both personally and professionally.
- ThanINova Power Thar (Private) Limited, one of HUBCO's two 330 MW mine-mouth Thar coal-fired power plants, celebrated its first year of operation with an impeccable safety record—no recordable injuries were reported during this period. This milestone not only highlights the plant's reliability and efficiency in harnessing Thar coal reserves for electricity generation but also underscores its steadfast commitment to safety and operational excellence in the energy sector.
- Our 84 MW hydropower plant has achieved a significant milestone of 5 million safe man-hours since its commercial date of operation on March 23, 2013, with an exemplary record of zero lost workday incidents (LWI). This outstanding accomplishment was celebrated in the presence of senior management to recognize the dedication and commitment of our workforce to safety and operational quality.



HSE Trainings

HUBCO prioritizes synergy across all staff and departments to ensure cohesive alignment and enhanced operational efficiency. We firmly believe that when everyone is on the same page, our collective efforts are maximized, leading to greater achievements.

- Capacity building stands as a cornerstone of operational strategy. We are committed to continuous improvement, particularly through comprehensive HSE trainings & Technical Training facilitated by our dedicated departments & External resources. A total of **23,110** training man-hours were achieved by conducting **1670** trainings across all sites in this fiscal year. These trainings are pivotal in equipping our employees across all locations with the knowledge and skills necessary to prioritize safety in their daily work routines.
- HSE trainings mainly covered safety and cardinal rules, Permit to Work system, Fire Fighting, HSE Risk Identification, Assessment & Control, Incident Investigation & Reporting, Behaviors Based Safety, Safe food handling, General HSE awareness, HSE Laws & Regulations, First Aid, Use of SCBA, confined space, Chemical handling, ISO Standards, Spill prevent, Waste Management, Crisis & Emergency Management, Pre-Startup Safety Reviews, Process Hazard Analysis & Process Safety Management, Training on 14001:2015 Lead auditor certification by organizing external resource.



- To enhance the capabilities of our Operations and Maintenance staff, we developed a comprehensive 10-days coal-fired power plant simulator training program. This initiative attracted participation from 20 individuals, representing both male and female personnel from various HUBCO sites. Participants immersed themselves in an intensive learning experience, delving deeply into intricate plant processes.

Glimpse of HSE Activities

Medical
Emergency Drill



Fire Team
Preparedness At
Operational Site



Onsite Technical
Training



World Day For Safety
And Health At Work



Tree Plantation On
World Earth Day



Hazard Hunt Activity
During Safety Week



Defensive Driving
Awareness Session



Environmental, Social and Governance (ESG)



At HUBCO, we recognize the growing importance of Environmental, Social and Governance (ESG) factors in shaping sustainable business practices. In response to the evolving regulatory landscape and increasing investor expectations, we are actively integrating ESG considerations into our strategic planning and operational frameworks. We continuously assess ESG risks and opportunities, ensuring that sustainability is a core aspect of our decision-making processes. This integration helps us mitigate potential risks, enhance our corporate reputation and offer sustainable products and services, thus creating enduring value for our stakeholders. We are in the process of developing a comprehensive ESG policy aligning with the ESG Regulatory Roadmap issued by the Securities and Exchange Commission of Pakistan (SECP)

Key ESG Performance Indicators

Environment

Metric	Measurement Annual, unless specified	Remarks
GHG Emissions	Management of Carbon and Green House Gas emissions	HUBCO is dedicated to monitoring GHG emissions regularly and implementing reduction measures through efficient in-house energy consumption and conservation efforts. We are focused on increasing water-use efficiency by ensuring sustainable withdrawals and promoting used water recycling. Additionally, we continuously monitor and reduce waste generation, including food waste, to minimize our environmental impact.
Emissions Intensity	Minimizing GHG emissions intensity	We are dedicated to minimizing GHG emissions intensity. Notably, our portfolio includes hydel power generation, which produced 416 GWh of clean energy, significantly reducing GHG emissions.
Energy Usage	Total amount of energy directly consumed.	We have efficiently utilized approximately 368 GWh of energy directly, with zero indirect energy consumption.
Energy Intensity	Total direct energy usage per output scaling factor.	Our energy intensity showcases that only Approx. 7% of our total energy usage is direct energy.
Energy Mix	<ul style="list-style-type: none"> Percentage: Energy usage by generation type Energy consumption from renewable sources as a percentage of total energy consumption 	<ul style="list-style-type: none"> Our energy mix consists of approximately 87.4% from coal and 4.2% from RFO with emissions well below NEQS limits and many international standards. Energy consumption from renewable sources as a percentage of total energy consumption

Environmental Operations	<ul style="list-style-type: none"> Does your company follow a formal Environmental Policy? Yes, No Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No Does your company use a recognized energy management system? Yes/No 	We proudly follow a formal Environmental Policy, including specific policies on waste, water, energy and recycling. Additionally, we utilize a recognized energy management system.
Environmental Oversight	Does your Board/Management Team oversee and/or manage climate-related risks? Yes/No	Our Board and Management Team diligently oversee and manage climate-related risks and other sustainability matters.
Environmental Oversight	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	
Sustainable Sourcing	Does your Board/Management Team oversee and/or manage other sustainability issues? Yes/No	We are committed to continually improving our practices to ensure sustainable sourcing.
Climate Risk Mitigation and adaptation	Climate related transition and physical risks, climate related opportunities, capital deployment, internal carbon prices.	We are actively drafting strategies for climate-related transition and physical risks, climate-related opportunities, capital deployment and internal carbon pricing.

Social

Metric	Measurement Annual, unless specified	Remarks
Gender Pay Ratio	<ul style="list-style-type: none"> Pay Ratio Mean Pay Gap Median Pay Gap 	<ul style="list-style-type: none"> Median female compensation to median male compensation is F: M (1:0.87) On average, female employees are paid 35.7% more than male employees, primarily, because of more females working in managerial roles in contrast to a significant proportion of male employees in paraprofessional roles. Owing to a higher number of females in managerial roles, median pay of female employees is 12.6% less than that of male employees.

Metric	Measurement Annual, unless specified	Remarks
Gender Diversity	<ul style="list-style-type: none"> Percentage: Total enterprise headcount held by men and women Percentage: Entry- and mid-level positions held by men and women Percentage: Senior- and executive-level positions held by men and women. 	<ul style="list-style-type: none"> Men: 95%, Women: 5% Men: 96%, Women: 4% Men: 89%, Women: 11%
Temporary Worker Ratio	Percentage: Total enterprise headcount held by part-time employees	We do not hire part-time employees, except for interns, who are onboarded to gain hands-on experience, industry knowledge, insight into company procedures and expert guidance.
Non-Discrimination	Does your company have a sexual harassment and/or non-discrimination, diversity, and inclusion policy? Yes/No	Yes, we have an anti-harassment policy that outlines the company's commitment to eliminating discrimination, bullying, harassment and victimization, emphasizing that such behaviors will not be tolerated. All the proceedings of the harassment cases will be conducted in accordance with the Protection Against Harassment of Women at the Workplace Act 2010.
	Is there a confidential grievance, resolution, reporting and non-retaliation mechanism and procedure to address and respond to incidence of harassment and violence? Yes/Not	<p>Yes, in the event of a harassment incident, the victim has the right to lodge a complaint, either formally or informally and in either verbal or written form. If necessary, an HR officer may be appointed to provide advice and assistance to both parties involved. Both the complainant and the accused are entitled to be represented or accompanied by a friend or colleague. All inquiries will be conducted by a Disciplinary Committee nominated by the Leadership Team (LT), consisting of the Company Secretary & Head of Legal), Head of HR & CSR and Station Manager, NEL. Should a complaint be made against a member of the Disciplinary Committee, that member will be recused from the committee.</p> <p>The Disciplinary Committee ensure that the accused does not create a hostile environment that pressures the complainant. All findings of the Disciplinary Committee are documented in writing.</p>

Metric	Measurement Annual, unless specified	Remarks
Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	We adhere to stringent occupational health and global health and safety policies and follow a world-renowned Process Safety Management system at our company.
Corporate Social Responsibility	Please share a list of CSR activities undertaken along with total time spent on these and amounts (PKR) allocated to these	For the fiscal year 2023-24, we contributed a total of PKR 254 million across all sites. Please refer to page 117 for details on our CSR initiatives.
Employee Training & Succession Planning	Number of training sessions held on the following. Please also mention the Number of employees and workers trained on these: -Skills Upgradation -Soft Skills -Health and Safety Measures	Employees participated in multiple training sessions during the reporting period. <ul style="list-style-type: none"> • 73 training sessions • 284 training hours • 1809 participants • 4933 man-hours
Working Conditions	<ul style="list-style-type: none"> • Number of complaints made by employees regarding working conditions during the reporting period. • Number of complaints regarding working conditions resolved. 	There are no registered complaints in HR concerning working conditions. The company is committed to fostering a positive and engaging work environment. Employee feedback is actively sought through engagement surveys and an action planning process. Additionally, we facilitate communication and feedback through various forums, including the canteen committee, town halls and other channels.

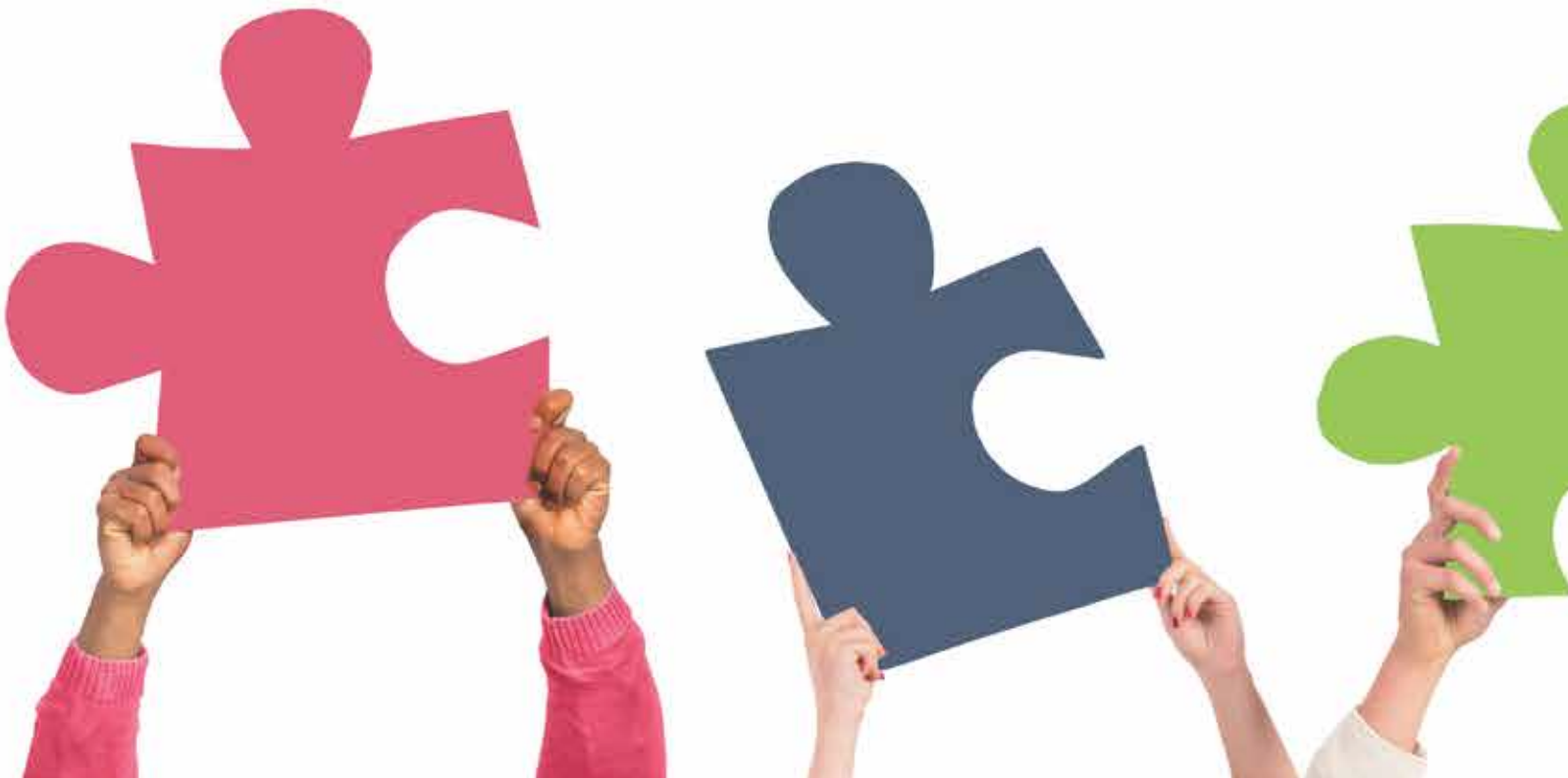
Governance

Metric	Measurement Annual, unless specified	Remarks
Board Diversity	<ul style="list-style-type: none"> • Percentage: Total board seats occupied by men and women • Percentage: Committee chairs occupied by men and women 	<ul style="list-style-type: none"> • Total board seats occupied by men: 07 Total board seats occupied by women: 02 • Percentage of committee chairs: Men: 77.78% Women: 22.22%
Board Independence	Percentage: Total board seats occupied by independents.	No. of seats: 04 in %: 44.44%

Metric	Measurement Annual, unless specified	Remarks
Ethics & Anti-Corruption	Does your company follow an Ethics and/or Anti-Corruption policy? If yes, what percentage of your workforce has formally certified its compliance with the policy?	Yes, our company follows a Code of Business Ethics that emphasizes honesty, integrity, and respect. This policy outlines our commitment to ethical behavior and anti-corruption measures, ensuring that we conduct business with the highest standards of integrity. It strictly prohibits bribery and unethical practices, requiring employees to report any such incidents. The Code of Business Ethics is central to our operations, guiding employee conduct and maintaining our reputation for reliability and corporate citizenship.
Data Privacy	<ul style="list-style-type: none"> • Does your company follow a Data Privacy Policy? Yes/No • Does your company take steps to comply with general data protection rules/framework? Yes/No 	Our information security framework follows ISO 27001 guidelines and includes a thorough data protection act.
Disclosure Practices	<ul style="list-style-type: none"> • Does your company provide sustainability data in line with any sustainability reporting frameworks? Yes/No • Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No • Does your company focus on specific UN Sustainable Development Goals (SDGs)? Yes/No 	Yes, our company provides sustainability data in line with established reporting frameworks. We focus on specific UN Sustainable Development Goals (SDGs) that align with our CSR philosophy; Health, Safety, Livelihood, and Infrastructure, and set targets while reporting progress on these goals to ensure transparency and effectively track our contributions.

SUSTAINING A POSITIVE WORK CULTURE

Our Human Resources Management strategies emphasize continuous professional growth, inclusivity, meaningful recognition and transparent communication, fostering a motivated and engaged workforce. By aligning individual aspirations with organizational objectives, we create a supportive culture that drives excellence and mutual success.





Diversity and Inclusion at HUBCO

At HUBCO, diversity and inclusion are at the heart of our organizational values. We are committed to creating a workplace where every individual is valued, respected and given the opportunity to thrive. Our approach to fostering an inclusive culture includes a comprehensive set of measurable objectives aimed at enhancing diversity across all levels of our organization.

Key Objectives and Initiatives:

1. Targeted Recruitment:

We have implemented strategic recruitment practices designed to attract a diverse talent pool. Our goal is to ensure that our hiring processes are inclusive and that we reach candidates from varied backgrounds, thereby enriching our workforce with diverse perspectives.

2. Diversity Training Programs:

To support our commitment to diversity, we offer regular training programs that focus on understanding, respecting and leveraging differences. These programs are integral to our efforts to create a more inclusive work environment

3. HUBCO Women Circle:

Launched on International Women's Day on March 8, 2024, the HUBCO Women Circle is a vibrant and inclusive initiative designed to empower and support female employees across our organization. Under the leadership of Chairperson Faiza Kapadia, Company Secretary and Head of Legal and moderated by Learning, OD and Culture team, the Women Circle meets quarterly to foster a dynamic and supportive community.

Objectives:

Foster a Supportive Community:

- Create a safe and inclusive space for women to share experiences, challenges and successes.
- Encourage a sense of belonging and camaraderie among female employees.

Enhance Networking Opportunities:

- Facilitate connections between women at different levels and departments within HUBCO.
- Build a network that supports collaboration, knowledge exchange and mutual support.

Address Workplace Challenges:

- Identify and discuss issues unique to women in the workplace, such as work-life balance, career progression and gender bias.
- Develop strategies and initiatives to address these challenges effectively.

Empower Women Leaders:

- Encourage and support women in taking on leadership roles within the organization.
- Highlight and celebrate the achievements of female leaders at HUBCO.

Provide Emotional and Mental Support:

- Offer resources and support for mental health and well-being.
- Create a platform for open discussions about stress, work-life balance, and personal growth.

Celebrate Diversity:

- Recognize and celebrate the diverse backgrounds, skills and perspectives of women at HUBCO.
- Organize cultural events and celebrations to honor this diversity.



4. Equal Opportunity Policies:

We are committed to introducing and maintaining policies that promote equal opportunities for career advancement. Our policies are designed to ensure that all employees have the chance to progress and succeed based on merit.

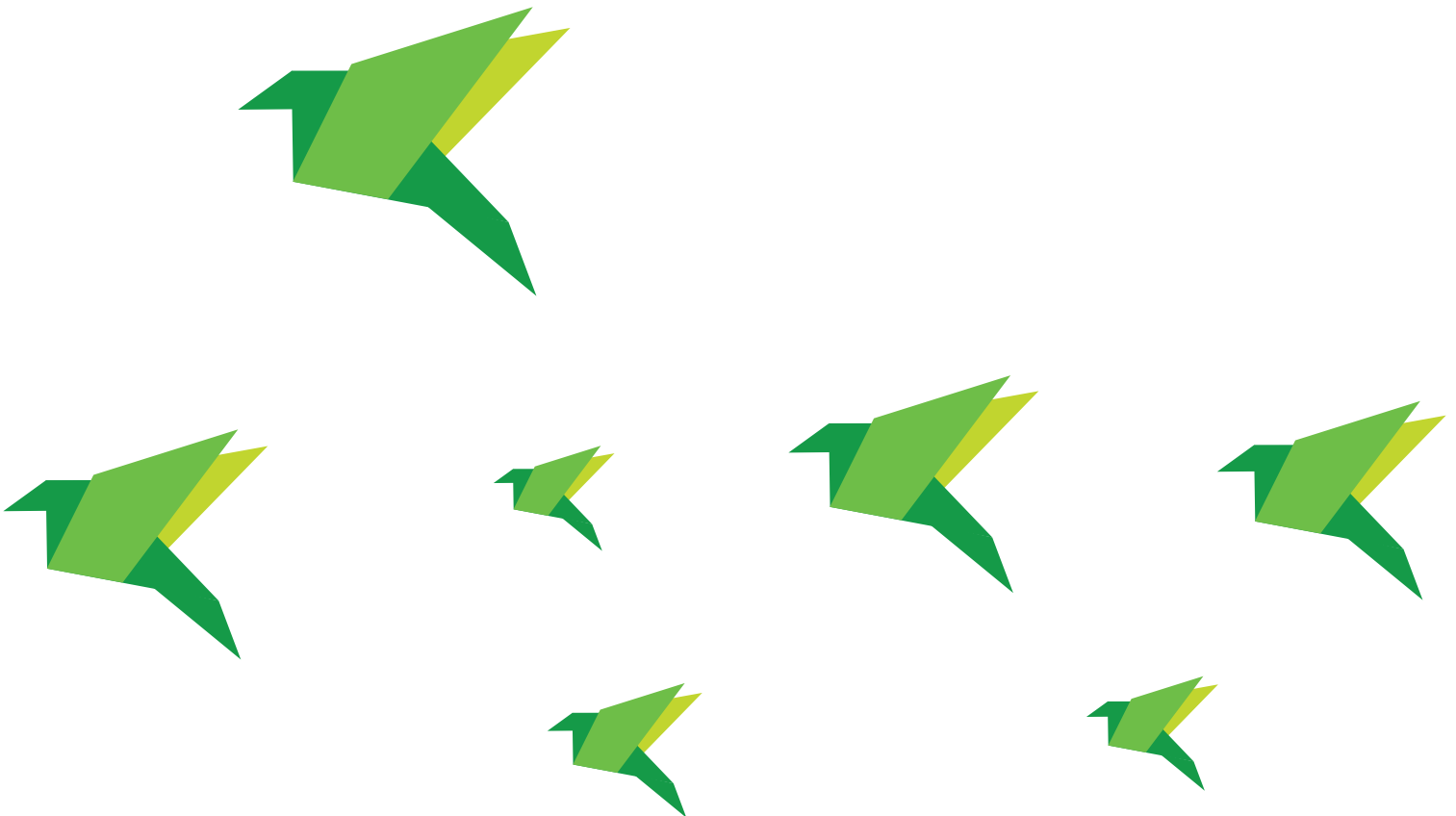
5. DEI Committee:

Our fully operational internal Diversity, Equity and Inclusion (DEI) Committee plays a crucial role in overseeing HUBCO's diversity efforts and is responsible for addressing challenges, implementing policies and ensuring that our organization remains a top choice for talent in the corporate sector

Progress and Achievements:

Our initiatives have led to measurable improvements in diversity and inclusion within HUBCO. We continuously monitor our progress against established objectives and adjust our strategies as needed to ensure ongoing success. Our commitment to diversity is evident in the increasing representation of various groups within our workforce and the positive feedback from employees regarding the inclusive culture we strive to uphold.

At HUBCO, we view diversity not just as a goal but as an ongoing journey. We are dedicated to continually evolving our practices and policies to create a workplace where everyone feels empowered and valued



Core Activities

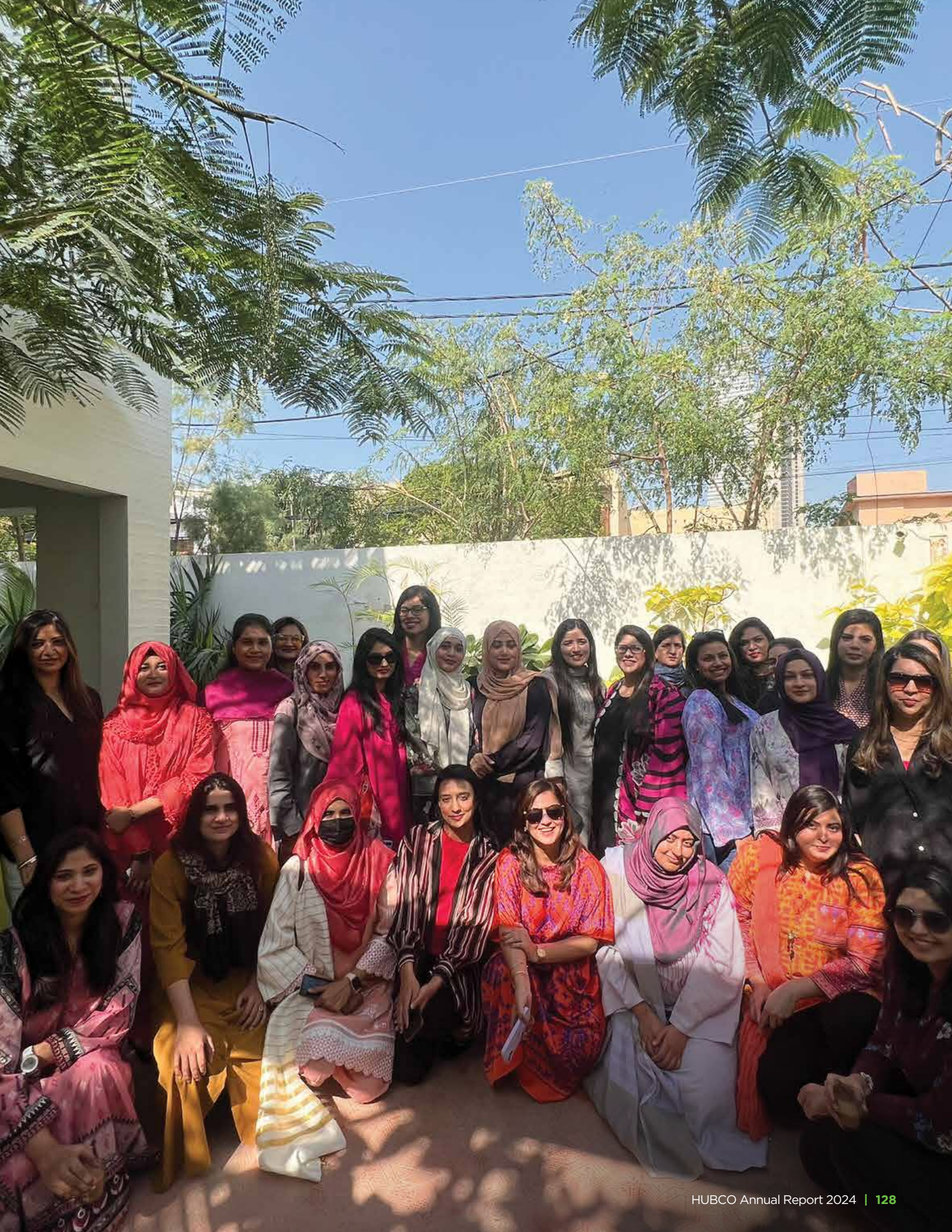
International Women's Day Celebration:

On March 8th 2024, HUBCO celebrated International Women's Day by honoring the incredible contributions of its female team members. The day was thoughtfully planned to recognize and appreciate their dedication and achievements.

The celebration began with a calming yoga session, followed by an engaging drum circle, a mentor Q&A session, lunch and a relaxing spa session, offering meaningful conversations and a well-deserved moment of tranquillity and self-care.

This special day was more than a celebration; it was a heartfelt tribute to the strength, resilience, and invaluable contributions of the women at HUBCO.





HUBCO Cricket Championship

In FY 2023-24, HUBCO hosted its inaugural Cricket Championship, marking a significant milestone as the first engagement event encompassing all plants within the organization. Recognizing the importance of nurturing a balanced work-life dynamic and promoting healthy interactions among its employees, this event brought together six teams representing Hubco Head Office, Hub Power Plant Thar Energy Limited, ThalNova Power Thar (Private) Limited, Narowal Energy Limited and Laraib Energy Limited. To ensure its success, a dedicated 14-member committee was formed, diligently overseeing all aspects of the championship.

The championship journey was a rollercoaster of excitement, culminating in a spectacular final match. The cricket field buzzed with energy and enthusiasm as teams battled for glory. In the end, team TN Maharaja representing ThalNova Power Thar (Private) Limited, emerged as the champion, demonstrating exceptional teamwork and resilience in the face of tough competition. Their victory was a testament to their dedication and true team spirit.

Beyond the competitive spirit, the championship promoted unity, teamwork and engagement.





Human Resource Management and Succession Planning

Human Resource Management (HRM) at HUBCO is pivotal in aligning our strategic goals with the capabilities of our workforce. A cornerstone of our HRM strategy is the development and implementation of a comprehensive succession plan, designed to ensure leadership continuity and nurture future leaders within the organization.



Key Elements of Succession Planning:

1. Identifying Critical Roles:

- Pinpoint essential roles within Hubco that are crucial for sustaining our operational and strategic objectives.
- Prioritize positions based on their impact on organizational success and potential risk if vacated.

2. Assessing Internal Candidates:

- Conduct thorough assessments of potential internal candidates who exhibit high potential for future leadership roles.
- Utilize performance metrics and career progression data to identify and evaluate promising individuals.

3. Providing Targeted Development Opportunities:

- Offer tailored development programs and leadership training to prepare identified candidates for future responsibilities.
- Focus on enhancing skills and competencies required for critical roles to ensure candidates are well-prepared for succession.

4. Mitigating Turnover Risks:

- Reduce the risks associated with turnover by preparing internal candidates to seamlessly step into leadership positions.
- Retain top talent by providing clear career progression paths and development opportunities.

5. Supporting Organizational Growth:

- Position HUBCO for sustained growth and success by ensuring a pipeline of capable leaders ready to take on key roles as needed.
- Align succession planning efforts with the company's long-term strategic goals to support organizational stability.

Mentorship Program

In alignment with our succession planning efforts, we have launched an internal Mentorship Program designed to engage and motivate high-potential employees. This program fosters developmental relationships between experienced leaders (mentors) and emerging talent (mentees), aiming to enhance both personal and professional growth.

Overview

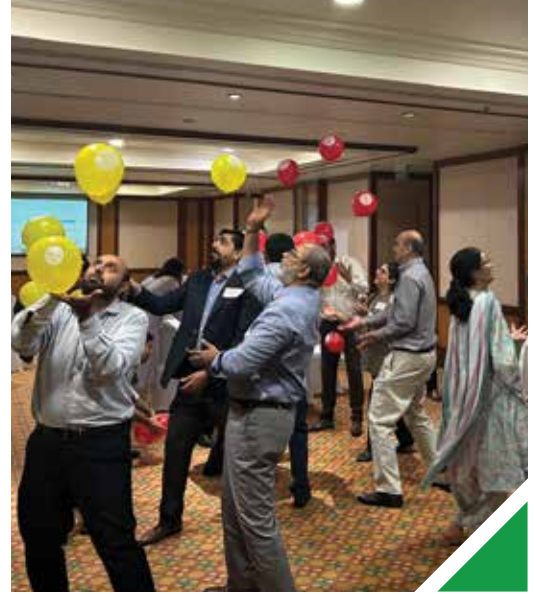
Mentorship is a dynamic relationship where a more experienced or knowledgeable individual (the mentor) provides guidance, support and advice to a less experienced or knowledgeable person (the mentee). This exchange of knowledge, skills and insights is intended to accelerate the mentee's development and help them achieve their full potential.

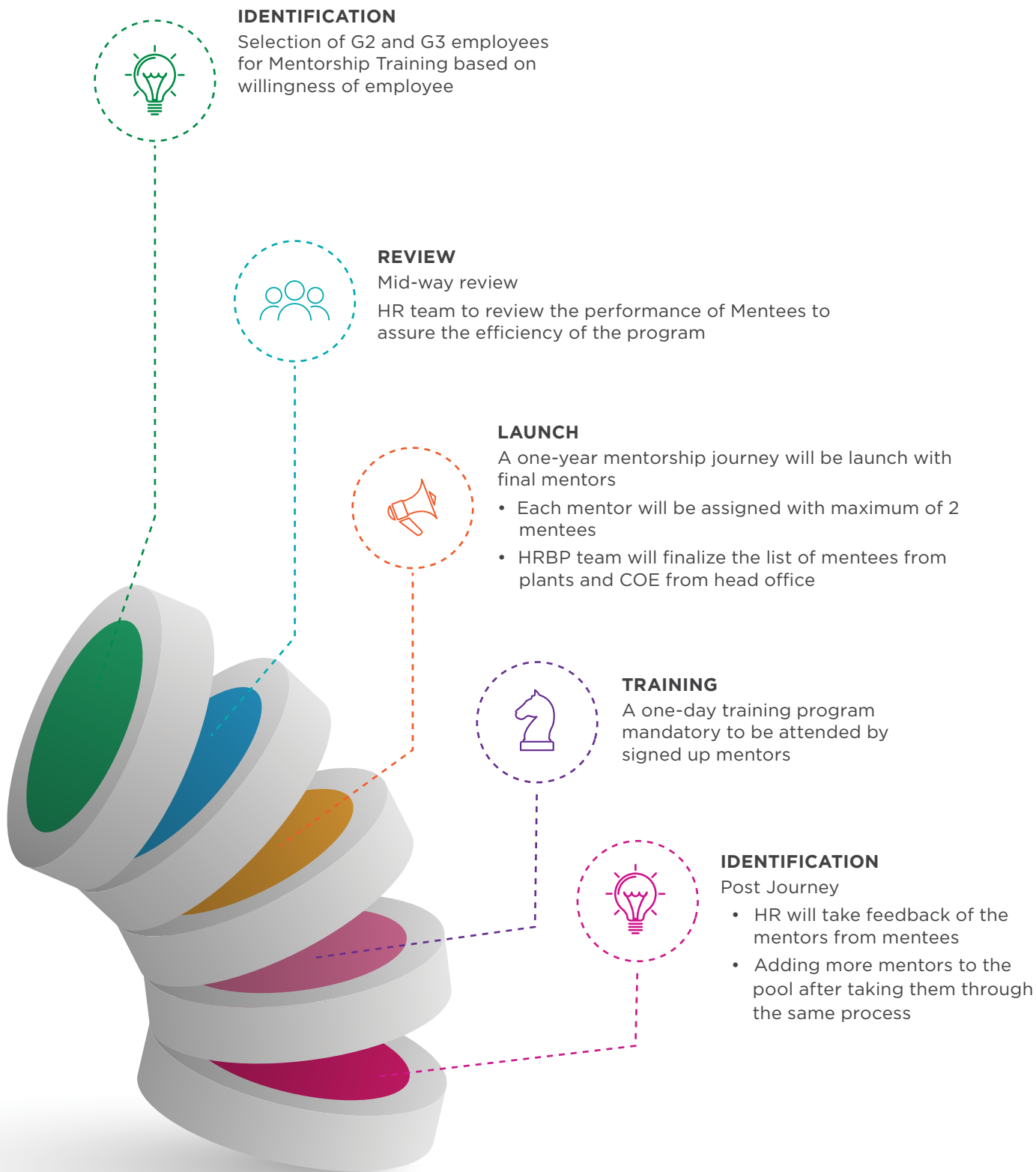


Mentorship Program Highlights:

To ensure mentors are equipped to effectively guide their mentees, we conduct a two-day training program focused on honing mentorship skills. This training helps mentors achieve the following objectives:

- Foster the growth of high-performing individuals by nurturing their leadership skills.
- Empower employees from minority groups to advance in their careers through mentorship programs.
- Facilitate career development: Aid employees in achieving their career aspirations by refining their skill sets.
- Establishing strong relationships among colleagues contributes to a healthier workplace culture.
- Employees are more likely to stay with an organization that demonstrates a commitment to their career development and future.
- Organizations dedicated to employee growth garner a reputation as a desirable workplace.





Training Organization outside Practice (TOoP) by ICAP

HUBCO is proud to announce its certification as an approved Training Organization Outside Practice (TOoP) by the Institute of Chartered Accountants of Pakistan (ICAP), the leading regulatory body for accountancy in Pakistan. This certification is part of ICAP's initiative to address the evolving global landscape and the growing need for specialized expertise in the chartered accountancy field. At HUBCO, we are committed to fostering the next generation of professionals by offering valuable practical experience and knowledge to aspiring chartered accountants.



National Finance Olympiad 2023

HUBCO emerged victorious in the fiercely competitive National Finance Olympiad (NFO) 2023, a unique initiative by ICAP PAIB Committee for finance professionals to showcase their skills and knowledge. This success highlights our competence in accounting, finance and governance standards, as well as our dedication to staying at the forefront of industry trends.





Business Model

HUBCO's business model integrates diverse resources and strategic activities to drive sustainable growth and value creation.

During the year, HUBCO has implemented significant changes to its business model, reflecting our strategic focus on growth and innovation, notably including:

1. We have decided to increase our stake in Thar coal mining.
2. We have entered the automotive business to launch new energy vehicles in Pakistan

Inputs:

We leverage various resources, including intellectual, financial, human, infrastructure, social, and natural capital. For more information about our resource allocation plans, please refer to page 84.

Business Activities:

Our operations primarily span power generation from both conventional and renewable sources, mining, and oil & gas exploration, as well as project development in emerging sectors like electric vehicles. We emphasize effective asset maintenance and adherence to stringent safety and operational protocols. Socially, we invest in community development and align with the UN Sustainable Development Goals (SDGs), while our natural capital management focuses on advanced HSE practices and environmental stewardship.

Outputs:

The key outputs include reliable energy generation within the energy sector. This encompasses the indigenous and dependable supply of electricity, as well as the provision of oil, gas, and coal across the energy value chain.

Outcomes:

The results of our business model include enhanced energy security and sustainable growth. Our commitment to operational excellence, coupled with strategic investments and a focus on environmental and social responsibility, ensures long-term value creation and stability for all stakeholders.

CEO Presentation Video

Our CEO's presentation video on HUBCO's business performance for the year, covering the business strategy and future outlook can be accessed on the Company's corporate website in the "Investors Information" section under the tab "CEO Presentation" through the following link:

<https://hubpower.com/investors/>





Forward-Looking Statement

Overview

HUBCO's strategic objectives are designed to promote growth, innovation and sustainability across all our business areas. By aligning these objectives with our vision for the future, we ensure that our actions today create long-term value for both our stakeholders and the environment.

For detailed insights into our short, medium and long-term objectives, please refer to page 84.

We are committed to upholding a strong governance framework, ensuring financial stability, and fostering strategic partnerships that support our vision for sustainable growth. By exploring project opportunities and addressing the evolving challenges of sustainability, we continuously refine our strategies and diversify our investments. This approach reinforces our position as a resilient leader in the energy sector.

Future Outlook

HUBCO is focused on expanding its footprint in key growth areas that align with the evolving energy and sustainability landscape. We are actively exploring opportunities in renewable energy, electric vehicles and water management projects, recognizing their potential to contribute significantly to Pakistan's energy security and environmental sustainability. Our commitment to these initiatives reflects our forward-looking approach, as we continue to seek out and engage in projects that offer substantial value and long-term benefits for all stakeholders.

For further information on our future outlook, please refer to page 41.

SUSTAINING THE LEGACY

Excellence is our benchmark. Therefore, HUBCO is determined to lead by example. Our multitude of achievements reflects our continuous pursuit of excellence and our significant impact in driving progress.

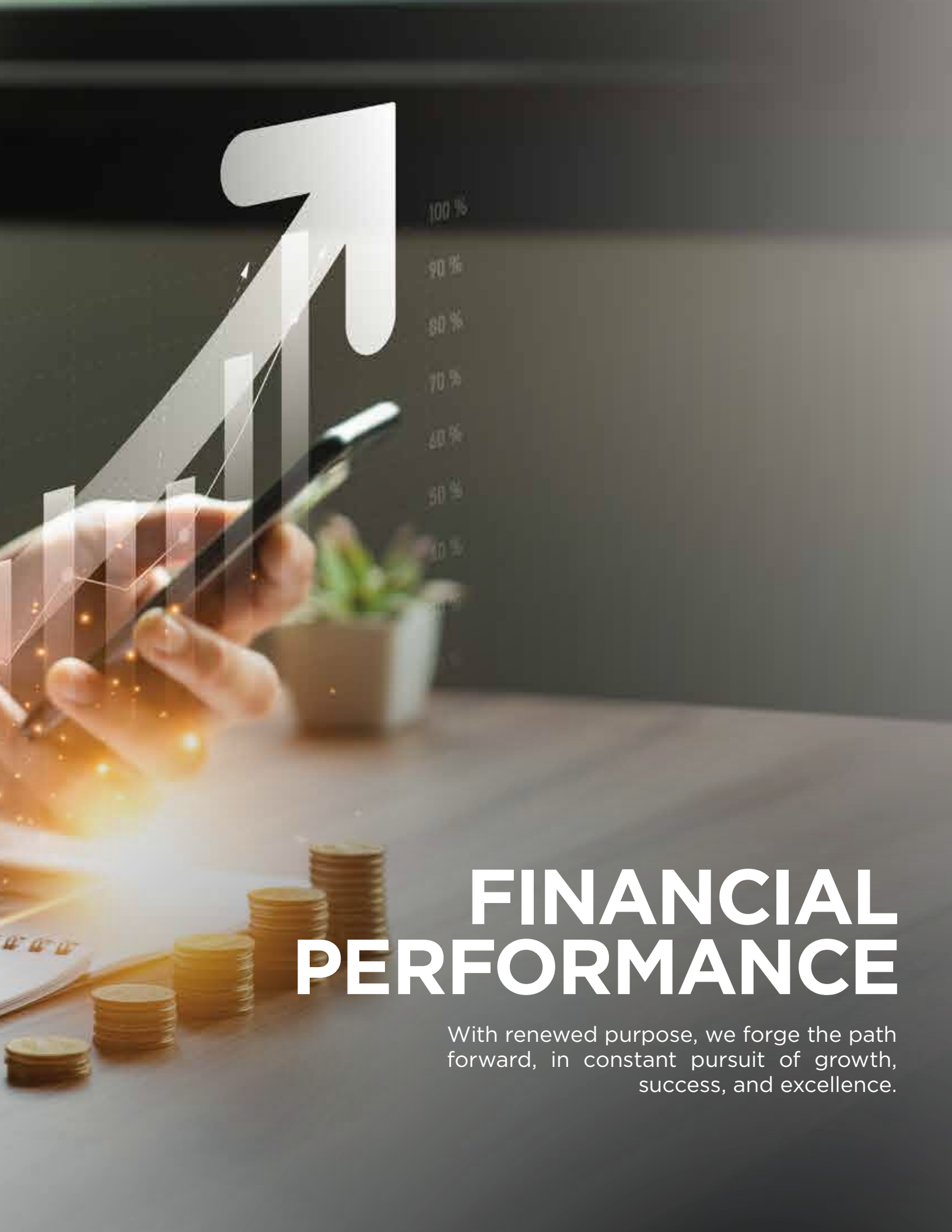
Awards & Achievements

- HUBCO team emerged victorious in the fiercely competitive arena of National Finance Olympiad (NFO) 2023 by Institute of Chartered Accountants of Pakistan (ICAP)
- HUBCO was the recipient of the prestigious Top 25 Companies Award 2022 by Pakistan Stock Exchange (PSX)
- Received Merit Certificate for the best corporate report 2022 in Fuel & Energy industry by Institute of Chartered Accountants of Pakistan (ICAP)
- Awarded for CSR at the 15th Annual Corporate Social Responsibility Awards 2023, organized by the National Forum for Environment and Health (NFEH)
- Awarded Best Place to Work Award 2023 in Energy, Oil & Gas Industry by Pakistan Society of Human Resource Management (PSHRM)
- HUBCO bagged Corporate Excellence award in power generation and distribution by Management Association of Pakistan (MAP) for the 6th consecutive year in 2023









FINANCIAL PERFORMANCE

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

HUBCO Financial Ratios

		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Gross Profit margin	%	73.27	57.60	37.42	63.16	65.01	32.37
Net Profit margin	%	81.57	69.51	33.78	66.37	36.94	22.17
Operating cost to turnover	%	26.73	42.40	62.58	36.84	34.99	67.63
Fuel cost to turnover	%	-	20.40	51.29	11.22	16.30	49.61
EBITDA Margin to Sales	%	114.36	95.88	49.84	93.77	80.31	41.89
Operating Leverage	%	90.13	90.60	96.65	88.91	81.24	85.56
Return on Equity	%	50.09	50.34	36.30	43.92	27.13	30.86
Return on Capital Employed	%	52.37	45.61	31.86	33.79	30.28	29.42
Liquidity Ratios							
Current Ratio	Times	1.20	1.04	1.19	1.24	1.09	0.92
Quick / Acid Test Ratio	Times	1.16	1.00	1.15	1.18	1.00	0.85
Cash to Current Liabilities	Times	0.032	0.008	0.006	0.004	0.006	0.073
Cash Flow from Operations to Sales	%	35.49	70.08	33.60	22.24	1.51	0.32
Working capital	Rs. in million	14,795	2,980	13,329	18,029	8,237	(7,906)
Cashflow to capital expenditure	%	0.26	1.06	0.08	0.40	19.28	219.42
Cashflow coverage ratio	%	98.50	130.41	65.59	20.35	1.19	0.50
Activity / Turnover Ratios							
No. of Days in Inventory	Days	74	39	22	140	207	76
Inventory Turnover	Times	4.92	9.24	16.88	2.61	1.77	4.78
No. of Days in Receivables	Days	520	484	394	832	939	750
Receivables Turnover	Times	0.70	0.75	0.93	0.44	0.39	0.49
No. of Days in Payables	Days	N/A	965	336	N/A	3,002	1,392
Payables Turnover	Times	N/A	0.38	1.09	N/A	0.12	0.26
Operating Cycle	Days	N/A	(442)	80	N/A	(1,856)	(566)
Total Asset Turnover	Times	0.26	0.29	0.40	0.20	0.17	0.24
Fixed Assets Turnover	Times	7.12	5.91	6.74	3.15	2.27	2.65
Working Capital Turnover	Times	2.81	14.94	4.69	1.79	3.34	(4.58)
Investment / Market Ratios							
Earnings Per Share	Rs.	26.12	23.85	16.29	16.52	7.84	6.70
Weighted Average No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,297	1,297	1,199
Price Earning Ratio	Times	6.24	2.92	4.18	4.82	9.25	11.75
Price to Book Ratio	Times	2.87	1.47	1.44	1.88	2.20	2.93
Dividend Yield	%	10.73	34.49	9.53	15.06	-	-
Dividend Payout Ratio	Times	0.67	1.01	0.40	0.73	-	-
Dividend Cover Ratio	Times	1.49	0.99	2.51	1.38	-	-
Cash Dividend Per Share - Interim	Rs.	11.50	24.00	6.50	7.00	-	-
Cash Dividend per share - Final	Rs.	6.00	-	-	5.00	-	-
Cash Dividend per share - Total	Rs.	17.50	24.00	6.50	12.00	-	-
Market Value Per Share							
Year end	Rs.	163.08	69.58	68.17	79.67	72.50	78.75
High	Rs.	165.14	79.03	81.96	91.32	103.21	98.13
Low	Rs.	74.80	57.75	63.03	70.31	57.40	68.84
Breakup Value (Net assets/share)	Rs.	56.90	47.38	47.40	42.34	32.90	26.90
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.20	0.39	0.52	0.64	0.82	0.72
Weighted Average Cost of Debt	%	23.27	15.99	10.87	9.08	14.55	9.85
Debt to Equity Ratio	Ratio	17:83	28:72	34:66	39:61	45:55	42:58
Interest Cover Ratio	Times	4.27	4.70	4.47	4.91	2.14	2.67
No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,297	1,297	1,157
Non-Financial Ratios							
Spares inventory as a % of Total assets	%	0.41	0.56	0.66	0.86	1.05	1.20
Maintenance cost as a % of Operating Expenses	%	9.87	9.40	3.35	11.09	18.76	14.44

Dupont Analysis

Ratios	2024	2023	Ratios
Tax Burden/Efficiency (Net Income/PBT)	97.05	96.33	Increased due to increase in dividend income from subsidiaries and equity investments.
Interest Burden/Efficiency (PBT/EBIT)	76.55	78.73	Decreased mainly due net effect of increase in finance cost pertaining to short term borrowings during the year offset by higher dividend from subsidiaries and equity investment.
Operating Income Margin (EBIT/Sales)	109.79	91.65	Increased mainly due to higher dividend income from subsidiaries and equity investment during the year.
Asset Turnover (Sales/Assets)	0.26	0.29	Decreased mainly due to lower turnover during the year.
Leverage Ratio (Assets/Equity)	2.13	2.47	Declined due to higher equity balance due to lower dividend pay-out compared to last year.
Return on Equity (Net Income/Equity)	50.09	50.34	No major change as increase in net income due to dividends from subsidiaries and equity investment is offset against increase in equity balance due to lower dividend payout as compared to last year

Horizontal and Vertical Analysis of Statement of Profit or Loss

Horizontal Analysis	2024 Rs. (Millions)	24 Vs. 23 %	2023 Rs. (Millions)	23 Vs. 22 %
Turnover	41,534	(6.70)	44,516	(28.82)
Operating costs	(11,101)	(41.19)	(18,875)	(51.78)
Gross Profit	30,433	18.69	25,641	9.56
Other income	16,619	3.70	16,026	136.83
General and administration expenses	(1,323)	72.49	(767)	37.21
Finance costs	(10,691)	23.17	(8,680)	32.48
Other operating expenses	(129)	29	(100)	(70)
Taxation	(1,030)	(12.56)	(1,178)	(26.10)
Profit for the year	33,879	9.49	30,942	46.45

Vertical Analysis	2024 Rs. (Millions)	% of turnover	2023 Rs. (Millions)	% of turnover
Turnover	41,534	100.00	44,516	100.00
Operating costs	(11,101)	(26.73)	(18,875)	(42.40)
Gross Profit	30,433	73.27	25,641	57.60
Other income	16,619	40.01	16,026	36.00
General and administration expenses	(1,323)	(3.19)	(767)	(1.72)
Finance costs	(10,691)	(25.74)	(8,680)	(19.50)
Other operating expenses	(129)	(0.31)	(100)	(0.22)
Taxation	(1,030)	(2.48)	(1,178)	(2.65)
Profit for the year	33,879	81.57	30,942	69.51

2022 Rs. (Millions)	22 Vs. 21 %	2021 Rs. (Millions)	21 Vs. 20 %	2020 Rs. (Millions)	20 Vs. 19 %	2019 Rs. (Millions)	19 Vs. 18 %
62,544	93.68	32,292	17.32	27,524	(24.07)	36,249	(52.72)
(39,140)	228.99	(11,897)	23.54	(9,630)	(60.72)	(24,516)	(63.34)
23,404	14.75	20,395	13.98	17,894	52.51	11,733	19.69
6,767	(26.45)	9,200	190.96	3,162	26.08	2,508	12.52
(559)	(29.15)	(789)	4.23	(757)	(13.19)	(872)	(3.11)
(6,552)	13.51	(5,772)	(38.56)	(9,395)	89.38	(4,961)	121
(338)	(27)	(460)	197	(155)	17	(133)	21
(1,594)	39.70	(1,141)	96.05	(582)	144.54	(238)	13.88
21,128	(1.42)	21,433	110.81	10,167	26.50	8,037	(6.16)

2022 Rs. (Millions)	% of turnover	2021 Rs. (Millions)	% of turnover	2020 Rs. (Millions)	% of turnover	2019 Rs. (Millions)	% of turnover
62,544	100.00	32,292	100.00	27,524	100.00	36,249	100.00
(39,140)	(62.58)	(11,897)	(36.84)	(9,630)	(34.99)	(24,516)	(67.63)
23,404	37.42	20,395	63.16	17,894	65.01	11,733	32.37
6,767	10.82	9,200	28.49	3,162	11.49	2,508	6.92
(559)	(0.89)	(789)	(2.44)	(757)	(2.75)	(872)	(2.41)
(6,552)	(10.48)	(5,772)	(17.87)	(9,395)	(34.13)	(4,961)	(13.69)
(338)	(0.54)	(460)	(1.42)	(155)	(0.56)	(133)	(0.37)
(1,594)	(2.55)	(1,141)	(3.53)	(582)	(2.11)	(238)	(0.66)
21,128	33.78	21,433	66.37	10,167	36.94	8,037	22.17

Statement of Financial Position

Horizontal Analysis

Horizontal Analysis	2024	24 Vs. 23	2023	23 Vs. 22	2022	22 Vs. 21
	Rs. (Millions)	%	Rs. (Millions)	%	Rs. (Millions)	%
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	4,901	(27.50)	6,760	(18.69)	8,314	(18.94)
Intangibles	1	-	1	(50.00)	2	(66.67)
Long term investments	63,993	1.86	62,825	4.15	60,320	5.28
Long term loan to subsidiary	-	-	3,846	100.00	1,489	100.00
Long term deposits and prepayments	14	7.69	13	44.44	9	(59.09)
	68,909	(6.18)	73,445	4.72	70,134	3.78
CURRENT ASSETS						
Stores, spares and consumables	638	(24.94)	850	(16.34)	1,016	(26.27)
Stock-in-trade	2,263	0.44	2,253	23.05	1,831	(34.75)
Trade debts	62,917	14.22	55,084	(12.45)	62,919	(12.86)
Loan and advances	86	72.00	50	6.38	47	(93.15)
Prepayments and other receivables	20,221	3.40	19,557	10.66	17,673	17.42
Cash and bank balances	2,356	303.42	584	50.52	388	28.90
	88,481	12.89	78,378	(6.55)	83,874	(9.25)
Non-current asset held for sale	-	-	-	-	-	-
TOTAL ASSETS	157,390	3.67	151,823	(1.42)	154,008	(3.75)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	17,000	-	17,000	-	17,000	-
Issued, subscribed and paid-up	12,972	-	12,972	-	12,972	-
Capital Reserve						
Share Premium	5,600	-	5,600	-	5,600	-
Revenue Reserve						
Unappropriated profit	55,241	28.81	42,884	(0.07)	42,916	18.05
TOTAL EQUITY	73,813	20.11	61,456	(0.05)	61,488	11.95
NON-CURRENT LIABILITIES						
Long term loans	9,737	(34.19)	14,796	(32.08)	21,786	(28.38)
Long term lease liabilities	154	(10.98)	173	(8.47)	189	(28.41)
CURRENT LIABILITIES						
Trade and other payables	38,477	4.76	36,727	14.25	32,145	(23.13)
Provision for taxation	2,368	43.17	1,654	69.12	978	-
Unclaimed dividend	231	8.96	212	(4.93)	223	(2.19)
Unpaid dividend	217	68.22	129	12.17	115	150.00
Interest/mark-up accrued	752	(42.33)	1,304	53.23	851	34.65
Short term borrowings	26,568	0.56	26,419	0.95	26,170	(3.32)
Current maturity of long term loans	5,052	(43.47)	8,937	(11.08)	10,051	119.60
Current maturity of long term lease liabilities	21	31.25	16	33.33	12	(60.00)
	73,686	(2.27)	75,398	6.88	70,545	(5.18)
TOTAL EQUITY AND LIABILITIES	157,390	3.67	151,823	(1.42)	154,008	(3.75)

2021 Rs. (Millions)	21 Vs. 20 %	2020 Rs. (Millions)	20 Vs. 19 %	2019 Rs. (Millions)	19 Vs. 18 %	2018 Rs. (Millions)	18 Vs. 17 %	2017 Rs. (Millions)	17 Vs. 16 %
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10,257	(15.55)	12,146	(11.13)	13,667	(11.26)	15,401	(10.78)	17,262	(52.82)
6	(76.92)	26	(50.00)	52	(5.45)	55	22.22	45	2.27
57,295	1.32	56,549	16.95	48,355	133.84	20,679	85.06	11,174	90.16
-	-	-	-	-	-	-	-	-	-
22	-	22	-	22	4.76	21	(84.21)	133	533.33
67,580	(1.69)	68,743	10.70	62,096	71.74	36,156	26.36	28,614	(32.72)

1,378	(19.98)	1,722	(6.97)	1,851	(5.32)	1,955	(0.26)	1,960	(20.33)
2,806	(55.59)	6,319	38.09	4,576	(19.55)	5,688	104.16	2,786	8.70
72,206	(3.77)	75,031	12.61	66,629	(19.42)	82,683	12.24	73,663	(5.25)
686	328.75	160	(78.14)	732	713.33	90	(37.06)	143	(42.11)
15,051	25.06	12,035	14.27	10,532	9.50	9,618	45.93	6,591	27.21
301	(41.10)	511	(93.01)	7,312	1,612.41	427	(65.09)	1,223	(62.71)
92,428	(3.50)	95,778	4.52	91,632	(8.79)	100,461	16.32	86,366	(5.59)

-	-	-	-	-	-	-	(100.00)	4	100.00
160,008	(2.74)	164,521	7.02	153,728	12.52	136,617	18.81	114,984	(14.19)

17,000	-	17,000	-	17,000	-	17,000	41.67	12,000	-
12,972	-	12,972	-	12,972	12.10	11,572	-	11,572	-
5,600	-	5,600	-	5,600	100.00	-	-	-	-
36,353	50.79	24,108	76.09	13,691	65.83	8,256	4.32	7,914	(50.56)
54,925	28.69	42,680	32.29	32,263	62.71	19,828	1.76	19,486	(29.34)
30,420	(10.55)	34,006	55.09	21,927	73.17	12,662	133.10	5,432	(68.60)
264	(10.20)	294	100.00	-	-	-	-	-	-

41,817	(25.30)	55,981	(0.52)	56,273	(29.50)	79,821	20.54	66,222	0.34
-	-	-	-	-	-	-	-	-	-
228	9.62	208	9.47	190	35.71	140	8.53	129	4.88
46	4.55	44	(45.00)	80	(67.61)	247	(75.83)	1,022	(52.92)
632	(21.88)	809	42.43	568	259.49	158	(38.52)	257	(50.10)
27,069	(9.51)	29,914	(27.24)	41,112	88.80	21,776	8.39	20,091	21.47
4,577	714.41	562	(57.26)	1,315	(33.75)	1,985	(15.35)	2,345	(37.96)
30	30.43	23	100.00	-	-	-	-	-	-
74,399	(15.01)	87,541	(12.05)	99,538	(4.41)	104,127	15.61	90,066	1.05
160,008	(2.74)	164,521	7.02	153,728	12.52	136,617	18.81	114,984	(14.19)

Statement of Financial Position

Vertical Analysis

Vertical Analysis	2024		2023		2022	
	Rs. (Millions)	%	Rs. (Millions)	%	Rs. (Millions)	%
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, Plant and equipments	4,901	3.11	6,760	4.45	8,314	5.40
Intangibles	1	0.00	1	0.00	2	0.00
Long term investments	63,993	40.66	62,825	41.38	60,320	39.17
Long term loan to subsidiary	-	-	3,846	100.00	1,489	100.00
Long term deposits and prepayments	14	0.01	13	0.01	9	0.01
	68,909	43.78	73,445	48.38	70,134	45.54
CURRENT ASSETS						
Stores, spares and consumables	638	0.41	850	0.56	1,016	0.66
Stock-in-trade	2,263	1.44	2,253	1.48	1,831	1.19
Trade debts	62,917	39.98	55,084	36.28	62,919	40.85
Loan and advances	86	0.05	50	0.03	47	0.03
Prepayments and other receivables	20,221	12.85	19,557	12.88	17,673	11.48
Cash and bank balances	2,356	1.50	584	0.38	388	0.25
	88,481	56.22	78,378	51.62	83,874	54.46
Non-current asset held for sale	-	-	-	-	-	-
TOTAL ASSETS	157,390	100.00	151,823	100.00	154,008	100.00
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	17,000	-	17,000	-	17,000	-
Issued, subscribed and paid-up	12,972	8.24	12,972	8.54	12,972	8.42
Capital Reserve						
Share Premium	5,600	3.56	5,600	3.69	5,600	3.64
Revenue Reserve						
Unappropriated profit	55,241	35.10	42,884	28.25	42,916	27.87
TOTAL EQUITY	73,813	46.90	61,456	40.48	61,488	39.93
NON-CURRENT LIABILITIES						
Long term loans	9,737	6.19	14,796	9.75	21,786	14.15
Long term lease liabilities	154	0.10	173	0.11	189	0.12
CURRENT LIABILITIES						
Trade and other payables	38,477	24.45	36,727	24.19	32,145	20.87
Provision for taxation	2,368	1.50	1,654	1.09	978	0.64
Unclaimed dividend	231	0.15	212	0.14	223	0.14
Unpaid dividend	217	0.14	129	0.08	115	0.07
Interest/mark-up accrued	752	0.48	1,304	0.86	851	0.55
Short term borrowings	26,568	16.88	26,419	17.40	26,170	16.99
Current maturity of long term loans	5,052	3.21	8,937	5.89	10,051	6.53
Current maturity of long term lease liabilities	21	0.01	16	0.01	12	0.01
	73,686	46.82	75,398	49.66	70,545	45.81
TOTAL EQUITY AND LIABILITIES	157,390	100.00	151,823	100.00	154,008	100.00

2021		2020		2019		2018		2017	
Rs. (Millions)	%	Rs. (Millions)	%	Rs. (Millions)	%	Rs. (Millions)	%	Rs. (Millions)	%

10,257	6.41	12,146	7.38	13,667	8.89	15,401	11.27	17,262	15.01
6	0.00	26	0.02	52	0.03	55	0.04	45	0.04
57,295	35.81	56,549	34.37	48,355	31.45	20,679	15.14	11,174	9.72
-	-	-	-	-	-	-	-	-	-
22	0.01	22	0.01	22	0.01	21	0.02	133	0.12
67,580	V42.24	68,743	41.78	62,096	40.39	36,156	26.47	28,614	24.89

1,378	0.86	1,722	1.05	1,851	1.20	1,955	1.43	1,960	1.70
2,806	1.75	6,319	3.84	4,576	2.98	5,688	4.16	2,786	2.42
72,206	45.13	75,031	45.61	66,629	43.34	82,683	60.52	73,663	64.06
686	0.43	160	0.10	732	0.48	90	0.07	143	0.12
15,051	9.41	12,035	7.32	10,532	6.85	9,618	7.04	6,591	5.73
301	0.19	511	0.31	7,312	4.76	427	0.31	1,223	1.06
92,428	57.76	95,778	58.22	91,632	59.61	100,461	73.53	86,366	75.11

-	-	-	-	-	-	-	-	4	-
160,008	100.00	164,521	100.00	153,728	100.00	136,617	100.00	114,984	100.00

17,000	-	17,000	-	17,000	-	17,000	-	12,000	-
12,972	8.11	12,972	7.88	12,972	8.44	11,572	8.47	11,572	10.06
5,600	3.50	5,600	3.40	5,600	3.64	-	-	-	-
36,353	22.72	24,108	14.65	13,691	8.91	8,256	6.04	7,914	6.88
54,925	34.33	42,680	25.94	32,263	20.99	19,828	14.51	19,486	16.95

30,420	19.01	34,006	20.67	21,927	14.26	12,662	9.27	5,432	4.72
264	0.16	294	0.18	-	-	-	-	-	-

41,817	26.13	55,981	34.03	56,273	36.61	79,821	58.43	66,222	57.59
-	-	-	-	-	-	-	-	-	-
228	0.14	208	0.13	190	0.12	140	0.10	129	0.11
46	0.03	44	0.03	80	0.05	247	0.18	1,022	0.89
632	0.39	809	0.49	568	0.37	158	0.12	257	0.22
27,069	16.92	29,914	18.18	41,112	26.74	21,776	15.94	20,091	17.47
4,577	2.86	562	0.34	1,315	0.86	1,985	1.45	2,345	2.04
30	0.02	23	0.01	-	-	-	-	-	-
74,399	46.50	87,541	53.21	99,538	64.75	104,127	76.22	90,066	78.33

160,008	100.00	164,521	100.00	153,728	100.00	136,617	100.00	114,984	100.00
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Six Years Statement of Profit or Loss at a glance

	2024	2023	2022	2021	2020	2019
	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)
Turnover	41,534	44,516	62,544	32,292	27,524	36,249
Operating costs	(11,101)	(18,875)	(39,140)	(11,897)	(9,630)	(24,516)
Gross Profit	30,433	25,641	23,404	20,395	17,894	11,733
Other income	16,619	16,026	6,767	9,200	3,162	2,508
General and administration expenses	(1,323)	(767)	(559)	(789)	(757)	(872)
Finance costs	(10,691)	(8,680)	(6,552)	(5,772)	(9,395)	(4,961)
Other operating expenses	(129)	(100)	(338)	(460)	(155)	(133)
Taxation	(1,030)	(1,178)	(1,594)	(1,141)	(582)	(238)
Profit for the year	33,879	30,942	21,128	21,433	10,167	8,037
Basic and diluted earnings per share (Rupees)	26.12	23.85	16.29	16.52	7.84	6.70
Weighted Average No. of Ordinary Shares	1,297	1,297	1,297	1,297	1,297	1,199

	2024	2023	2022	2021	2019	2018
	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)
EBITDA						
Profit after tax for the year	33,879	30,942	21,128	21,433	10,167	8,037
Finance costs	10,691	8,680	6,552	5,772	9,395	4,961
Depreciation	1,898	1,882	1,890	1,914	1,931	1,914
Amortization	1	1	6	20	30	35
Taxation	1,030	1,178	1,594	1,141	582	238
EBITDA	47,498	42,683	31,170	30,280	22,105	15,185

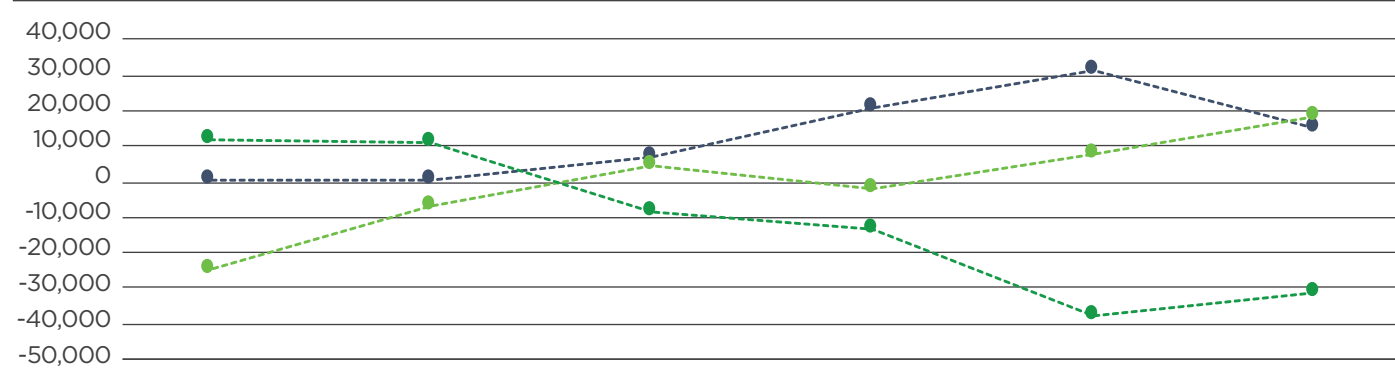
	2024	2023	2022	2021	2019	2018
	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)
EBIT						
Profit after tax for the year	33,879	30,942	21,128	21,433	10,167	8,037
Finance costs	10,691	8,680	6,552	5,772	9,395	4,961
Taxation	1,030	1,178	1,594	1,141	582	238
EBIT	45,600	40,800	29,274	28,346	20,144	13,236

Six Years Statement of Financial Position at a glance

	2024	2023	2022	2021	2020	2019
	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)	Rs. (Millions)
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, plant and equipment	4,901	6,760	8,314	10,257	12,146	13,667
Intangibles	1	1	2	6	26	52
Long term investments	63,993	62,825	60,320	57,295	56,549	48,355
Long term loan to subsidiary	-	3,846	1,489	-	-	-
Long term deposits	14	13	9	22	22	22
	68,909	73,445	70,134	67,580	68,743	62,096
CURRENT ASSETS						
Stores, spares and consumables	638	850	1,016	1,378	1,722	1,851
Stock-in-trade	2,263	2,253	1,831	2,806	6,319	4,576
Trade debts	62,917	55,084	62,919	72,206	75,031	66,256
Loans and advances	87	50	47	686	160	732
Prepayments and other receivables	20,220	19,557	17,673	15,051	12,035	10,905
Cash and bank balances	2,356	584	388	301	511	7,312
	88,481	78,378	83,874	92,428	95,778	91,632
TOTAL ASSETS	157,390	151,823	154,008	160,008	164,521	153,728
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVE						
Share Capital						
Authorised	17,000	17,000	17,000	17,000	17,000	17,000
Issued, subscribed and paid-up	12,972	12,972	12,972	12,972	12,972	12,972
Capital Reserve						
Share premium	5,600	5,600	5,600	5,600	5,600	5,600
Revenue Reserve						
Unappropriated profit	55,241	42,884	42,916	36,353	24,108	13,691
TOTAL EQUITY	73,813	61,456	61,488	54,925	42,680	32,263
NON-CURRENT LIABILITIES						
Long term loans	9,737	14,796	21,786	30,420	34,006	21,927
Long term lease liabilities	154	173	189	264	294	-
	9,891	14,969	21,975	30,684	34,300	21,927
CURRENT LIABILITIES						
Trade and other payables	38,477	36,727	32,145	41,817	55,981	56,273
Provision for taxation	2,368	1,654	978	-	-	-
Unclaimed dividend	231	211	223	228	208	190
Unpaid dividend	217	129	115	46	44	80
Interest / mark-up accrued	752	1,304	851	632	809	568
Short term borrowings	26,568	26,420	26,170	27,069	29,914	41,112
Current maturity of long term loans	5,052	8,937	10,051	4,577	562	1,315
Current maturity of long term lease liabilities	21	16	12	30	23	-
	73,686	75,398	70,545	74,399	87,541	99,538
COMMITMENTS AND CONTINGENCIES						
TOTAL EQUITY AND LIABILITIES	157,390	151,823	154,008	160,008	164,521	153,728

Summary of Six Years Cashflow at a Glance

	2024 Rs. (Millions)	2023 Rs. (Millions)	2022 Rs. (Millions)	2021 Rs. (Millions)	2019 Rs. (Millions)	2018 Rs. (Millions)
Opening	(19,835)	(21,281)	(26,768)	(29,402)	(33,799)	(21,349)
Net Cashflow generated from operating activities	14,740	31,195	21,015	7,180	415	117
Net Cashflow generated from / (used in) investing activities	18,487	8,097	(1,889)	4,223	(7,221)	(24,720)
Net Cashflow (used in) / generated from financing activities	(31,603)	(37,846)	(13,638)	(8,769)	11,203	12,153
Closing	(18,211)	(19,835)	(21,281)	(26,768)	(29,402)	(33,799)



- 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 decrease in turnover by 6.70% compared to the last year is mainly due to the lower Net Electrical Output on account of lower load demanded by CPPA(G).

The decrease in operating cost by 41.19% compared to the last year is mainly due to zero fuel cost due to lower generation.

The increase in other income was mainly due to net effect of higher dividend income from subsidiaries and equity investment and higher interest income set off by nil income from management services.

Increase in finance cost mainly due to utilization of additional loans partly set off by loan repayments during the year.

The current year net profit increased by 9.49% compared to the last year resulting in increase in earnings per share from Rs. 23.85 to Rs. 26.12 mainly due to higher dividend income from subsidiaries and equity investment.

COMMENTS ON UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

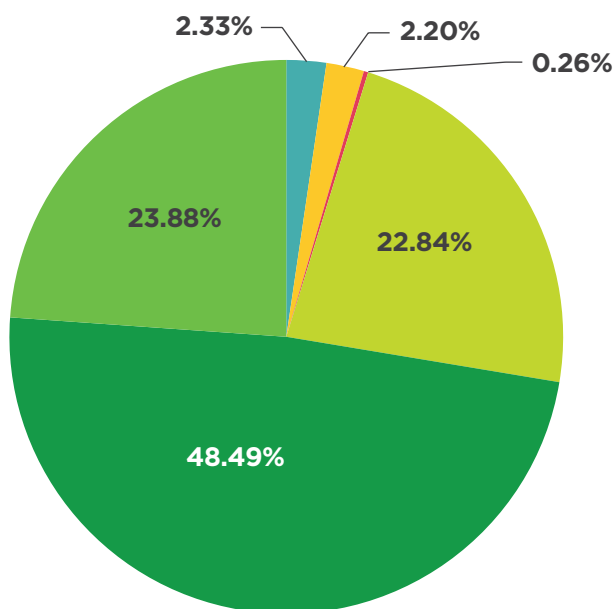
No additional loan has been obtained during the year whereas long term loan of Rs. 8,970 million was repaid during the year.

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.

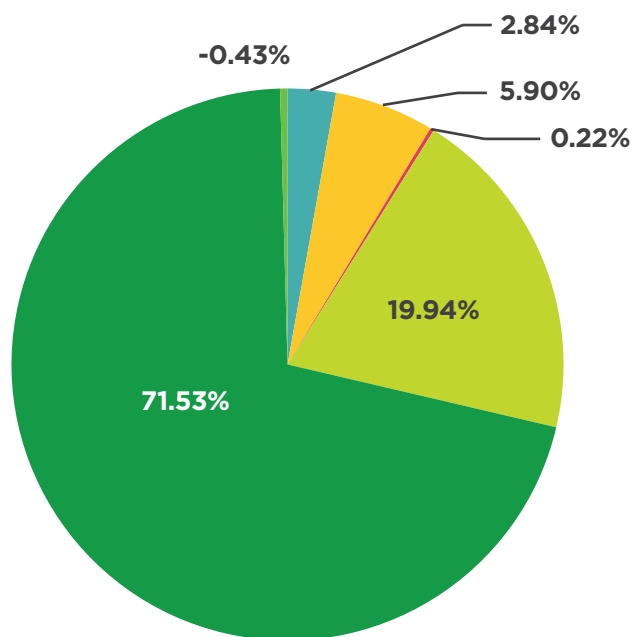
Statement of Value Addition

	2024 Rs. (Millions)	%	2023 Rs. (Millions)	%
Wealth Created				
Total Revenue inclusive of sales tax and other income	58,152.99	124.23	62,176.68	142.86
Less: Operating cost & other general expenses	(11,344)	(24.23)	(18,653)	(42.86)
	<u>46,809</u>	100.00	<u>43,524</u>	100.00
Wealth Distributed				
To employees				
Salaries, wages and other benefits	1,089	2.33	1,238	2.84
To government				
Sales tax	-	-	1,389	3.19
Income tax	1,030	2.20	1,178	2.71
To society				
Donation / Corporate Social Responsibility	120	0.26	96	0.22
To providers of finance as financial charges				
Dividend to Shareholders	22,700	48.49	31,132	71.53
Wealth Retained				
	<u>11,179</u>	23.88	<u>(190)</u>	(0.43)
	<u>46,809</u>	100.00	<u>43,524</u>	100.00

**Wealth Distribution
2024**



**Wealth Distribution
2023**



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

Quarterly Financial Analysis

	Jul - Sep 2023 Rs. '000	%	Oct - Dec 2023 Rs. '000	%	Jan - Mar 2024 Rs. '000	%	Apr - Jun 2024 Rs. '000	%	Jul - Jun 2024 Rs. '000	%
Net Sales	9,846,876	24%	10,063,321	24%	10,758,690	26%	10,865,517	26%	41,534,404	100%
Gross Profit	6,953,120	23%	7,090,909	23%	7,793,589	26%	8,596,058	28%	30,433,676	100%
Profit for the period	4,046,963	12%	10,876,355	32%	7,034,759	21%	11,921,099	35%	33,879,176	100%

Quarterly Analysis 2023-24



Cash Flow Statement - Direct Method

For the year ended June 30, 2024

	2024	2023
	(Rs. '000s)	(Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	33,700,756	53,740,702
Paid to suppliers / service provider - net	(6,793,731)	(13,432,529)
Paid to employees	(1,273,772)	(933,897)
Interest income received	256,197	27,332
Interest / mark-up paid	(10,779,730)	(7,684,889)
Staff gratuity paid	(55,000)	(19,500)
Taxes paid	(315,123)	(502,594)
Net cash inflow from operating activities	14,739,597	31,194,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(38,289)	(330,454)
Sale proceeds from disposal of Fixed Assets	2,851	13,507
Long term investment made	-	(2,316,350)
Long term loan to subsidiary - net	3,845,520	(2,356,701)
Dividend received from subsidiaries	14,677,671	13,092,011
Long-term deposits and prepayments	(1,005)	(4,800)
Net cash outflow from investing activities	18,486,748	8,097,213
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(22,593,093)	(31,129,039)
Proceeds from privately placed Sukuk	12,000,000	6,000,000
Repayment of privately placed Sukuk	(12,000,000)	(4,500,000)
Proceeds from long term loans	-	2,268,562
Repayment of long term loans	(8,969,648)	(10,447,795)
Repayment of long term lease liabilities	(39,875)	(37,944)
Net cash outflow from financing activities	(31,602,616)	(37,846,216)
Net decrease in cash and cash equivalents	1,623,729	1,445,622
Cash and cash equivalents at the beginning of the year	(19,835,854)	(21,281,476)
Cash and cash equivalents at the end of the year	(18,212,125)	(19,835,854)

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.

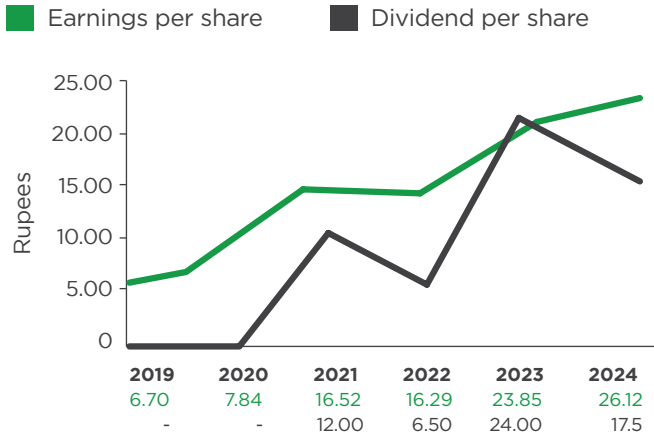
Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, guidelines and frameworks issued by professional bodies and best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

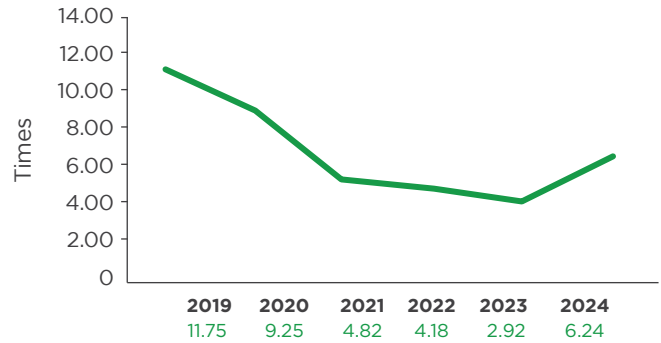
Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.

Graphical Presentation

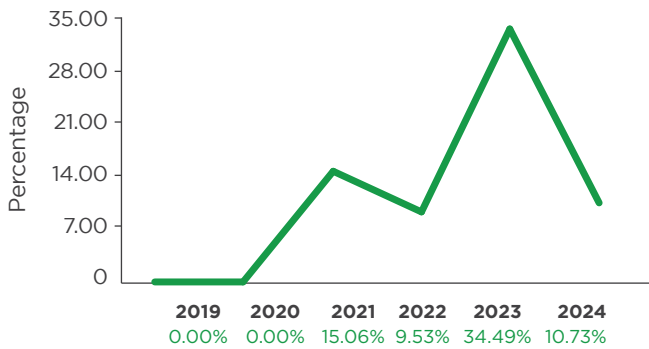
EPS vs Dividend per share



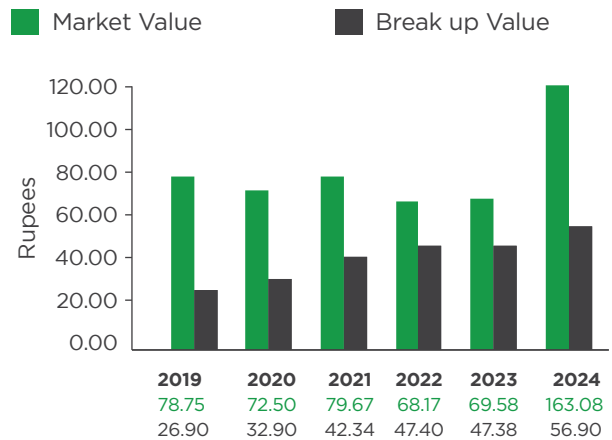
PE Ratio



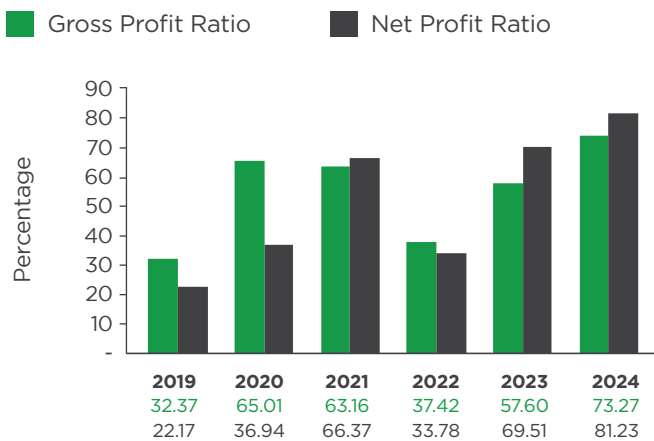
Dividend Yield



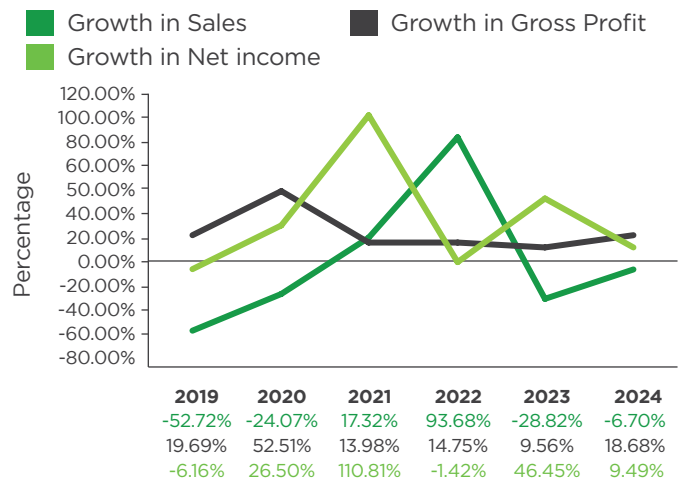
Market Value vs Break up Value



GP % vs NP %

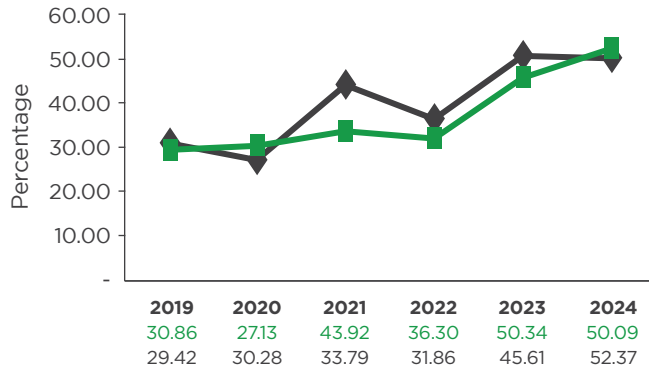


Growth of Turnover and Profitability



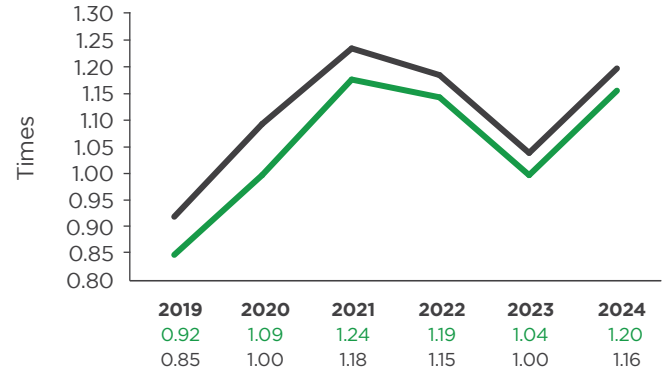
Profitability Ratio

Return on Equity Return on Capital Employed



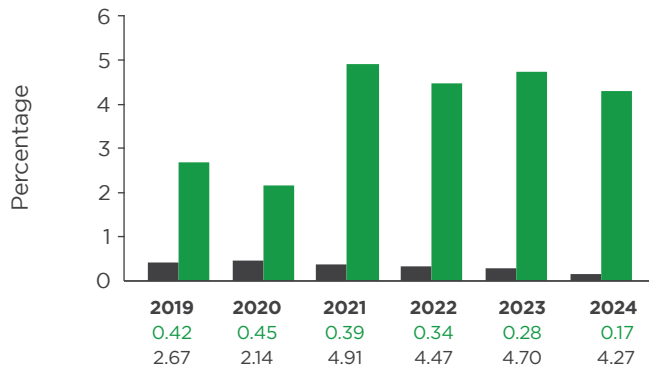
Current Ratio vs Quick / Acid Test Ratio

Current Ratio Quick / Acid Test Ratio



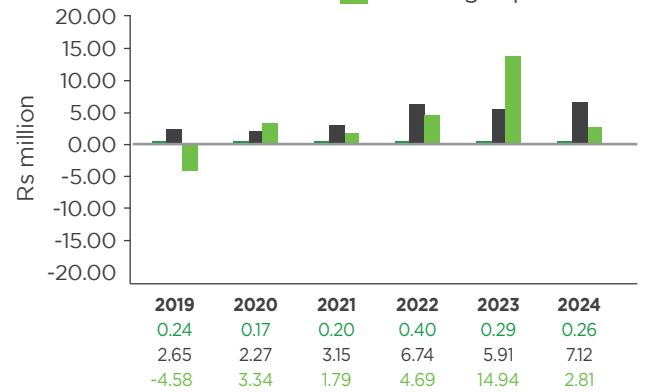
Debt Management

Debt to Equity Ratio Interest Cover



Turnover Ratio

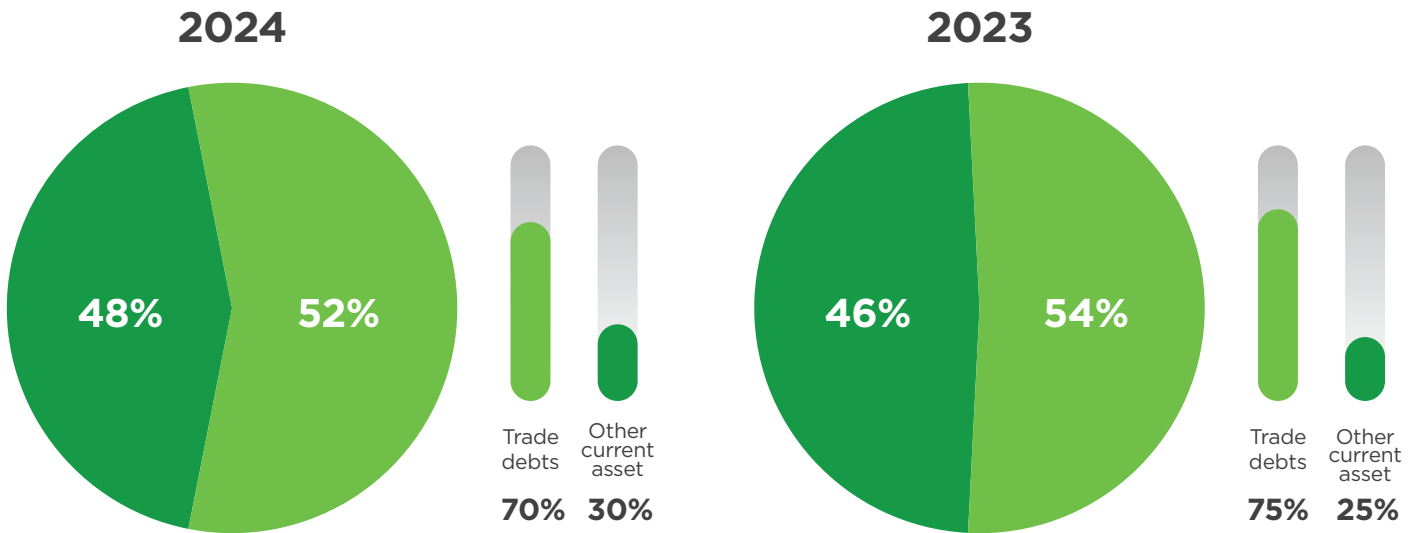
Total asset turnover Fixed assets turnover
Working capital turnover



Graphical Presentation

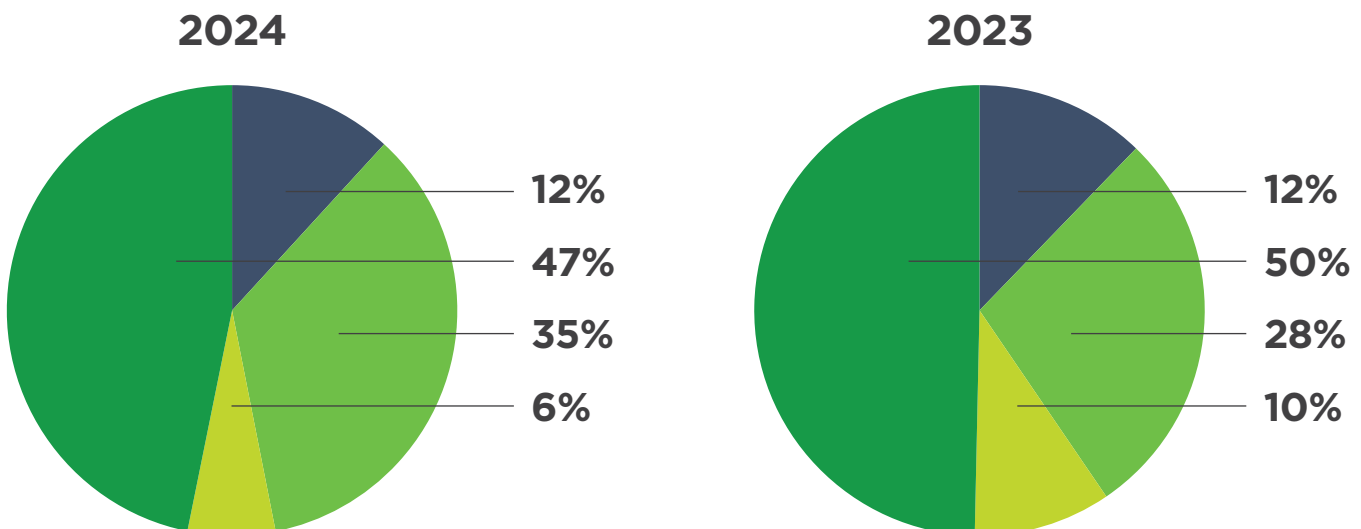
Composition of Total Assets

■ Non Current Assets ■ Current Assets



Capital Structure

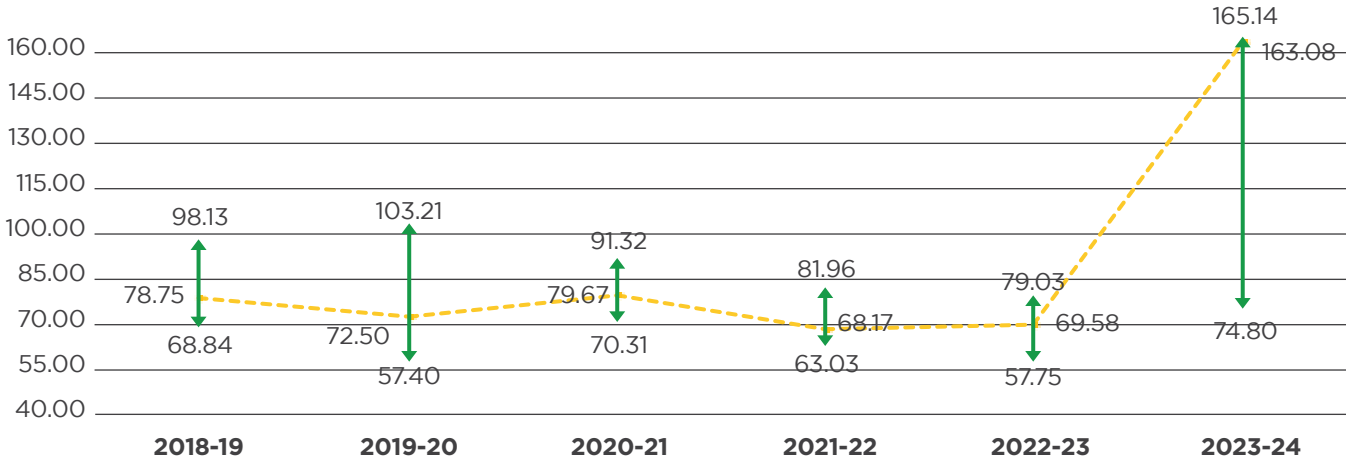
■ Current Liabilities ■ Retained earning ■ Paid up Share capital ■ Non current liabilities



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 2023-24, Company's share price has touched the peak of Rs. 165.14 while the lowest recorded price was Rs. 74.8 with a closing price of Rs. 163.08 at the end of the year.

Share Price Sensitivity



High	98.13	103.21	91.32	81.96	79.03	165.14
Closing	78.75	72.50	79.67	68.17	69.58	163.08
Low	68.84	57.40	70.31	63.03	57.75	74.80

Unconsolidated Financial Statements

For The Year Ended June 30, 2024





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, 2024, 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 material accounting policy information 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, 2024 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 matter	How the matter was addressed in our audit
(i)	Contingent Liabilities	
	<p>[Refer notes 3.8, 28.4 to 28.9 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 Profits Participation Fund (WPPF) and First Fill claim matters which are pending adjudication at various legal forums. 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>The related matters 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 or recognition of any provision that may be required there against.</p> <p>Due to the significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgment 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> <ul style="list-style-type: none"> i) obtained understanding of the Company's process and controls over litigations through meetings with management and reviewed the minutes of the meetings of Board of Directors and Board Audit Committee; ii) obtained and assessed details of the pending and possible litigation and discussed the same with the Company's management; iii) circularised confirmations to the Company's external legal and tax advisors for their views on matters being handled by them; iv) involved internal tax professionals to assess management's conclusion on contingent tax matters and evaluated consistency of such conclusions with the views of management and external tax advisors engaged by the Company; v) checked correspondence of the Company with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of related disclosures in the unconsolidated financial statements with regard to the applicable accounting and reporting standards.
(ii)	Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G)	
	<p>[Refer notes 3.10.1, 3.15.1, 3.17 and 18 to the unconsolidated financial statements]</p> <p>The Company under the Power Purchase Agreement (PPA) supplies electricity to the sole customer i.e., CPPA-G and recognises revenue based on output delivered and capacity made available. Continuous delays by CPPA-G in settlement of invoices raised by the Company under the PPA have resulted in accumulation of trade debts aggregating to Rs. 62,917,423 thousand as at June 30, 2024 including overdue trade debts of Rs. 53,523,575 thousand. 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>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting framework applicable on the Company; ii) checked that the invoices raised by the Company during the year were in accordance with the PPA; iii) circularised confirmation of trade debts / receivables to CPPA-G; iv) checked receipts from CPPA-G from bank statements;

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>In view of the significant delays in settlement of receivables, materiality of the amount involved and the consequential impact of the delay on liquidity of the Company, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<ul style="list-style-type: none"> v) made inquiries with the management of the Company and reviewed minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for recoverability of outstanding accounts; vi) 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 framework; vii) assessed the availability of finance with the Company to funds its business operation through committed credit lines obtained from various financial institutions; and viii) assessed adequacy of the related disclosures made in the unconsolidated financial statements, with regard to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: September 7, 2024

UDIN: AR202410080gLQEfe7ny

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Revenue from contract with customer - net	5	41,534,404	44,516,209
Cost of revenue	6	(11,100,728)	(18,875,135)
GROSS PROFIT		30,433,676	25,641,074
General and administration expenses	7	(1,322,712)	(766,632)
Other income	8	16,618,586	16,025,976
Other operating expenses	9	(129,186)	(100,130)
PROFIT FROM OPERATIONS		45,600,364	40,800,288
Finance costs	10	(10,691,325)	(8,680,337)
PROFIT BEFORE TAXATION		34,909,039	32,119,951
Taxation	11	(1,029,863)	(1,178,244)
PROFIT FOR THE YEAR		33,879,176	30,941,707
Basic and diluted earnings per share (Rupees)	36	26.12	23.85

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Profit for the year		33,879,176	30,941,707
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss in subsequent periods			
Gain / (loss) on remeasurement of post employment benefit obligation	25.3	9,799	(31,101)
Gain on revaluation of equity investment at fair value through other comprehensive income	37	1,168,702	188,282
		1,178,501	157,181
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35,057,677	31,098,888

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	12	4,901,011	6,760,475
Intangibles	13	342	984
Long term investments	14	63,993,339	62,824,637
Long term loan to subsidiary	15	-	3,845,520
Long term deposits		14,314	13,309
		68,909,006	73,444,925
CURRENT ASSETS			
Stores, spares and consumables	16	638,189	850,082
Stock-in-trade	17	2,263,240	2,253,157
Trade debts	18	62,917,423	55,083,775
Loans and advances	19	85,710	49,639
Prepayments and other receivables	20	20,220,475	19,556,821
Cash and bank balances	21	2,355,983	584,112
		88,481,020	78,377,586
		157,390,026	151,822,511
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised		17,000,000	17,000,000
Issued, subscribed and paid-up	22	12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		55,241,237	42,883,762
		73,812,781	61,455,306
NON-CURRENT LIABILITIES			
Long term loans	23	9,737,403	14,796,137
Long term lease liabilities	24	154,292	172,553
		9,891,695	14,968,690
CURRENT LIABILITIES			
Trade and other payables	25	38,476,743	36,727,179
Provision for taxation		2,368,297	1,653,557
Unclaimed dividend		231,202	211,784
Unpaid dividend		216,501	128,810
Interest / mark-up accrued	26	752,248	1,303,649
Short term borrowings	27	26,568,108	26,419,966
Current maturity of long term loans	23	5,051,764	8,937,432
Current maturity of long term lease liabilities	24	20,687	16,138
		73,685,550	75,398,515
		83,577,245	90,367,205
		157,390,026	151,822,511
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
COMMITMENTS AND CONTINGENCIES			
	28		

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		34,909,039	32,119,951
Adjustments for:			
Depreciation	12.4	1,897,569	1,882,168
Amortisation	13.1	642	1,351
Dividend income from subsidiaries and equity investment	8	(16,327,453)	(13,571,880)
Reversal of provision for WPPF	8	-	(826,579)
Gain on disposal of fixed assets	8	(2,667)	(11,724)
Provision against slow moving stores, spares and consumables	16.1	229,971	239,891
Write off stores, spares and consumables	16.1	-	(564)
Staff gratuity	25.3	42,496	29,454
Interest income	8	(288,466)	(27,332)
Interest / mark-up expense	10	10,228,329	8,137,728
Mark-up on lease liabilities	10	26,163	25,418
Amortisation of transaction costs	10	25,246	75,515
Operating profit before working capital changes		30,740,869	28,073,397
Working capital changes	34	(5,107,616)	11,300,879
Cash generated from operations		25,633,253	39,374,276
Interest income received		256,197	27,332
Interest / mark-up paid		(10,779,730)	(7,684,889)
Staff gratuity paid		(55,000)	(19,500)
Taxes paid		(315,123)	(502,594)
Net cash generated from operating activities		14,739,597	31,194,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries and equity investment		14,677,671	13,092,011
Fixed capital expenditure		(38,289)	(330,454)
Proceeds from disposal of fixed assets		2,851	13,507
Long term investments made		-	(2,316,350)
Long term loan to subsidiary - net		3,845,520	(2,356,701)
Long term deposits		(1,005)	(4,800)
Net cash generated from investing activities		18,486,748	8,097,213
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(22,593,093)	(31,129,039)
Proceeds from privately placed Sukuk		12,000,000	6,000,000
Repayment of privately placed Sukuk		(12,000,000)	(4,500,000)
Proceeds from long term loans		-	2,268,562
Repayment of long term loans	23	(8,969,648)	(10,447,795)
Repayment of long term lease liabilities	24	(39,875)	(37,944)
Net cash used in financing activities		(31,602,616)	(37,846,216)
Net increase in cash and cash equivalents		1,623,729	1,445,622
Cash and cash equivalents at the beginning of the year		(19,835,854)	(21,281,476)
Cash and cash equivalents at the end of the year	35	(18,212,125)	(19,835,854)

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

M. HABIBULLAH KHAN

Chairman

KAMRAN KAMAL

Chief Executive

MUHAMMAD SAQIB

Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
ISSUED CAPITAL			
Balance at the beginning and end of the year	22	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		42,883,762	42,916,580
Profit for the year		33,879,176	30,941,707
Other comprehensive income for the year		1,178,501	157,181
Total comprehensive income for the year		35,057,677	31,098,888
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2022-23 @ Rs. 6.00 (2021-22 @ Rs. Nil) per share		(7,782,926)	-
First interim dividend for the fiscal year 2023-24 @ Rs. 5.00 (2022-23 @ Rs. 15.50) per share		(6,485,772)	(20,105,893)
Second interim dividend for the fiscal year 2023-24 @ Rs. 4.00 (2022-23 @ Rs. 5.75) per share		(5,188,618)	(7,458,638)
Third interim dividend for the fiscal year 2023-24 @ Rs. 2.50 (2022-23 @ Rs. 2.75) per share		(3,242,886)	(3,567,175)
		(22,700,202)	(31,131,706)
Balance at the end of the year		55,241,237	42,883,762
TOTAL EQUITY		73,812,781	61,455,306

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 ventures:

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%;
- Thar Energy Limited (TEL) - Holding of 60%; and
- Mega Motor Company (Private) Limited (MMCPL) - Holding of 100% via HPHL.

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 - 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 ventures 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 as disclosed in note 39. However, these do not have any significant impact on the Company's financial reporting.

2.3 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except as disclosed in the material accounting policy information in note 3.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 unconsolidated statement of profit or loss.

Maintenance and repairs are charged to the unconsolidated 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 values, depreciation method and the useful lives of the significant items of operating fixed assets are reviewed and adjusted if required, at each reporting date.

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

Right-of-use assets

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

3.1.2 Capital work-in-progress

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

3.2 Intangible assets and amortisation

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

3.3 Investments

Subsidiaries

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

Others

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

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

3.4 Impairment of non-current assets

The carrying amounts of non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to assess whether asset's carrying value exceeds its recoverable amount. Where carrying value exceeds the estimated recoverable amount, asset is written down to its recoverable amount. Impairment losses are recognised as expense in the unconsolidated 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. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

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 and contingent liabilities

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses and are reviewed at each reporting date and adjusted to reflect the current best estimate. Contingent liabilities are disclosed when the Company has possible obligation that arises from past event's and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

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. Significant assumptions used to carry out the actuarial valuations have been disclosed in note 25.3 of these unconsolidated financial statements.

All actuarial gains / losses are recognised in other comprehensive income of the company in the period in which they arise.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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. Unearned income is recognised initially as a liability and thereafter recognised as revenue on satisfaction of the performance obligation. 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 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 the unconsolidated statement of profit or loss.

3.13 Taxation

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

3.14 Dividend distribution

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

3.15 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and de-recognised when the Company loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired.

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 running finance payable on demand. 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 unconsolidated 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 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

3.17 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. 67 (I)/2023 dated January 20, 2023, extended the exemption on application of ECL model under IFRS – 9 "Financial Instruments" in respect of financial assets due from Government of Pakistan for the financial year ending on or before December 31, 2024. 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. However, subsequently, unless further exemption is granted, the application of ECL model under IFRS 9 will be applicable on the Company from July 1, 2024, which will lead to recognition of expected credit loss provision amounting to Rs. 10,546 million.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 Levies

Expenses and assets are recognised net of the amount of sales tax, except when the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. When sales tax is recoverable from or is payable to the taxation authority, it is included as part of receivables or payables in the statement of financial position.

3.20 Lease liabilities

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

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

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

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
5. REVENUE FROM CONTRACT WITH CUSTOMER - NET			
Capacity Purchase Price (CPP)		31,780,864	28,526,580
Energy Purchase Price (EPP)		-	9,723,265
Late Payment Interest (LPI)		9,638,250	6,943,429
Startup Charges (SC)		115,290	136,106
Part Load Adjustment Charges (PLAC)		-	575,831
		41,534,404	45,905,211
Less: Sales tax on EPP		-	(1,389,002)
		41,534,404	44,516,209
6. COST OF REVENUE			
Fuel cost		-	9,081,290
Late payment interest to fuel supplier		5,618,151	3,616,066
Stores and spares		431,456	481,654
Operations and maintenance	6.1	170,000	109,494
Salaries, benefits and other allowances	6.2 & 6.3	564,837	584,285
Insurance		1,537,464	1,508,157
Depreciation	12.4	1,852,375	1,828,103
Amortisation	13.1	629	642
Repairs, maintenance and other costs		925,816	1,665,444
		11,100,728	18,875,135

- 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, 2024, number of seconded employees were 134 (2023: 141).
- 6.3 This includes a sum of Rs. 43 million (2023: Rs. 42 million) in respect of staff retirement benefits. The retirement benefit plans of the seconded employees are maintained by HPSL.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
7. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	7.1 & 6.2 & 6.3	523,864	408,173
Travel and transportation		15,079	20,593
Fuel and power		11,284	7,920
Repairs and maintenance		24,310	18,021
Legal and professional charges		461,253	109,484
Office running costs		50,200	21,778
Insurance		16,210	13,539
Fee and subscription		18,171	14,074
Training and development		6,823	3,633
Auditors' remuneration	7.2	7,367	6,662
Donations	7.3	39,097	32,306
Corporate social responsibility		80,877	64,017
Printing and stationery		5,283	4,795
Depreciation	12.4	45,194	35,994
Amortisation	13.1	13	588
Miscellaneous		17,687	5,055
		1,322,712	766,632

7.1 This includes a sum of Rs. 55 million (2023: Rs. 38 million) in respect of staff retirement benefits.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
7.2 Auditors' remuneration			
Statutory audit		3,381	3,225
Half yearly review		1,041	993
Certifications and other services		2,196	2,127
Out-of-pocket expenses		749	317
		7,367	6,662

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. 39 million (2023: Rs. 32 million).

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		288,466	27,332
Dividend income from SECMC		232,794	455,319
		<u>521,260</u>	<u>482,651</u>
Non-financial assets and others			
Gain on disposal of fixed assets - net		2,667	11,724
Dividend income from LEL		4,909,499	2,670,368
Dividend income from HPSL		675,000	465,000
Dividend income from NEL		7,000,562	9,981,193
Dividend income from HPHL		3,509,598	-
Income from management services		-	1,588,461
Reversal of provision for WPPF on dividend income		-	826,579
		<u>16,097,326</u>	<u>15,543,325</u>
		<u>16,618,586</u>	<u>16,025,976</u>
9. OTHER OPERATING EXPENSES			
Workers' profit participation fund	9.1	-	79,423
Exchange loss		129,186	20,707
		<u>129,186</u>	<u>100,130</u>
9.1 Workers' profit participation fund			
Provision for Workers' profit participation fund	28.4	929,079	890,046
Workers' profit participation fund recoverable from CPPA(G)		(929,079)	(810,623)
		<u>-</u>	<u>79,423</u>
10. FINANCE COSTS			
Interest / mark-up on long term loans		4,256,940	4,545,611
Mark-up on long term lease liabilities		26,163	25,418
Mark-up on short term borrowings		5,971,389	3,592,117
Amortisation of transaction costs	23	25,246	75,515
Other finance costs		411,587	441,676
		<u>10,691,325</u>	<u>8,680,337</u>
11. TAXATION			
Current			
- For the year	11.1	1,029,863	1,178,244

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	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
11.1 Relationship between tax expense and accounting profit			
Profit before taxation		34,909,039	32,119,951
Tax calculated at the rate of 29% (2023: 29%)		10,123,621	9,314,786
Effect of reduced rate of tax on dividend income		(1,088,133)	(637,874)
Effect of exempt income		(8,548,701)	(7,964,339)
Effect of super tax at the rate of 10% (2023: 10%)		543,076	465,671
		1,029,863	1,178,244

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

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

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	4,901,011	6,493,278
Capital work-in-progress (CWIP)	12.5	-	267,197
		4,901,011	6,760,475

12.1 Operating fixed assets

	Freehold land	Building on freehold land	Right of use asset	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
------(Rs. '000s)-----								
Cost:								
As at June 30, 2022	13,909	433,058	221,891	50,863,937	31,428	217,358	30,310	51,811,891
Additions / transfers from CWIP	-	-	-	8,656	167	54,434	-	63,257
Disposals	-	-	-	(1,710)	-	(16,906)	-	(18,616)
As at June 30, 2023	13,909	433,058	221,891	50,870,883	31,595	254,886	30,310	51,856,532
Additions / transfers from CWIP	-	-	-	296,407	180	8,433	466	305,486
Disposals	-	(792)	-	(88,037)	(797)	(4,043)	(3,904)	(97,573)
As at June 30, 2024	13,909	432,266	221,891	51,079,253	30,978	259,276	26,872	52,064,445
Accumulated depreciation:								
As at June 30, 2022	-	371,673	66,489	42,799,279	30,369	206,347	23,762	43,497,919
Charge for the year (note 12.4)	-	22,962	22,189	1,819,847	536	14,866	1,768	1,882,168
Disposals	-	-	-	(1,607)	-	(15,226)	-	(16,833)
As at June 30, 2023	-	394,635	88,678	44,617,519	30,905	205,987	25,530	45,363,254
Charge for the year (note 12.4)	-	19,548	22,189	1,837,564	69	18,038	161	1,897,569
Disposals	-	(792)	-	(87,853)	(797)	(4,043)	(3,904)	(97,389)
As at June 30, 2024	-	413,391	110,867	46,367,230	30,177	219,982	21,787	47,163,434
Net book value as at June 30, 2024	13,909	18,875	111,024	4,712,023	801	39,294	5,085	4,901,011
Net book value as at June 30, 2023	13,909	38,423	133,213	6,253,364	690	48,899	4,780	6,493,278
Depreciation rate per annum (%)	-	3.33 to 25	10 to 20	3.33 to 50	20	25	20	
Cost of fully depreciated assets as at June 30, 2024	-	235,445	-	716,054	30,630	190,176	21,716	1,194,021
Cost of fully depreciated assets as at June 30, 2023	-	117,170	-	744,680	31,428	182,044	25,621	1,100,943

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

12.2 The aggregate net book value of assets disposed off during the year does not exceeds Rs. 5 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	2024	2023
	(Rs. '000s)	(Rs. '000s)

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

Operating costs	6	1,852,375	1,828,103
General and administration expenses	7	45,194	35,994
Other income - cost of management services		-	18,071
		<u>1,897,569</u>	<u>1,882,168</u>

12.5 Capital work-in-progress

Opening balance		267,197	-
Additions during the year		11,872	267,197
Transfers during the year		(279,069)	-
Closing balance		<u>-</u>	<u>267,197</u>

13. INTANGIBLES - Computer software

Cost

Opening balance		158,225	158,225
Write off		(3,569)	-
		<u>154,656</u>	<u>158,225</u>

Accumulated amortisation

Opening balance		(157,241)	(155,890)
Charge for the year		(642)	(1,351)
Write off		3,569	-
		<u>(154,314)</u>	<u>(157,241)</u>

Net book value

	13.1	<u>342</u>	<u>984</u>
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Amortisation rate per annum (%)

		<u>33.33</u>	<u>33.33</u>
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Cost of fully amortised intangibles

		<u>152,727</u>	<u>156,296</u>
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	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
13.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	629	642
General and administration expenses	7	13	588
Other income - cost of management services		-	121
		642	1,351
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	11,973,816	11,973,816
		59,565,522	59,565,522
Others - unquoted			
Equity investment at fair value through other comprehensive income - Sindh Engro Coal Mining Company Limited (SECMC)	14.6	4,427,817	3,259,115
		63,993,339	62,824,637

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.

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Pursuant to the SSA in connection with the investment in LEL, the Company entered into a facility agreement with a bank and provided a Stand By 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 7.098 million. The SBLC is required to be maintained till the last repayment of debt (expected in November 2024) and currently the SBLC is valid till November 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 is payable on semi-annual basis in arrears. The principal will be payable in four equal semi-annual installments commenced 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 subject to carve-out described below;

For the avoidance of doubt, the assets forming part of the Assets shall exclude: any present and future rights, titles, Interests and receivables of the Issuer relating to any loans, advances, investments or contributions (of any nature whatsoever), made or to be made by the Issuer from time to time, which have been / shall be assigned or secured (in any manner whatsoever) by the Issuer for the benefit of financial institutions which have extended (or may in the future extend) any form of finance facilities to the following associated companies of the Issuer: (i) China Power Hub Generation Company (Private) Limited; and (ii) ThalNova Power Thar (Private) Limited. For the avoidance of doubt, the assets forming part of the Assets shall also exclude any present and future dividends which the Issuer is entitled to from China Power Hub Generation Company (Private) Limited (as declared by China Power Hub Generation Company (Private) Limited from time to time).

- iii. Revolving Cross Corporate Guarantee from the Company for all principal repayments and profit amounts; and
- iv. A Lien has been created on an account maintained by HPHL with commercial bank to perfect the security.

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

As at June 30, 2024, 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.

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 Deed of undertaking clause 2, debt service undertaking of USD 150 million shall survive till the last repayment of CPHGC long term loan.

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) 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, 2024, HPHL has injected USD 52.074 million (Rs. 8,973 million) in TNPTL based on the current estimated project cost. All the requirements of equity injection have been completed.

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), the Company's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in RCOD, the Company 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 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) Transmission Line charges under certain conditions, if charged to CPPA(G) by National Transmission and Dispatch Company Limited (NTDC), from the COD of HVDC Transmission Line under certain conditions.

Although CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 31 million, the Company 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 not furnished, there is no obligation on the Company to make payment and therefore there is currently no exposure on the Company in this regard.

TNPTL achieved Commercial Operations Date (COD) on February 17, 2023.

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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 and is committed to:

- (i) Make investments in TNPTL up to an amount not exceeding USD 50.5 million (or PKR equivalent) by way of a subscription of shares. The investment amount has been enhanced in February 2023 by USD 1.8 million (or PKR equivalent). Such investment shall be made within a period up till December 2024 or such period until the liabilities/obligations of the sponsors of TNPTL remain undischarged, whichever is later. Total investment in TNPTL to date stands at USD 52.07 million (or PKR equivalent). The equity commitment stands completed in July 2023;
- (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;
- (v) provide a guarantee (in the form of SBLC) 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 PCD, and (c) COD undertakings. Such investment shall be for a period up till the earlier of PCD 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) participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions ("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;

- (vii) 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;
- (viii) 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 pursuant to the Sponsor Support Agreements, the Company has agreed that in the event of devaluation of the Rupee and a consequent shortfall, the sponsors (including the Company) will provide coverage to HBL under the Put Option Facility, the Company has fulfilled obligations and provided an SBLC amounting to Rs. 2,250 million to secure the shortfall amount. The facility is initially secured through a raking charge over all current and future fixed assets of the Company, excluding land and buildings. This arrangement will be upgraded to a first pari passu charge. Additionally, HPHL will provide a lien and right of set-off over present and future dividends from CPHGC, as declared by CPHGC from time to time, this security will be called pursuant to occurrence of an Event of Default under the SBLC Agreement;
- (ix) 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; and
- (x) Under the terms of the Power Purchase Agreement dated July 21, 2017, between TNPTL and the CPPA(G), as amended from time to time, TNPTL is required to provide a letter of credit in favor of CPPA(G) to secure certain obligations under the PPA (“PPA SBLC”). Since TNPTL does not have adequate security to fully secure its obligations under such a letter of credit, TNPTL has requested its Sponsors to provide replacement security. This security is provided by way of a ranking charge, to be upgraded to a first pari passu charge, on the Company’s current and future fixed assets excluding land and buildings, amounting to Rs. 1,107 million inclusive of 20% margin.

14.3.3 Prime International Oil & Gas Company Limited (Prime)

On March 08, 2021, Prime International Oil and Gas Company Limited (Prime), a 50:50 joint venture of the Company 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. The Company and the EBO Group have acquired 50% shareholding each in Prime, in accordance with the Shareholders’ Agreement (SHA) entered to 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.

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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 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.

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, 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.

14.3.5 Mega Motor Company (Private) Limited (MMCPL)

MMCPL, a wholly owned subsidiary of HPhL, was incorporated in Pakistan on May 06, 2024 as a private limited company. The principal activity of MMCPL is sale of passenger vehicles.

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 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 was payable on quarterly basis in arrears. The loan was repayable in 12 equal installments on quarterly basis commencing from July 23, 2021. Any late payment by NEL was subject to an additional payment of 2% per annum above the normal mark-up rate. The loan was secured by way of second ranking / subordinated charge over fixed assets (excluding land & building) of the Company. The loan was completely paid off on April 2024.

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 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), the Company's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in COD, the Company 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 the Company till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges under certain conditions. Although CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 23 million, the Company 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 not furnished, there is no obligation on the Company to make payment and therefore there is currently no exposure on the Company in this regard.

TEL achieved Commercial Operations Date (COD) on October 01, 2022.

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) 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;
- (ii) 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;
- (iii) execute the Share Pledge Agreement with lenders of TEL, whenever such shares are acquired directly by way of subscription or otherwise such investment shall be made for a period up till December 2033. The Company has executed the Share Pledge Agreement on July 08, 2019 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;
- (iv) provide a guarantee (in the form of SBLC) 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 PCD, and (c) COD undertakings. Such investment shall be for a period up till the earlier of PCD 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 and other securities;
- (v) issued a sponsor SBLC 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 obligation shall be valid for a period till the first payment of the installment of the loan or such other date that may be prescribed under the Sponsor Support Agreement, (a) SBLC for USD 12.482 Million for Foreign lenders and b) SBLC for PKR 1,780 Million for Local Lender. These facilities are secured against a ranking charge on fixed asset excluding land and building and other securities;

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- (vi) 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;
- (vii) participate in the Put Option / Commercial Risk Guarantee (“Put Option / CRG”) to be provided by local banks and financial institutions (“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;
- (viii) 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; and
- (ix) Under the terms of the Power Purchase Agreement dated July 21, 2017, between TEL and the CPPA(G), as amended from time to time, TEL is required to provide a letter of credit in favor of CPPA(G) to secure certain obligations under the PPA (“PPA SBLC”). Since TEL does not have adequate security to fully secure its obligations under such a letter of credit, TEL has requested its Sponsors to provide replacement security. This security is provided by way of a ranking charge, to be upgraded to a first pari passu charge, on the Company’s current and future fixed assets excluding land and buildings, amounting to Rs. 1,734 million.

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, 2024 the Company has injected USD 15.506 million (Rs. 1,909 million) [2023: USD 15.506 million (Rs. 1,909 million)] representing 8% equity stake in SECMC.

SECMC achieved its COD for Phase-I and Phase-II of the mine on July 10, 2019 and October 1, 2022 respectively, increasing the total capacity from 3.8 MPTA to 7.6 MPTA. The Thar Coal Energy Board (TCEB) approved a tariff of Block II.

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 PKR), 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 EOGM 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 EOGM held on June 22, 2018. Since SECMC has achieved PCD for phase 1, the cost over run commitment stand reduce to USD 0.864 million.

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 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 1.752 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.

The Company has entered into definitive agreement for further acquisition of shares of SECMC. The completion of the proposed transaction is subject to necessary corporate and regulatory approvals, consent and other conditions.

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)

15. LONG TERM LOAN TO SUBSIDIARY

Considered good - interest bearing (unsecured)
Loan to HPHL - a subsidiary company

15.1	-	3,845,520
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- 15.1** The Company has provided HPHL an unsecured loan facility for an amount of up to Rs. 8,000 million (2023: Rs. 5,000 million) up till the year ending June 2025, to meet its cash flow requirements, which carries markup at the rate of 0.7% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any time during the year was Rs. 5,471 million (2023: Rs. 3,846 million).

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)

16. STORES, SPARES AND CONSUMABLES

In hand
Provision against slow moving stores, spares and consumables

16.1	2,110,621	2,092,543
	(1,472,432)	(1,242,461)
	<u>638,189</u>	<u>850,082</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
16.1			
Movement in provision against slow moving stores, spares and consumables			
Opening balance		1,242,461	1,003,134
Provision for the year		229,971	239,891
Write off during the year		-	(564)
Closing balance		<u>1,472,432</u>	<u>1,242,461</u>
17.			
STOCK-IN-TRADE			
Furnace oil		2,194,907	2,198,952
Diesel		68,333	54,205
		<u>2,263,240</u>	<u>2,253,157</u>
18.			
TRADE DEBTS			
Considered good - Secured			
Capacity Purchase Price (CPP)		37,181,400	26,527,204
Energy Purchase Price (EPP)		-	5,903,156
Late Payment Interest (LPI)	18.1 & 28.9	25,620,733	22,028,084
Startup Charges (SC)		115,290	138,835
Part Load Adjustment Charges (PLAC)		-	486,496
	18.2	<u>62,917,423</u>	<u>55,083,775</u>

18.1 This includes Rs. 6,043 million (2023: Rs. 4,216 million) related to LPI which is not yet billed by the Company.

18.2 This includes an amount of Rs. 53,524 million (2023: Rs. 48,471 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.

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)

The aging of these receivables is as follows:

Not yet due	18.1	9,393,848	6,612,722
Up to 6 months		21,826,158	17,521,191
6 months to 1 year		17,387,871	19,425,204
1 year to 2 years		2,784,405	-
Over 2 years		11,525,141	11,524,658
		62,917,423	55,083,775

19. LOANS AND ADVANCES

Considered good - non interest bearing

Loans - unsecured		2,031	-
Employees			
Advances - unsecured			
Employees		79	811
Suppliers		83,600	48,828
		83,679	49,639
		85,710	49,639

20. PREPAYMENTS AND OTHER RECEIVABLES

Prepayments **83,075** 20,740

Other receivables

Interest accrued		32,269	-
Income tax - Contractor tax refundable	20.1	372,469	372,469
Sales tax		8,461,344	7,629,713
Receivable from HPSL	20.2	-	169,434
Receivable from LEL	20.2	2,999,201	1,416,225
Receivable from HPHL	20.2	456	200,181
Receivable from NEL	20.2	456	34,994
Receivable from TEL	20.2	-	200,187
Receivable from TNPTL	20.2	-	99,572
Receivable from TEL against services agreement	20.2	2,043,415	2,427,028
Receivable from TNPTL against services agreement	20.2	167,222	2,441,416
Receivable from CPHO	20.2	-	10,972
Workers' profit participation fund recoverable from CPPA(G)	28.4	5,017,957	4,088,878
Hub Power Services Limited - Pension Fund		106	-
Cash margin with banks	20.3	1,028,246	443,328
Miscellaneous		14,259	1,684
		20,137,400	19,536,081
		20,220,475	19,556,821

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

20.2 The amounts receivable from subsidiaries, associates and joint venture 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	2024	2023
		(Rs. '000s)	(Rs. '000s)
LEL		2,999,201	1,416,225
HPSL		517,624	169,434
HPHL		439,972	231,075
NEL		2,796,268	34,994
TEL		2,787,718	3,660,431
TNPTL		2,554,731	4,203,732
CPHO		10,972	10,972

20.3 This represents cash margin with bank as security for TEL amounting Rs. 450 million (2023: Rs. 443 million) and CMEC amounting Rs. 578 million (2023: Rs. Nil) respectively.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
21. CASH AND BANK BALANCES			
Saving accounts	21.1 & 21.2	555,958	584,087
Bank placement	21.3	1,800,000	-
Cash at bank		2,355,958	584,087
Cash in hand		25	25
		2,355,983	584,112

21.1 Saving accounts carry mark-up rate of 19% (2023: 19.50%) per annum.

21.2 This includes Rs. 448 million (2023: Rs. 341 million) restricted for dividend payable.

21.3 This represents TDR placement with bank amounting Rs. 1,800 million (2023: Rs. Nil)

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

2024 (No. of Shares)	2023		2024 (Rs. '000s)	2023 (Rs. '000s)
1,700,000,000	1,700,000,000	Authorised :	17,000,000	17,000,000
		Ordinary shares of Rs.10/- each		
958,773,317	958,773,317	Issued, subscribed and paid-up:	9,587,733	9,587,733
		Ordinary shares of Rs.10/- each		
		For cash		
338,022,463	338,022,463	For consideration other than cash	3,380,225	3,380,225
358,607	358,607	- against project development cost	3,586	3,586
338,381,070	338,381,070	- against land	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 264,146,002 (2023: 264,149,502) shares in the Company as at year end.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

23. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2023	Drawn	Repaid	Current Position	Amortisation of Transaction costs	As at June 30, 2024
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------(Rs. '000s)-----

**Hub plant
TEL / CPHGC /
SECMC / TNPTL investment**

Syndicated term finance facility	23.1.1	15,473,552	-	(3,779,055)	(4,024,176)	-	7,670,321
Islamic finance facility	23.1.2	4,061,789	-	(940,593)	(1,038,239)	-	2,082,957
Long Term Sukuk certificates I	23.1.3	1,750,000	-	(1,750,000)	-	-	-
Long Term Sukuk certificates II	23.1.4	2,500,000	-	(2,500,000)	-	-	-
		23,785,341	-	(8,969,648)	(5,062,415)	-	9,753,278
Transaction costs		(51,772)	-	-	10,651	25,246	(15,875)
Total		<u>23,733,569</u>	<u>-</u>	<u>(8,969,648)</u>	<u>(5,051,764)</u>	<u>25,246</u>	<u>9,737,403</u>

From Banks / Financial Institutions	Note	As at July 01, 2022	Drawn	Repaid	Current Position	Amortisation of Transaction costs	As at June 30, 2023
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------(Rs. '000s)-----

Hub plant
Salary Refinance Scheme - SBP

Salary Refinance Scheme - SBP		158,000	-	(158,000)	-	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	23.1.1	16,642,654	2,268,562	(3,437,664)	(3,777,725)	-	11,695,827
Islamic finance facility	23.1.2	4,913,920	-	(852,131)	(940,593)	-	3,121,196
Long Term Sukuk certificates I	23.1.3	5,250,000	-	(3,500,000)	(1,750,000)	-	-
Long Term Sukuk certificates II	23.1.4	5,000,000	-	(2,500,000)	(2,500,000)	-	-
		31,806,574	2,268,562	(10,289,795)	(8,968,318)	-	14,817,023
Transaction costs		(127,287)	-	-	30,886	75,515	(20,886)
Total		<u>31,837,287</u>	<u>2,268,562</u>	<u>(10,447,795)</u>	<u>(8,937,432)</u>	<u>75,515</u>	<u>14,796,137</u>

- 23.1 In order to meet investment requirements in TEL / CPHGC / SECMC / TNPTL:
- 23.1.1 The Company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2023: 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 December 31, 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.
- 23.1.2 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 December 31, 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 1% per annum above the normal mark-up rate.

- 23.1.3 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 and sukuk is completely paid off in August 2023. The Sukuk Certificates were secured by:
- (a) revolving corporate guarantee from NEL;
 - (b) subordinate hypothecation charge over receivables of NEL including but not limited to amounts receivable under the GOP guarantee;
 - (c) subordinate charge over all present and future movable fixed assets of the Company (upto Rs. 4,000 million) and NEL; and
 - (d) pledge of 100% shares of NEL.
- 23.1.4 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 and sukuk is completely paid off in March 2024. The Sukuk Certificates were secured by:
- (a) revolving corporate guarantee from NEL;
 - (b) subordinate hypothecation charge over all present and future movable fixed assets of NEL; and
 - (c) subordinate charge over all present and future movable current assets of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
24. LONG TERM LEASE LIABILITIES			
Opening balance		188,691	201,217
Finance cost charge during the year	10	26,163	25,418
Payments made during the year		(39,875)	(37,944)
		174,979	188,691
Less: Current maturity of lease liabilities		(20,687)	(16,138)
Long-term lease liabilities		154,292	172,553
25. TRADE AND OTHER PAYABLES			
Creditors			
Trade - PSO	25.1	28,146,763	27,528,611
Others		304	599
		28,147,067	27,529,210
Accrued liabilities			
Finance costs		5,335	43,575
Miscellaneous	28.3	1,255,798	1,480,671
		1,261,133	1,524,246
Unearned income	25.2	2,616,132	2,361,656
Payable to HPSL		7,624	-
Payable to TEL		22,188	-
Payable to TNPTL		285,965	-
Other payables			
Workers' profit participation fund	28.4	6,045,232	5,116,152
Staff gratuity	25.3	8,880	31,183
Hub Power Services Limited - Pension Fund		-	1,184
Hub Power Services Limited - Provident Fund		-	3,245
Laraib Energy Limited - Employees' Provident Fund		-	122
Thar Energy Limited - Employees' Provident Fund		-	130
Hub Power Company Limited - Employees Provident Fund		-	2,094
Laraib Energy Limited - Employees' Gratuity Fund		-	51
Unearned income from CPHO		-	3,657
Retention money		2,492	17,239
Withholding tax		30,678	32,368
Miscellaneous		49,352	104,642
		6,136,634	5,312,067
		38,476,743	36,727,179

25.1 This represents payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 18,975 million (2023: Rs. 22,795 million).

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

25.2 This represents Capacity Purchase Price invoiced for the succeeding month under the terms of PPA. The unearned income outstanding as at June 30, 2023 amounting Rs. 2,362 million has been fully recognised in revenue during the year.

25.3 STAFF GRATUITY

8,880

31,183

Actuarial valuation was carried out as at June 30, 2024. 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.

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Reconciliation of the net liability recognised in the unconsolidated statement of financial position		
Present value of defined benefit obligation	300,784	273,933
Fair value of plan assets	(291,904)	(242,750)
Net liability recognised in the statement of financial position	8,880	31,183
Reconciliation of the movements during the year in the net liability recognised in the unconsolidated statement of financial position		
Opening net asset	31,183	(9,872)
Expense recognised	42,496	29,454
Remeasurement (gain) / loss recognised in Other Comprehensive Income (OCI)	(9,799)	31,101
Contributions made to the fund during the year	(55,000)	(19,500)
Closing net liability	8,880	31,183
Expense recognised		
Current service cost	36,291	29,966
Net interest	6,205	(512)
Expense recognised	42,496	29,454
Re-measurements recognised in OCI during the year		
Remeasurement loss on defined benefit obligations	9,183	10,115
Remeasurement (gain) / loss on plan assets	(18,982)	20,986
	(9,799)	31,101
The movement in the defined benefit obligations are as follows		
Present value of defined benefit obligation at opening	273,933	316,564
Current service cost	36,291	29,966
Interest cost	43,992	40,843
Benefits paid	(62,615)	(123,555)
Remeasurement loss recognised in OCI	9,183	10,115
Present value of defined benefit obligation at closing	300,784	273,933

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	(Rs. '000s)	(Rs. '000s)
The movement in fair value of plan assets		
Fair value of plan assets at opening	242,750	326,436
Expected return on plan assets	37,787	41,355
Contributions made	55,000	19,500
Benefits paid	(62,615)	(123,555)
Remeasurement gain / (loss) recognised in OCI	18,982	(20,986)
Fair value of plan assets at closing	291,904	242,750
Actual return on plan assets	56,769	20,369

	2024	2024	2023	2023
	%	(Rs. '000s)	%	(Rs. '000s)
Plan assets comprise of following:				
Pakistan Investment Bonds	53.86%	157,216	59.39%	144,181
Term Finance Certificate	5.42%	15,814	6.66%	16,160
Treasury Bills	11.20%	32,699	13.01%	31,590
Quoted shares	18.91%	55,212	14.88%	36,123
Cash and cash equivalents	10.61%	30,963	6.06%	14,696
	100.00%	291,904	100.00%	242,750

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Contribution expected to be paid to the plan during the next year	46,806	42,496

	2024	2023
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Significant actuarial assumptions used in the actuarial valuation are as follows:

- Valuation discount rate per annum	14.75%	16.25%
- Expected rate of return on plan assets per annum	15.00%	16.25%
- Expected rate of increase in salary level per annum	14.75%	16.25%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 6 - 10 years	Between 6 - 10 years
	----- (Rs. '000s) -----		
Retirement benefit plan	14,543	93,804	499,712

Historical information of retirement benefit plan:

	2024	2023	2022	2021	2020
	----- (Rs. '000s) -----				
As at June 30					
Present value of defined benefit obligation	300,784	273,933	316,564	335,262	310,449
Fair value of plan assets	(291,904)	(242,750)	(326,436)	(354,796)	(317,124)
Deficit / (Surplus)	8,880	31,183	(9,872)	(19,534)	(6,675)

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation - decrease / (increase)		
- Discount rate +0.5%	12,355	10,749
- Discount rate -0.5%	(13,161)	(11,487)
- Salary increases +0.5%	(12,421)	(12,049)
- Salary increases -0.5%	11,777	11,361

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 unconsolidated 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
26. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		-	209,964
Mark-up accrued on short term borrowings		752,248	1,093,685
		<u>752,248</u>	<u>1,303,649</u>
27. SHORT TERM BORROWINGS			
Secured			
Financing from banks	27.1 & 27.2	14,657,173	19,624,496
Unsecured			
Privately placed Sukuks	27.3	6,000,000	6,000,000
Short term loan - HPHL	27.4	5,517,015	-
Short term loan - HPSL	27.5	393,920	-
Short term loan - NEL	27.6	-	795,470
		<u>11,910,935</u>	<u>6,795,470</u>
		<u>26,568,108</u>	<u>26,419,966</u>

- 27.1 The facilities for running finance and short term loans available from various banks / financial institutions amounted to Rs. 23,800 million (2023: Rs. 25,800 million) at mark-up ranging between 0.30% to 1.75% (2023: 0.40% to 1.75%) 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 30, 2024 to June 30, 2025. 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.
- 27.2 The Company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2023: Rs. 6,150 million) at a mark-up ranging between 0.10% to 0.75% (2023: 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 during the period from December 31, 2024 to March 31, 2025. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 27.1.
- 27.3 On May 3, 2024, the Company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 6,000 million at a mark-up of 0.10% (Bases Rate) per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 4, 2024. Any late payment by the Company is subject to mark-up at a rate of 2% 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. 12,000 million from HPHL, to meet its working capital requirements. This facility carries mark-up at the rate of 0.7% per annum above one month KIBOR payable on quarterly basis. The maximum aggregate amount outstanding at any month end during the year was Rs. 5,825 million (2023: Rs. Nil).

- 27.5 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 500 million (2023: 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. 394 million (2023: Rs. 375 million).
- 27.6 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 20,000 million (2023: 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. 4,185 million (2023: Rs. 12,495 million).

28. COMMITMENTS AND CONTINGENCIES

- 28.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 119 million (2023: Rs. 257 million).
- 28.2 The CPPA(G) was unable to meet its obligation to provide a SBLC as required under the PPA. Consequently, the Company has been unable to meet its obligation to provide a SBLC 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. An appropriate provision is recorded in these unconsolidated financial statements.

- 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' 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.

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As of June 30, 2024, the total financial exposure relating to the above case is Rs. 41,956 million (Rs. 3,136 million being the 5% of the profit and Rs. 38,882 million interest component and penalty on delayed payment). No provision has been made in these unconsolidated financial statements as any contribution made by the Company is a pass-through item under the PPA.

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

The Honorable 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).

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters became a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act was 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 SCP.

On February 12, 2018, the Honorable SHC passed an Order (SHC Order) in respect of the Sindh Act, holding that for trans-provincial companies 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. In July 2023, HUBCO has filed an intervenor application CMA No. 5937/2023 and impleaded as a party in C.A No. 951/2018 in OGDCL vs Federation of Pakistan & others before the Supreme Court of Pakistan. whereby the SCP is to decide on the applicability of WPPF laws on entities which are "trans-provincial". The Board has directed the management to proceed accordingly once the matter is finally decided by the SCP so that there is a clear way forward.

28.5 In December 2023, the Company received two Show Cause Notices (SCNs) amounting to Rs. 702 million and Rs. 1,408 million respectively from the Baluchistan Revenue Authority (BRA) for the payment of Workers Welfare Fund under the Baluchistan Workers Welfare Fund Act, 2022. The show cause notices were challenged before the Baluchistan High Court (BHC) on grounds including contesting the vires of the Baluchistan law, along with stay application. While the petition is still pending, the stay has been rejected. The Company challenged the impugned orders by the learned Single Bench of the Baluchistan High Court at Quetta before the Supreme Court of Pakistan (SCP) which has reverted the matter back to the High Court being interim orders by the BHC. The matter is pending before the BRA and the BHC. In case an adverse order and consequential demand is raised the same would be challenged before appellate forum which may require a deposit before granting interim relief against recovery.

The management and their 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.

- 28.6 (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 tax demands for the tax years 2006-2010 & 2011 amounting to Rs. 139 million and Rs. 3.2 million respectively 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 463 million and Rs. 7 million respectively.
- (ii) FBR also imposed 2% Workers Welfare Fund ("WWF") for tax years 2006-2010 and 2011 and issued a demands of Rs. 191 million and Rs. 108.5 million respectively. The Company filed appeals before the CIR-A who while maintain the orders of the FBR, reduced the amount of demand of Rs. 191 million to Rs. 8 million. 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 and 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 20 million and Rs. 240 million respectively. WWF is recoverable from the CPPA (G) being a pass through under the PPA.
- (iii) 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 10 million.
- (iv) 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 433 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).
- (v) 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. On application the ATIR has granted stay till final decision. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 46 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.

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- 28.7 (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, 2024, including the principal amount, penalty and default surcharge is approximately Rs. 28,944 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 10,300 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, 2024 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, 2024 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, 2024 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, 2024 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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 39 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 years ended June 2018 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 has filed appeal with the ATIR which is pending adjudication. Meanwhile the ATIR has granted stay till decision of the main appeal. The Company's maximum exposure as at June 30, 2024 is approximately Rs. 7,828 million.

(ix) In April 2022, FBR issued show cause notices for the recovery of sales tax amounting to Rs. 7,104 million relating to fiscal year ended July 2019 to June 2020. However, a final demand of Rs. 1,765 million was issued in Jan 2023. In FBR's view, the Company has (i) not paid GST on Late Payment Interest received under PPA and on turnover and (ii) claimed input tax on items which has not been used for supply of electrical energy.

After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which is pending adjudication. Meanwhile on application the ATIR has granted stay against recovery. The Company's maximum exposure as at June 30, 2024 is approximately Rs. 2,065 million.

(x) In November 2023, FBR issued show cause notice for the recovery of sales tax amounting to Rs 1,888 million relating to fiscal year July 2020 to June 2021. However, a final demand of Rs. 1,387 million was issued in April 2024. In FBR's view, the Company has (i) not paid GST on Late Payment Interest received under PPA, (ii) claimed input tax on items which has not been used for supply of electrical energy and (iii) not apportioned input GST tax which may have been used both for taxable and non-taxable activities. Company filed appeal with the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2024 is approximately Rs. 1,415 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 is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements.

- 28.8
- (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, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 1,171 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 decided the case in Company's favor. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 2,873 million.

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- (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 disposed off the petition with direction to FBR to decide the proceedings initiated under the impugned show-cause notice after providing opportunity of hearing to the Company. Consequent to IHC direction, the FBR issued SCN which has been complied by the Company. The matter is pending with the FBR. The Company's maximum exposure as at June 30, 2024 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 (SCN) to recover tax amounting of 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 were rejected. The Company's maximum exposure as at June 30, 2024 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. On application, the ATIR granted stay. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 428 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 has annulled the order passed by the FBR. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 25 million.
- (vii) In October 2022, FBR issued an order amounting to Rs. 992 million (Order) relating to fiscal year ended June 2021 against the consolidated tax return filed by the Company along with its subsidiaries i.e. HPSL and HPHL in accordance with the tax law. This is based on FBR's view that certain expenses claimed as deductible were not in accordance with the law. The Company filed an appeal with the CIR-A who decided the case partially in favour of the Company. Against decision of the CIR-A, the Company filed an appeal with ATIR, which is pending adjudication. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 1,043 million.
- (viii) In June 2023, FBR issued an order amounting to Rs. 2.6 million (Order) relating to fiscal year ended June 2017 against the consolidated tax return filed by the Company along with its subsidiaries namely HPSL and HPHL in accordance with the tax law. This is based on FBR's view that the Company and its subsidiaries had not deducted tax in accordance with the law. The Company filed an appeal with the CIR-A who annulled the order. Against decision of the CIR-A, the FBR filed an appeal with ATIR, which is pending adjudication. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 3 million.

- (ix) In Sep 2023 the Sindh Revenue Board (SRB) issued demand of Rs 1,935 million. This is based on SRB view that services provided by the Company to TEL and TNPTL were not exempted from 13% Sindh Service Tax (SST) under the exemption notification issued by the SRB. The Company filed appeal with the Commissioner (Appeals) SRB which is pending adjudication. On application the SHC has granted stay against recovery. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 2,316 million. If the Company is required to pay this amount Rs 1,475 million would be recovered from TEL under the contract.
- (x) In October 2023, FBR issued an order amounting to Rs. 888 million (Order) relating to fiscal year ended June 2022 against the consolidated tax return filed by the Company alongwith its subsidiaries namely HPSL and HPHL in accordance with the tax law. The Order is based on FBR's view that adjustment of prior year's tax refund against current year tax liability was not in accordance with the provision of law. The Company filed an appeal with the CIR-A who remand back the case to FBR for reassessment of the case. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 960 million.
- (xi) In February 2024, FBR issued two notices both dated February 14, 2024 requiring the Company to pay advance tax of Rs. 269 million for the quarter ended September 2023 and Rs. 269 million for quarter ended December 2023. Since the Company had already discharged the liability of advance tax based on group u/s 59AA (Company, HPSL, HPHL and NEL) as such both the notices have been challenged before the SHC which subsequent to the year end has been decided in Company's favour. The Company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 580 million.
- (xii) In March 2024, FBR issued a show cause notice for payment of super tax amounting to Rs. 274 million ("Notice") relating to fiscal year ended June 2023 against the consolidated tax return filed by the Company alongwith its subsidiaries namely HPSL, HPHL & NEL in accordance with the tax law. The FBR was required not to take any action as the issue of super tax on dividend income had already been challenged before the IHC which held that dividend income is not subject to super tax. Against IHC decision FBR filed appeal before the IHC which is pending adjudication. The Company has no exposure as it has already provided the provision in the books.
- (xiii) In October 2023, FBR issued a SCN amounting to Rs. 940 million on the grounds that for the tax year 2018 the Company had not deducted income tax on certain payments. The Company filed the response to the SCN, however, subsequent to the year end, in July 2024, FBR issued a tax demand of Rs. 364 million. The Company has filed an appeal with ATIR, which is pending adjudication.

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, except where specified, no provision has been made in these unconsolidated financial statements.

- 28.9 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.

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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 CPPA(G)'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 passed 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 Master 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 was successfully concluded and the Arbitration Award was passed by the Tribunal in favour of the Company in November 2023. The Company has filed the Award to make it a Rule of Court. CPPA(G) has filed a suit before the Civil Magistrate, Islamabad contesting the award passed by the Arbitrator and filed its objections to the Award, both of which are being contested by the Company, on merits. The Company is pursuing its efforts to make the Award a Rule of Court.

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	2024 (Rs. '000s)	2023 (Rs. '000s)
Chief Executive			
Managerial remuneration		65,065	61,199
Bonus		25,000	16,265
Other benefits		13,967	7,568
		104,032	85,032
Number of persons		1	1
Directors			
Fees	29.1	9,300	7,900
Number of persons	29.3	8	8
Executives			
Managerial remuneration		258,159	263,589
Bonus		65,751	58,197
House rent		116,171	118,615
Utilities		25,816	26,359
Retirement benefits		55,144	54,290
Other benefits		263,461	313,955
		784,502	835,005
Number of persons	29.3	98	93
Total			
Managerial remuneration / Fees		332,524	332,688
Bonus		90,751	74,462
House rent		116,171	118,615
Utilities		25,816	26,359
Retirement benefits		55,144	54,290
Other benefits		277,428	321,523
		897,834	927,937
Number of persons		107	102

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. 312 million (2023: Rs. 245 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

30 RELATED PARTY TRANSACTIONS

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

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Subsidiaries		
Laraib Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	<u>193,018</u>	141,988
Receipts against reimbursement of expenses from subsidiary	<u>259,824</u>	82,319
Dividend received	<u>3,259,717</u>	2,190,499
Hub Power Holdings Limited		
Reimbursable expenses incurred on behalf of subsidiary	<u>12,435</u>	11,095
Receipts against reimbursement of expenses from subsidiary	<u>24,741</u>	-
Interest expense on loan from subsidiary	<u>352,680</u>	427,439
Interest income on loan to subsidiary	<u>452,803</u>	268,825
Payments against interest expense on loan from subsidiary	<u>352,680</u>	-
Receipt against interest income on loan to subsidiary	<u>640,222</u>	-
Dividend received	<u>3,509,598</u>	-
Hub Power Services Limited		
Reimbursable expenses incurred on behalf of subsidiary	<u>244,759</u>	191,308
Receipts against reimbursement of expenses from subsidiary	<u>420,083</u>	-
Reimbursable expenses incurred by subsidiary	<u>2,563</u>	15,267
Amount paid for O&M services rendered	<u>170,000</u>	103,914
Dividend received	<u>675,000</u>	465,000
Interest expense on loan from subsidiary	<u>20,085</u>	22,750
Payments against interest on loan from subsidiary	<u>20,914</u>	29,640
Narowal Energy Limited		
Reimbursable expenses incurred on behalf of subsidiary	<u>85,601</u>	68,525
Receipts against reimbursement of expenses from subsidiary	<u>166,788</u>	-
Interest expense on loan from subsidiary	<u>256,428</u>	456,873
Payment against interest on loan from subsidiary	<u>303,077</u>	551,683
Interest income on loan to subsidiary	<u>9,127</u>	-
Receipts against interest on loan to subsidiary	<u>9,127</u>	-
Dividend received	<u>7,000,762</u>	9,980,993

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)

Thar Energy Limited

Investment in subsidiary	-	2,316,352
Reimbursable expenses incurred on behalf of subsidiary	76,493	461,349
Receipts against security	289,039	-
Receipts against reimbursement of expenses from subsidiary	9,829	34,263
Services rendered to subsidiary	-	1,307,977
Amount received against services rendered to subsidiary	296,623	821,254

Other related parties

Amount received against services rendered to TNPTL	2,227,993	3,687,309
Services rendered to TNPTL	-	2,111,691
Reimbursable expenses incurred on behalf of TNPTL	56,261	553,979
Receipts against security	289,039	-
Receipts against reimbursement of expenses from TNPTL	152,760	-
Remuneration to key management personnel		
Salaries, benefits and other allowances	160,382	157,224
Retirement benefits	7,819	7,595
	30.1 & 30.3 29.1	
Directors' fee	9,300	7,900
Contribution to staff retirement benefit plans of the Company	70,535	22,322
Contribution to staff retirement benefit plans of HPSL	54,063	23,113
Contribution to staff retirement benefit plans of TEL	590	1,225
Contribution to staff retirement benefit plans of LEL	1,578	787

- 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. 94 million (2023: Rs. 68 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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	-
TPL Trakker Limited	Interested person	-
International Industries Limited	Interested person	-
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	-
MCB Bank Limited	Interested Persons	-
Faysal Bank limited	Interested Persons	-
Allied Bank Limited	Interested Persons	-
Mr. Muhammad Saqib	Key Management Personnel	-
Mr. Kamran Kamal	Key Management Personnel	-
Ms. Faiza Kapdia Raffay	Key Management Personnel	-
Mr. Nadeem Inayat	Ex-Director	-
Ms. Samina Mumtaz Zehri	Director	-
Mr. M. Habibullah Khan	Director/Chairman	-
Mr. Manzoor Ahmed	Director	-
Mr. Shafiuddin Ghani Khan	Director	-
Mr. Saad Iqbal	Director	-
Ms. Aleeya Khan	Director	-
Mr. Aly Khan	Director	-
Mr. Syed Bakhtiyar Kazmi	Director	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Provident Fund	Retirement benefit fund	-
Hub Power Services Limited - Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Pension Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Laraib Energy Limited - Gratuity 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.

33. PLANT CAPACITY AND PRODUCTION

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
HUB PLANT			
Theoretical Maximum Output		10,540 GWh	10,512 GWh
Total Output		0 GWh	205 GWh
Load Factor		0.00%	1.95%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,757 GWh (2023: 9,730 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
34. WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and consumables		(18,078)	(73,803)
Stock-in-trade		(10,083)	(421,765)
Trade debts		(7,833,648)	7,835,491
Loans, advances, prepayments and other receivables		982,326	(1,416,344)
		<u>(6,879,483)</u>	<u>5,923,579</u>
Increase in current liabilities			
Trade and other payables		1,771,867	5,377,300
		<u>(5,107,616)</u>	<u>11,300,879</u>

35. CASH AND CASH EQUIVALENTS

Cash and bank balances	21	2,355,983	584,112
Short term borrowings		(20,568,108)	(20,419,966)
		<u>(18,212,125)</u>	<u>(19,835,854)</u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
36. BASIC AND DILUTED EARNINGS PER SHARE			
36.1 Basic			
Profit for the year (Rupees in thousands)		<u>33,879,176</u>	<u>30,941,707</u>
Weighted average number of ordinary shares outstanding during the year		<u>1,297,154,387</u>	<u>1,297,154,387</u>
Basic earnings per share (Rupees)		<u>26.12</u>	<u>23.85</u>

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. 48 million (2023: Rs. 14 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 118 million (2023: Rs. 100 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	2024 (Rs. '000s)	2023 (Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	<u>2,355,958</u>	<u>584,087</u>
Financial liabilities		
Long term lease liabilities	<u>174,979</u>	<u>188,691</u>
Variable rate instruments at carrying amount:		
Financial assets		
Long term loan to subsidiary	-	3,845,520
Trade debts	<u>34,675,030</u>	<u>30,900,794</u>
Total	<u>34,675,030</u>	<u>34,746,314</u>
Financial liabilities		
Long term loans	<u>14,789,167</u>	<u>23,733,569</u>
Trade and other payables	<u>14,834,264</u>	<u>18,167,597</u>
Short term borrowings	<u>26,568,108</u>	<u>26,419,966</u>
Total	<u>56,191,539</u>	<u>68,321,132</u>

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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. 148 million (2023: Rs. 237 million).

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

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's exposure to credit risk is not significant for reasons provided below.

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

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Long term loan to subsidiary	-	3,845,520
Deposits	14,314	13,309
Trade debts	62,917,423	55,083,775
Loans and other receivables	113,055,12	11,583,899
Bank balances	2,355,958	584,087
Total	76,593,207	71,060,590

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
Askari Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
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	PACRA	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Pakistan Kuwait Investment Company (Pvt.) Limited	PACRA	A1+	AAA
Saudi Pak Industrial And Agricultural Investment Company Limited	JCR-VIS	A-1+	AA+
Industrial Commercial Bank of China	Fitch	F1+	A-
Shariah Compliant			
Meezan Bank Limited	JCR-VIS	A-1+	AAA
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	PACRA	A1+	AA
MCB Islamic Bank 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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 23.1) 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) -----				
2023-24					
Long term loans	4,083,716	3,869,196	11,987,114	-	19,940,026
Long term lease liabilities	20,676	20,676	200,336	-	241,688
Trade and other payables	29,775,821	-	-	-	29,775,821
Unclaimed dividend	231,202	-	-	-	231,202
Unpaid dividend	216,501	-	-	-	216,501
Short term borrowings	27,320,356	-	-	-	27,320,356
Total	<u>61,648,272</u>	<u>3,889,872</u>	<u>12,187,450</u>	<u>-</u>	<u>77,725,594</u>
2022-23					
Long term loans	7,848,659	5,644,257	19,937,733	-	33,430,649
Long term lease liabilities	19,222	19,691	176,108	62,231	277,252
Trade and other payables	29,217,003	-	-	-	29,217,003
Unclaimed dividend	211,784	-	-	-	211,784
Unpaid dividend	128,810	-	-	-	128,810
Short term borrowings	27,513,651	-	-	-	27,513,651
Total	<u>64,939,129</u>	<u>5,663,948</u>	<u>20,113,841</u>	<u>62,231</u>	<u>90,779,149</u>

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

Fair value estimation

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

Fair value of financial instruments

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investment in subsidiary companies, 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 cashflows, 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, 2024 has been determined at Rs. 4,428 million (2023: Rs. 3,259 million) resulting in unrealized gain of Rs. 1,169 million (2023: unrealized gain of Rs. 188 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	Level 4
	----- (Rs. '000s) -----			
June 2024				
Assets				
Investment in SECMC				
- At fair value through other comprehensive income	-	-	4,427,817	4,427,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
June 2023				
Assets				
Investment in SECMC				
- At fair value through 'other comprehensive income	-	-	3,259,115	3,259,115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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:

Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	<u>4,427,817</u>	<u>3,259,115</u>
Financial assets - at amortised cost		
Long term loan to subsidiary	-	3,845,520
Deposits	14,314	13,309
Trade debts	62,917,423	55,083,775
Loans and other receivables	11,305,512	11,533,899
Cash and bank balances	2,355,983	584,112
Total	<u>76,593,232</u>	<u>71,060,615</u>
Financial Liabilities - at amortised cost		
Long term loans	14,789,167	23,943,533
Long term lease liabilities	174,979	188,691
Trade and other payables	29,775,821	29,217,003
Unclaimed dividend	231,202	211,784
Unpaid dividend	216,501	128,810
Short term borrowings	27,320,356	27,513,651
Total	<u>72,508,026</u>	<u>81,203,472</u>

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

39.1. Revised and amended standards and interpretation effective and adopted in 2024

No amendments to accounting and reporting standards that are applicable for the financial year beginning on July 1, 2023 have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements except the following:

Amendment to IAS 1 "Presentation of financial statements" and IFRS Practice Statement 2:

The amendments in IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgements' aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in these unconsolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and not adopted in 2024

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2023. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

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.

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

40. SHARIAH COMPLIANCE DISCLOSURE

	2024			2023		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	----- (Rs. '000s) -----			----- (Rs. '000s) -----		
Turnover						
Revenue	9,638,250	31,896,154	41,534,404	6,943,429	38,961,782	45,905,211
Other income						
Interest income	246,003	42,463	288,466	27,332	-	27,332
Gain on disposal of asset	-	2,667	2,667	11,724	-	11,724
Dividend income	-	16,327,453	16,327,453	-	13,571,880	13,571,880
Income from management services	-	-	-	-	1,588,461	1,588,461
Reversal of WPPF	-	-	-	-	826,579	826,579
Finance cost						
Long term loans	3,081,082	1,175,858	4,256,940	2,578,337	1,967,274	4,545,611
Long term lease liabilities	26,163	-	26,163	25,418	-	25,418
Short term borrowings	3,606,838	2,364,551	5,971,389	2,575,142	1,016,975	3,592,117
Other finance costs	411,587	25,246	436,833	441,676	75,515	517,191
Assets						
Long term investment	-	63,993,339	63,993,339	-	62,824,637	62,824,637
Long term loan to subsidiary	-	-	-	3,845,520	-	3,845,520
Bank balances	-	2,355,958	2,355,958	584,087	-	584,087
Short term investment	-	-	-	-	-	-
Liabilities						
Long term loans	11,667,971	3,121,196	14,789,167	15,421,780	8,311,789	23,733,569
Accrued mark-up	333,079	419,169	752,248	677,586	626,063	1,303,649
Short term borrowings	16,164,829	10,403,279	26,568,108	14,212,046	12,207,920	26,419,966

41. NUMBER OF EMPLOYEES

Total number of employees as at year end were 255 (2023: 281) and the average number of employees during the year were 250 (2023: 324). 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. SUBSEQUENT EVENT

The Board of Directors of the Company proposed a final dividend for the year ended June 30, 2024 of Rs. 8.50 per share, amounting to Rs. 11,025.812 million, at their meeting held on August 26, 2024 for approval of the members at the Annual General Meeting to be held on September 30, 2024. These unconsolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

44. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on August 26, 2024 in accordance with the resolution of the Board of Directors.

45. GENERAL

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



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

Consolidated Financial Statements

For The Year Ended June 30, 2024





Independent Auditor's Report

To the members of The Hub Power Company Limited

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, 2024, 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 material accounting policy information 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, 2024, 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 matter	How the matter was addressed in our audit
(i)	Contingent Liabilities	
	<p>[Refer notes 3.10, 32.4 to 32.9, 32.10.2 to 32.10.12, 32.11 (iii) to 32.11 (ix), 32.12 (ii) to 32.12 (v) and 32.13 to the consolidated financial statements]</p> <p>The Group has significant contingent liabilities in respect of various matters including Income Tax, Sales Tax, Federal Excise Duty (FED), Workers Profits Participation Fund (WPPF) and First Fill claim matters which are pending adjudication at various legal forums. 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 Holding Company and demand / claim by Central Power Purchasing Agency Guarantee Limited (CPPA-G).</p> <p>The related matters 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 or recognition of any provision that may be required there against.</p> <p>Due to the significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgment 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> <ul style="list-style-type: none"> i) obtained understanding of the Group's process and controls over litigations through meetings with management and reviewed the minutes of the meetings of Board of Directors and Board Audit Committee; ii) obtained and assessed details of the pending and possible litigation and discussed the same with the Group's management; iii) circularised confirmations to the Group's external legal and tax advisors for their views on matters being handled by them; iv) involved internal tax professionals to assess management's conclusion on contingent tax matters and evaluated consistency of such conclusions with the views of management and external tax advisors engaged by the Group; v) checked correspondence of the Group with the relevant authorities including judgements or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of related disclosures in the consolidated financial statements with regard to the applicable accounting and reporting standards.
(ii)	Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G) and National Transmission And Despatch Company Limited (NTDC)	
	<p>[Refer notes 3.6, 3.12.1, 3.18 (a) and 20 to the consolidated financial statements]</p> <p>The Group under the Power Purchase Agreements (PPAs) supplies electricity to its customers i.e., CPPA-G and NTDC, and recognises revenue based on output delivered and capacity made available. Continuous delays by CPPA-G and NTDC in settlement of invoices raised by the Group companies under the PPAs have resulted in accumulation of trade debts aggregating to Rs. 99,740,148 thousand as at June 30, 2024 including overdue trade debts of Rs. 74,816,648 thousand. Due to delays in recovery, the Group has financed its operations through short and long term financing arrangements and by delaying the settlement of trade and other payables.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting framework applicable on the Group; ii) checked that the invoices raised by the Group during the year were in accordance with the PPAs; iii) circularised confirmation of trade debts / receivables to CPPA-G; iv) checked receipts from CPPA-G from bank statements;

S.No.	Key audit matter	How the matter was addressed in our audit
	<p>In view of the significant delays in settlement of receivables, materiality of the amount involved and the consequential impact of the delay on liquidity of the Group, we have considered this to be an area of higher assessed risk and a key audit matter.</p>	<p>v) made inquiries with the management of the Group and reviewed minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for recoverability of outstanding amount;</p> <p>vi) checked Implementation Agreements and assessed whether trade debts are secured against guarantees from the Government of Pakistan and whether any impairment is required to be recognised there against as per the applicable accounting framework;</p> <p>vii) assessed the availability of finance with the Group to fund its business operations through committed credit lines obtained from various financial institutions; and</p> <p>viii) assessed adequacy of the related disclosures in the consolidated financial statements, with regard 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 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 are 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 Osama Kapadia.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: September 7, 2024

UDIN: AR202410080U8iBA1EHJ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Revenue from contracts with customers - net	5	130,525,533	114,263,041
Cost of revenue	6	(62,179,577)	(61,484,961)
GROSS PROFIT		68,345,956	52,778,080
General and administration expenses	7	(2,182,657)	(1,368,334)
Other income	8	3,304,801	3,585,499
Insurance claim against alternator damage and consequent loss of revenue	9	320,319	509,664
Other operating expenses	10	(2,452,182)	(79,423)
PROFIT FROM OPERATIONS		67,336,237	55,425,486
Finance costs	11	(26,743,587)	(19,323,473)
Share of profit from associates and joint ventures - net	12	49,360,882	34,316,400
PROFIT BEFORE TAXATION		89,953,532	70,418,413
Taxation	13	(14,656,150)	(8,411,271)
PROFIT FOR THE YEAR		75,297,382	62,007,142
Attributable to:			
- Owners of the holding company		70,018,253	57,554,099
- Non-controlling interests		5,279,129	4,453,043
		75,297,382	62,007,142
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	41	53.98	44.37

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



M. HABIBULLAH KHAN

Chairman



KAMRAN KAMAL

Chief Executive



MUHAMMAD SAQIB

Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Profit for the year		75,297,382	62,007,142
Other comprehensive income for the year:			
Items that will not be reclassified to profit or loss in subsequent periods			
- Gain / (loss) on remeasurement of post employment benefit obligation - net of tax		39,109	(45,530)
- Gain on revaluation of equity investment at fair value through other comprehensive income	42	1,168,702	188,282
		1,207,811	142,752
Items that will be reclassified to profit or loss in subsequent periods			
- Share of foreign currency translation reserve of joint venture - net of tax		(219,985)	785,050
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		76,285,208	62,934,944
Attributable to:			
- Owners of the holding company		71,011,737	58,481,647
- Non-controlling interests		5,273,471	4,453,297
		76,285,208	62,934,944

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAGIB
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	14	128,939,945	138,977,458
Intangibles	15	1,464,036	1,519,727
Long term investments	16	151,057,613	119,315,106
Long term deposits and others	17	23,444	23,058
		281,485,038	259,835,349
CURRENT ASSETS			
Stores, spares and consumables	18	4,705,612	4,302,195
Stock-in-trade	19	4,214,351	3,223,473
Trade debts	20	99,740,148	86,751,480
Contract asset	21	8,505,150	14,817,054
Loans and advances	22	301,469	193,246
Prepayments and other receivables	23	24,747,491	21,332,412
Cash and bank balances	24	29,105,160	15,110,344
		171,319,381	145,730,204
		452,804,419	405,565,553
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital			
Authorised	25	17,000,000	17,000,000
Issued, subscribed and paid-up	25	12,971,544	12,971,544
Capital Reserve			
Share premium		5,600,000	5,600,000
Revenue Reserve			
Unappropriated profit		171,797,319	123,492,680
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		190,368,863	142,064,224
NON-CONTROLLING INTERESTS		19,603,615	15,971,894
		209,972,478	158,036,118
NON-CURRENT LIABILITIES			
Long term loans	26	88,940,900	104,945,305
Long term lease liabilities	27	154,292	1,064,463
Deferred taxation	28	25,468,708	17,915,726
		114,563,900	123,925,494
CURRENT LIABILITIES			
Trade and other payables	29	67,434,192	57,546,774
Provision for taxation		6,561,676	1,972,288
Unclaimed dividend		231,202	211,784
Unpaid dividend		1,218,757	601,632
Interest / mark-up accrued	30	6,374,703	6,824,158
Short term borrowings	31	29,365,984	32,142,495
Current maturity of long term loans	26	16,167,972	23,372,311
Current maturity of long term lease liabilities	27	913,555	932,499
		128,268,041	123,603,941
		452,804,419	405,565,553
TOTAL EQUITY AND LIABILITIES			
COMMITMENTS AND CONTINGENCIES			
	32		

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

M. HABIBULLAH KHAN
Chairman

KAMRAN KAMAL
Chief Executive

MUHAMMAD SAQIB
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		89,953,532	70,418,413
Adjustments for:			
Depreciation		6,760,071	7,310,193
Amortisation		68,231	36,678
Gain on disposal of fixed assets - net		(32,580)	(13,532)
Reversal of provision for WPPF		-	(826,579)
Dividend income from equity investment		(232,794)	(455,319)
Provision against slow moving stores, spares and consumables		263,412	283,009
Staff gratuity		125,770	86,899
Interest income		(1,407,887)	(576,043)
Loss / (gain) on foreign currency balance		213,318	(622,433)
Interest / mark-up expense		25,262,467	18,044,369
Amortisation of transaction costs		609,133	572,760
Share of profit from associates and joint ventures - net		(49,312,014)	(34,316,400)
(Realised) / unrealised profit on management services to an associate		(48,868)	264,800
Operating profit before working capital changes		72,221,791	60,206,815
Working capital changes	39	(3,259,526)	1,205,099
Cash generated from operations		68,962,265	61,411,914
Interest income received		1,375,618	586,736
Interest / mark-up paid		(25,574,652)	(16,313,979)
Staff gratuity paid		(110,709)	(35,286)
Taxes paid		(2,489,800)	(703,580)
Net cash generated from operating activities		42,162,722	44,945,805
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,842,746)	(14,390,175)
Proceeds from disposal of fixed assets		34,151	15,991
Long term investments made		(87,780)	(2,894,290)
Dividend received from associate, joint venture and equity investment		20,114,603	455,319
Long term deposits, prepayments and others		(386)	(1,637)
Net cash generated from / (used in) investing activities		18,217,842	(16,814,792)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(22,593,093)	(31,129,039)
Dividends paid to non-controlling interests		(1,111,414)	(710,146)
Proceeds from long term loans - net		-	16,172,443
Repayment of long term loans		(20,287,046)	(14,399,880)
Proceeds from advance received against issue of shares to non-controlling interests		-	1,648,603
Proceeds from privately placed Sukuk		17,000,000	6,000,000
Repayment of privately placed Sukuk		(12,000,000)	(4,500,000)
Proceeds from short term borrowings		-	1,499,244
Repayment of long term lease liabilities		(903,610)	(704,354)
Share issuance cost		-	(18,615)
Net cash used in financing activities		(39,895,163)	(26,141,744)
Net increase in cash and cash equivalents		20,485,401	1,989,269
Cash and cash equivalents at the beginning of the year		(9,532,907)	(12,144,609)
Loss / (gain) on foreign currency balance		(213,318)	622,433
Cash and cash equivalents at the end of the year	40	10,739,176	(9,532,907)

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
ISSUED CAPITAL			
Balance at the beginning and end of the year	25	<u>12,971,544</u>	<u>12,971,544</u>
SHARE PREMIUM			
Balance at the beginning and end of the year		<u>5,600,000</u>	<u>5,600,000</u>
UNAPPROPRIATED PROFIT			
Balance at the beginning of the year		123,492,680	96,162,151
Profit for the year		70,018,253	57,554,099
Other comprehensive income for the year		993,484	927,548
Total comprehensive income for the year		71,011,737	58,481,647
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2022-23 @ Rs. 6.00 (2021-22 @ Rs. Nil) per share		(7,782,926)	-
First interim dividend for the fiscal year 2023-24 @ Rs. 5.00 (2022-23 @ Rs. 15.50) per share		(6,485,772)	(20,105,893)
Second interim dividend for the fiscal year 2023-24 @ Rs. 4.00 (2022-23 @ Rs. 5.75) per share		(5,188,618)	(7,458,638)
Third interim dividend for the fiscal year 2023-24 @ Rs. 2.50 (2022-23 @ Rs. 2.75) per share		(3,242,886)	(3,567,175)
		(22,700,202)	(31,131,706)
Share issuance cost		(6,896)	(19,412)
Balance at the end of the year		<u>171,797,319</u>	<u>123,492,680</u>
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
		<u>190,368,863</u>	<u>142,064,224</u>
NON-CONTROLLING INTERESTS (NCI)			
Balance at the beginning of the year		15,971,894	10,768,499
Profit for the year		5,279,129	4,453,043
Other comprehensive (loss) / income for the year		(5,658)	254
Total comprehensive income for the year		5,273,471	4,453,297
Dividends to NCI		(1,640,848)	(892,459)
Investments made		-	1,648,603
Share issuance cost		(902)	(6,046)
Balance at the end of the year		<u>19,603,615</u>	<u>15,971,894</u>
TOTAL EQUITY		209,972,478	158,036,118

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



M. HABIBULLAH KHAN
Chairman



KAMRAN KAMAL
Chief Executive



MUHAMMAD SAQIB
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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) and following subsidiaries, associates and joint ventures:

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%;
- Thar Energy Limited (TEL) - Holding of 60%; and
- Mega Motor Company (Private) Limited (MMCPL) - Holding of 100% via HPHL.

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 - 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;
- Laraib Plant is situated at New Bong Escape Hydro-Electric Power Complex, Village Lehri, District Mirpur, Azad Jammu & Kashmir; and
- Thar Plant is situated at Block II, Thar Coal mine, District Tharparkar, Sindh.

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 a Stand By 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 7.098 million. The SBLC is required to be maintained till the last repayment of debt (scheduled in November 2024) currently the SBLC is valid till November 2024. Any default in payment by LEL 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.

Mega Motor Company (Private) Limited (MMCPL)

MMCPL, a wholly owned subsidiary of HPHL, was incorporated in Pakistan on May 06, 2024 as a private limited company. The principal activity of MMCPL is to sale passenger vehicles.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Thar Energy Limited (TEL)

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. 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.

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. TEL achieved Commercial Operations Date (COD) on October 01, 2022.

The 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. 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;
- ii. 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;
- iii. execute the Share Pledge Agreement with lenders of TEL, whenever such shares are acquired directly by way of subscription or otherwise such investment shall be made for a period up till December 2033. The holding company has executed the Share Pledge Agreement on July 08, 2019 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;
- iv. provide a guarantee (in the form of SBLC) 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 PCD, and (c) COD undertakings. Such investment shall be for a period up till the earlier of PCD or December 2025. On November 15, 2019, the holding 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 holding company, other than current assets and other securities;
- v. issued a sponsor SBLC 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 obligation shall be valid for a period till the first payment of the installment of the loan or such other date that may be prescribed under the Sponsor Support Agreement, (a) SBLC for USD 12.482 Million for Foreign lenders and b) SBLC for PKR 1,780 Million for Local Lender. These facilities are secured against a ranking charge on fixed asset excluding land and building and other securities;
- vi. 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;

- vii. participate in the Put Option / Commercial Risk Guarantee (“Put Option / CRG”) to be provided by local banks and financial institutions (“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;
- viii. provide a contractual commitment and a parent company guarantee to TEL guaranteeing the due and punctual performance obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or December 2032. The holding company has provided Parent Company Guarantee to TEL in the form of a corporate guarantee as per the terms of the O&M agreement; and
- ix. Under the terms of the Power Purchase Agreement dated July 21, 2017, between TEL and the CPPA(G), as amended from time to time, TEL is required to provide a letter of credit in favor of CPPA(G) to secure certain obligations under the PPA (“PPA SBLC”). Since TEL does not have adequate security to fully secure its obligations under such a letter of credit, TEL has requested its Sponsors to provide replacement security. This security will be provided by way of a ranking charge, to be upgraded to a first pari passu charge, on the holding company’s current and future fixed assets excluding land and buildings, amounting to Rs. 1,734 million.

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 as disclosed in note 44.1 of the consolidated financial statements. However, these do not have any significant impact on the Group’s financial reporting.

2.3 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the material accounting policy information (note 3).

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

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.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Associates and joint ventures

Associates and joint ventures are all entities over which the Group has significant influence but not control. Investment in associates and joint ventures 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 ventures.

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 profit or 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.

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 recognises the same in consolidated 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 14.1 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.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

(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 15.1 to these consolidated financial statements.

3.4 Investments

Investment in associate and joint venture

Investment in associate 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 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 profit or 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) method 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

Furnace oil

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. Cost of stock-in-transit represents the invoice value plus other charges incurred thereon till the reporting date.

Coal / Limestone

These are valued at the lower of cost determined on a weighted average basis and net realisable value. The management assesses at each reporting date whether there is any impairment required to bring the value of inventories down to their net realisable value.

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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.10 Provisions and contingent liabilities

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses and are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies are disclosed when the Group has possible obligation that arises from past event's and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

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.

3.12 Revenue recognition

3.12.1 Sale of electricity

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)], the sole customer of the holding company, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA(G), as amended from time to time. Unearned income is recognised initially as a liability and thereafter recognised as revenue on satisfaction of the performance obligation. 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 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. NEL has assessed that performance obligations under the PPA are discharged over time.

Revenue from the sale of electricity to the NTDC, the sole customer of LEL, is recorded based upon the output delivered and average energy at rates as specified under the PPA with NTDC. 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. LEL has assessed that performance obligations under the PPA are discharged over time.

Revenue from the sale of electricity to the CPPA(G), the sole customer of TEL, is recorded based upon the output delivered and capacity available at rates as specified under the PPA with CPPA(G), as amended from time to time. The payment is due 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 October 01, 2022. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

A contract asset is recognised when Group has fulfilled its obligations under the PPA before the customer pays consideration or before payment is due. A contract asset is Group's right to consideration that is conditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For all unconditional rights to receive consideration, a trade debt is recognised.

3.12.2 Operation and Maintenance (O&M) services income

Operation and maintenance fee under various contracts is measured at fair value of the consideration received or receivable and is recognised on accrual basis when services are rendered i.e. performance obligations are fulfilled in accordance with the terms of agreements.

3.12.3 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.

3.12.4 Dividend income

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

3.12.5 Interest income

Interest income is recorded on accrual basis.

3.12.6 Other income

Revenue from sale of Certified Emission Reductions (CERs) is recognised upon delivery of the CERs. Insurance claim is recorded on accrual basis when the claim is acknowledged by the insurance company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 the 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 capitalisation 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 capitalised 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 capitalised, the profit for the year would have been lower by Rs. 2,950 million and the property, plant and equipment as at June 30, 2024 would have been lower by Rs. 28,369 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.

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 realised 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 utilised.

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

Recognition and Derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and de-recognised when the Group loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade debts and other receivables

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and short term borrowings payable on demand. 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

These represent investment in Term Deposit Certificates, which are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(f) Financial Instruments- Interest rate benchmark reform

The Group has applied the amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16 that address the issues arising during the reform of benchmark interest rates including the replacement of one benchmark with an alternative one. Applying the practical expedient, introduced in the amendments when the benchmark affecting the Group's loan is replaced, the adjustments to the contractual cashflows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loan's benchmark interest rate will not result in immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted.

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 capitalisation. 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 Group 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.

3.22 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the holding company by weighted average number of ordinary shares outstanding during the year.

3.23 Levies

Expenses and assets are recognised net of the amount of sales tax, except when the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When sales tax is recoverable from or is payable to the taxation authority, it is included as part of receivables or payables in the consolidated statement of financial position.

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
5. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET			
Capacity Purchase Price (CPP)		76,195,522	61,617,047
Energy Purchase Price (EPP)		46,081,160	48,199,413
Late Payment Interest (LPI)		14,649,805	10,220,540
Startup Charges (SC)		115,290	136,106
Part Load Adjustment Charges (PLAC)		-	575,831
		137,041,777	120,748,937
Less: Sales tax on EPP		(6,516,244)	(6,485,896)
		130,525,533	114,263,041
6. COST OF REVENUE			
Fuel cost		35,288,199	40,505,844
Late payment interest to fuel suppliers		8,468,227	3,755,202
Salaries, benefits and other allowances	6.1	1,823,534	1,361,071
Water use charges		1,227,849	660,050
Ash disposal		304,703	206,538
Stores and spares		1,234,253	1,017,393
Insurance		3,250,267	3,208,183
Depreciation	14.3	6,674,460	7,219,510
Amortisation	15.2	67,227	35,055
Repairs, maintenance and other costs		3,840,858	3,516,115
		62,179,577	61,484,961

6.1 This includes Rs. 177 million (2023: Rs. 131 million) in respect of staff retirement benefits.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
7. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	7.1	953,852	693,328
Travel and transportation		81,498	79,383
Fuel and power		14,507	9,657
Property, vehicles and equipment rentals		14,614	8,112
Office running cost		92,544	92,457
Repairs and maintenance		40,403	31,356
Legal and professional charges		575,666	152,331
Insurance		27,282	16,445
Fee and subscription		18,853	16,389
Training and development		6,823	3,633
Auditors' remuneration	7.2	19,017	12,209
Donations	7.3	98,038	84,336
Corporate social responsibility		108,639	77,906
Printing and stationery		6,357	5,447
Depreciation	14.3	85,611	69,811
Amortisation	15.2	1,004	1,502
Miscellaneous		37,949	14,032
		2,182,657	1,368,334

7.1 This includes Rs. 68 million (2023: Rs. 45 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:

	2024 (Rs. '000s)	2023 (Rs. '000s)
Statutory audits	8,333	7,315
Half yearly reviews	1,041	993
Certifications and other services	7,795	3,143
Out-of-pocket expenses	1,848	758
	19,017	12,209

7.3 During the year, the holding company, NEL and TEL made donation to The Citizens Foundation amounting to Rs. 44 million (2023: Rs. 32 million) and Thar Foundation amounting to Rs. 50 million (2023: Rs. 50 million), respectively. No directors or their spouses had any interest in any donee, to which donations were made, except for the Ex Chief Executive Officer of TEL who is a Director in Thar Foundation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		1,407,887	576,043
Dividend income from SECMC		232,794	455,319
Exchange gain - net		-	565,994
		1,640,681	1,597,356
Non-financial assets			
Gain on disposal of fixed assets - net		32,580	13,532
Income from management services		-	459,386
Reversal of WPPF expense on dividend income		-	826,579
Income from O&M and other services	8.1	1,612,152	687,102
Revenue from sale of CERs		17,649	-
Others		1,739	1,544
		1,664,120	1,988,143
		3,304,801	3,585,499
8.1 Income from O&M and other services			
Services income		3,181,849	1,084,936
Cost of services		(1,569,697)	(397,834)
		1,612,152	687,102

8.1.1 This includes income from TNPTL, CPHGC and CPHO under their respective service agreements on mutually agreed terms and conditions.

9. INSURANCE CLAIM AGAINST ALTERNATOR DAMAGE AND CONSEQUENT LOSS OF REVENUE

In 2022, the alternators of two engines at Narowal Plant having 38 MW capacity developed a fault. Two new alternators were procured as replacement and were resynchronized in February 2023.

The replacement amount and loss of revenue due to business interruption are covered under NEL's insurance policy. In the prior year, the insurance company partially disbursed an amount of USD 1.783 million (Rs. 509.664 million) in lieu of cost of alternators' replacement and loss of revenue due to business interruption. During the year ended June 30, 2024, the insurance company agreed to disburse the remaining amount of Rs. 320.319 million, out of which Rs. 60.952 million has been received as at the reporting date, while the remaining amount of Rs. 259.367 million (2023: Nil) has been recorded as other receivable in these consolidated financial statements.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
10. OTHER OPERATING EXPENSES			
Workers' profit participation fund	10.1	-	79,423
Sindh workers' welfare fund	10.2	-	-
Liquidated damages	10.3	2,155,904	-
Exchange loss - net		296,278	-
		<u>2,452,182</u>	<u>79,423</u>
10.1 Workers' profit participation fund			
Provision for Workers' profit participation fund	32.4	1,640,607	1,520,976
Workers' profit participation fund recoverable from CPPA(G)		(1,640,607)	(1,441,553)
		<u>-</u>	<u>79,423</u>
10.2 Sindh workers' welfare fund			
Provision for Sindh workers' welfare fund		20,129	-
Sindh workers' welfare fund recoverable from CPPA(G)		(20,129)	-
		<u>-</u>	<u>-</u>
10.3			
During the year, Liquidated Damages (LDs) imposed on TEL by the power purchaser on account of delay in COD achievement including resulting exchange rate variations have been recognised in profit or loss. These LDs were previously capitalised in property plant and equipment.			
11. FINANCE COSTS			
Interest / mark-up on long term loans		18,495,176	14,302,134
Mark-up on short term borrowings		6,630,021	3,558,852
Mark-up on long term lease liabilities		137,270	183,383
Amortisation of transaction cost		609,133	572,760
Other finance costs		871,987	706,344
		<u>26,743,587</u>	<u>19,323,473</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
12. SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURES - NET			
Associates			
- China Power Hub Generation Company (Private) Limited			
- representing 47.5% (2023: 47.5%) equity shares		40,336,809	29,253,044
- obligation in respect of profit on shares related to GoB	29.4	(1,273,794)	(923,780)
		39,063,015	28,329,264
- ThalNova Power Thar (Private) Limited		3,739,699	1,856,304
		42,802,714	30,185,568
Joint ventures			
- Prime International Oil and Gas Company Limited		6,542,561	3,925,529
- China Power Hub Operating Company (Private) Limited (CPHO)		15,607	205,303
		49,360,882	34,316,400
13. TAXATION			
Current			
- For the year		7,043,315	1,607,045
- Prior year		7,728	(3,093)
Deferred		7,605,107	6,807,319
	13.1	14,656,150	8,411,271
13.1 Relationship between tax expense and accounting profit			
Profit before taxation		89,953,532	70,418,413
Tax calculated at the rate of 29% (2023: 29%)		26,086,524	20,421,340
Effect of reduced rate of tax		(6,743,911)	(4,831,600)
Effect of exempt income		(10,795,895)	(9,728,534)
Effect of change in tax rate		-	(1,766,690)
Effect of super tax at the rate of 10% (2023: 10%)		5,829,011	4,177,393
Others		280,421	139,362
		14,656,150	8,411,271
13.2 The holding company, HPSL, HPHL and NEL (wholly owned subsidiaries), have opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001.			
	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	128,465,091	137,895,469
Capital work-in-progress (CWIP):			
Holding company	14.4	-	267,197
NEL	14.5	-	2,392
TEL	14.6	474,854	812,400
		474,854	1,081,989
		128,939,945	138,977,458

14.1 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
Cost:	(Rs. in '000)											
As at July 1, 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
Additions / Transfers from CWIP	-	-	1,895	-	91,209,587	14,166	58,443	1,032	-	-	-	91,285,123
Exchange loss on loans	-	-	502,395	-	15,071,612	-	-	-	-	-	633,085	16,207,092
Disposals	-	-	-	-	(3,830)	(1,062)	(18,617)	(1,084)	-	-	-	(24,593)
As at June 30, 2023	72,029	1,136,487	11,483,445	82,590	189,372,865	135,178	405,563	101,976	58,218	255,957	7,622,478	210,726,786
Additions / Transfers from CWIP	620,500	-	658,482	-	767,403	153,677	109,104	128,175	-	-	-	2,437,341
Adjustment (note 10.3)	-	-	-	-	(1,530,398)	-	-	-	-	-	-	(1,530,398)
Exchange gain on loans	-	(48,518)	-	-	(3,466,023)	-	-	-	-	-	(61,139)	(3,575,680)
Disposals	-	-	(1,091)	-	(110,927)	(797)	(33,813)	(3,984)	-	-	-	(150,612)
As at June 30, 2024	692,529	1,087,969	12,140,836	82,590	185,032,920	288,058	480,854	226,167	58,218	255,957	7,561,339	207,907,438
Depreciation:												
As at July 1, 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
Charge for the year	-	54,255	632,940	16,518	5,991,720	11,313	28,169	9,061	3,426	22,189	540,602	7,310,193
Disposals	-	-	-	-	(3,718)	(1,050)	(14,997)	(457)	-	-	-	(20,222)
As at June 30, 2023	-	816,666	4,588,687	61,941	63,423,237	127,015	342,969	90,053	10,347	92,311	3,278,091	72,831,317
Charge for the year	-	50,996	430,255	18,359	5,805,046	35,049	39,168	55,253	2,512	46,807	276,626	6,760,071
Disposals	-	(1,091)	-	-	(109,355)	(797)	(33,814)	(3,984)	-	-	-	(149,041)
As at June 30, 2024	-	866,571	5,018,942	80,300	69,118,928	161,267	348,323	141,322	12,859	139,118	3,554,717	79,442,347
Net book value as at June 30, 2024	692,529	221,398	7,121,894	2,290	115,913,992	126,791	132,531	84,845	45,359	116,839	4,006,622	128,465,091
Net book value as at June 30, 2023	72,029	319,821	6,894,758	20,649	125,949,628	8,163	62,594	11,923	47,871	163,646	4,344,387	137,895,469
Depreciation rate % per annum	-	3.33 to 25	3.45 to 10	3.33 to 20	3.33 to 50	10 to 20	20 to 25	10 to 50	2.86 to 5.33	10 to 20	4 to 6.67	
Cost of fully depreciated assets as at June 30, 2024	-	256,932	-	-	1,270,123	53,618	262,120	51,249	-	-	-	1,894,042
Cost of fully depreciated assets as at June 30, 2023	-	123,044	-	-	1,213,603	76,102	235,370	40,884	-	-	-	1,689,003

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14.2 Details of Group's immovable fixed assets:

Particulars	Area	Location
Freehold land and building	1,143 Acres	Hub Plant - District Lasbela, Balochistan
Freehold land and building	10 Kanal 09 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	4 Kanal 01 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	67 Acres	Narowal Plant - Tehsil and District Narowal, Punjab
Leasehold land	2,454 Kanals	Laraib Plant - New Bong Escape, Village Lehri, Mirpur AJK
Leasehold land	244 Acres	Thar Coal Block II, Taluka Islamkot, Sindh
Freehold land	73 Acres	Deh Kharisar Tapo Gharo, District Thatta, Sindh

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
14.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	6,674,460	7,219,510
General and administration expenses	7	85,611	69,811
Capital work-in-progress		-	20,872
		6,760,071	7,310,193
14.4 Capital work-in-progress - Holding company			
Opening balance		267,197	-
Additions during the year		11,872	267,197
Transfers during the year		(279,069)	-
		-	267,197
14.5 Capital work-in-progress - NEL			
Opening balance		2,392	32,133
Additions during the year		17,527	712,322
Transfers during the year		(19,919)	(742,063)
		-	2,392
14.6 Capital work-in-progress - TEL			
Opening balance		812,400	70,920,192
Additions during the year		1,076,685	20,396,342
Transfers during the year		(1,414,231)	(90,504,134)
		474,854	812,400
15. INTANGIBLES			
Intangibles	15.1	1,464,036	1,519,727

15.1 INTANGIBLES

	Goodwill (note 15.3)	Computer softwares (Rs. '000s)	Total
Cost			
As at July 1, 2022	1,414,096	200,716	1,614,812
Additions	-	138,249	138,249
As at June 30, 2023	1,414,096	338,965	1,753,061
Additions / reclassification	-	12,540	12,540
Write-offs	-	(33,096)	(33,096)
As at June 30, 2024	1,414,096	318,409	1,732,505
Amortisation			
As at July 1, 2022	-	196,656	196,656
Charge for the year	-	36,678	36,678
As at June 30, 2023	-	233,334	233,334
Charge for the year	-	68,231	68,231
Disposals	-	(3,569)	(3,569)
Write-offs	-	(29,527)	(29,527)
As at June 30, 2024	-	268,469	268,469
Net book value as at June 30, 2024	1,414,096	49,940	1,464,036
Net book value as at June 30, 2023	1,414,096	105,631	1,519,727
Amortisation rate % per annum	-	33.33	-
Cost of fully amortised intangibles as at June 30, 2024	-	166,736	166,736
Cost of fully amortised intangibles as at June 30, 2023	-	196,263	196,263

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)

15.2 Amortisation charge for the year has been allocated as follows:

Operating costs	6	67,227	35,055
General and administration expenses	7	1,004	1,502
Capital work-in-progress		-	121
		68,231	36,678

15.3 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, 2024. 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 9.61% (2023: 9.06%) 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.

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FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
16. LONG TERM INVESTMENTS			
Investment in associates - unquoted			
- China Power Hub Generation Company (Private) Limited (CPHGC)	16.1	121,539,372	100,939,111
- ThalNova Power Thar (Private) Limited (TNPTL)	16.2	13,070,834	9,248,899
		134,610,206	110,188,010
Investment in joint ventures (under equity method) - unquoted			
- China Power Hub Operating Company (Private) Limited (CPHO)	16.3	333,544	317,937
- Prime International Oil and Gas Company Limited	16.4	11,686,046	5,550,044
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	16.5	4,427,817	3,259,115
		151,057,613	119,315,106
16.1 China Power Hub Generation Company (Private) Limited (CPHGC)			
Opening investment		100,939,111	71,686,226
Share of profit from associate		40,336,809	29,253,044
Share of other comprehensive income / (loss) from associate		1,261	(159)
Dividend received		(19,737,809)	-
		121,539,372	100,939,111

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 HPHL and CPIPI) to GoB in lieu of resources and services etc. to benefit CPHGC, the modalities of which are currently in progress. The transfer was required to be executed by COD. The legal process for transfer of shares is yet to be completed. HPHL is making an accrual for liability in respect of share of profit relating to such shares (refer notes 12 and 29.4).

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 (ATN) on July 29, 2022, in accordance with applicable legislation. On September 7, 2022, ATN has suspended the Tariff adjustment decision dated June 30, 2022 and allowed the indexation adjustment already approved on provisional basis, subject to final approval of the appeal.

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. 4,013 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, 2024 related to the aforementioned One Time Adjustment of Tariff. CPHGC will be able to raise the invoice for billing and recover this amount once the matter is decided by ATN in favour of CPHGC.

During the period, NEPRA while notifying the fuel cost component applicable for Energy Purchase Price Invoices has applied a differential price mechanism published by Argus / McCloskey on the API-4 index which is contrary to the mechanism approved by NEPRA in the 'Upfront Coal Tariff' of CPHGC dated February 12, 2016. CPHGC has filed motion for review thereagainst and recognized unbilled revenue of Nil (June 30, 2023: Rs. 1,034 million) and is confident that potential reversal of recognised revenue will not be significant.

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 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.

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

The summarised financial information of CPHGC is set out below:

Note	2024	2023
	(Rs. '000s)	(Rs. '000s)
Non-current assets	357,704,875	379,135,556
Current assets	260,425,579	221,160,959
Total assets	618,130,454	600,296,515
Non-current liabilities	(246,746,439)	(290,817,974)
Current liabilities	(125,771,967)	(107,235,463)
Total liabilities	(372,518,406)	(398,053,437)
Net assets of the associate available for distribution	245,612,048	202,243,078
Proportion of HPHL's interest in associate	47.5%	47.5%
Goodwill	4,873,649	4,873,649
Carrying amount of HPHL's interest in associate as at June 30	121,539,372	100,939,111
Revenue for the year	161,563,934	167,807,786
Profit for the year	84,919,596	61,585,355
Other comprehensive income / (loss) for the year	2,655	(334)
Total comprehensive income for the year	84,922,251	61,585,021

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CPHGC has tax contingencies wherein the tax authorities have demanded amount of Rs. 7,217 million in several notices, demands and orders. However, considering the grounds of the matter, the management and their tax advisor are of the opinion that the position of CPHGC is sound on technical basis, accordingly no provision has been made.

Outstanding commitments as at June 30, 2024 amount to USD 84.93 million (Rs. 23,657 million) [USD 117 million (2023: Rs. 33,486 million)].

	2024	2023
	(Rs. '000s)	(Rs. '000s)
16.2 ThalNova Power Thar (Private) Limited (TNPTL)		
Opening investment	9,248,899	4,910,679
Investment during the year	87,780	2,773,762
Share of profit / (loss) from associate	3,690,831	1,835,942
Realised / (unrealised) profit on services	48,868	(264,800)
Group's share in share issuance cost	(5,544)	(6,684)
	13,070,834	9,248,899

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) 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, 2024, HPHL has injected USD 52.074 million (Rs. 8,973 million) in TNPTL based on the current estimated project cost. All the requirements of equity injection have been completed.

Project status

On September 30, 2020, PPIB on behalf of the Government of Pakistan notified the achievement of Financial Close of TNPTL. TNPTL achieved COD on February 17, 2023.

Under the Power Purchase Agreement (PPA), the TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in RCOD, TNPLT 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 (SECMC). CPPA(G) granted extension in the RCOD of TNPTL till June 30, 2022, subject to payment of undisputed High Voltage Direct Current (HVDC) Transmission Line charges under certain conditions, if charged to CPPA(G) by National Transmission and Dispatch Company Limited (NTDC), from the COD of HVDC Transmission Line under certain conditions.

Although CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 19.8 million, TNPTL 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 not furnished, there is no obligation on TNPTL to make payment and therefore there is currently no exposure on TNPTL in this regard.

TNPTL achieved Commercial Operations Date (COD) on February 17, 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) Make investments in TNPTL up to an amount not exceeding USD 50.5 million (or PKR equivalent) by way of a subscription of shares. The investment amount has been enhanced in February 2023 by USD 1.8 million (or PKR equivalent). Such investment shall be made within a period up till December 2024 or such period until the liabilities / obligations of the sponsors of TNPTL remain undischarged, whichever is later. Total investment in TNPTL to date stands at USD 52.07 million (or PKR equivalent). The equity commitment stands completed in July 2023.
- (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 HPHL. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities / obligations are discharged, whichever is later. To fulfil this requirement the holding company has signed subordination agreement on July 24, 2019;
- (iv) pledge its shares (if any) in TNPTL held by it from time to time, in favour of the Lenders of TNPTL, whether such shares are acquired directly by way of subscription or otherwise. Such investment shall be for a period up till August 31, 2033 or such period until the liabilities / obligations are discharged, whichever is later. 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 SBLC) 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 PCD, and (c) COD undertakings. Such investment shall be for a period up till the earlier of PCD 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) participate in the Put Option / Commercial Risk Guarantee ("Put Option / CRG") to be provided by local banks and financial institutions ("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;

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- (vii) 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;
- (viii) 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 pursuant to the Sponsor Support Agreements, the holding company has agreed that in the event of devaluation of the Rupee and a consequent shortfall, the sponsors (including the holding company) will provide coverage to HBL under the Put Option Facility, the holding company has fulfilled obligations and provide an SBLC amounting to Rs. 2,250 million to secure the shortfall amount. The facility is initially secured through a raking charge over all current and future fixed assets of the holding company, excluding land and buildings. This arrangement will be upgraded to a first pari passu charge. Additionally, HPHL will provide a lien and right of set-off over present and future dividends from CPHGC, as declared by CPHGC from time to time, this security will be called pursuant to occurrence of an Event of Default under the SBLC Agreement.
- (ix) provide (if required) a contractual commitment and a holding company guarantee to TNPTL guaranteeing the due and punctual performance of obligations by HPSL pursuant to the terms of the O&M Agreement. Such sponsor obligation shall be for a period the earlier of the tenure of the project loan or the expiry of the O&M Agreement. On September 17, 2019, the holding company provided Parent Company Guarantee to TNPTL in the form of a corporate guarantee as per the terms of the O&M agreement.
- (x) Under the terms of the Power Purchase Agreement dated July 21, 2017, between TN and the CPPA(G), as amended from time to time, TN is required to provide a letter of credit in favor of CPPA(G) to secure certain obligations under the PPA (“PPA SBLC”). Since TN does not have adequate security to fully secure its obligations under such a letter of credit, TN has requested its Sponsors to provide replacement security. This security will be provided by way of a ranking charge, to be upgraded to a first pari passu charge, on the holding company’s current and future fixed assets excluding land and buildings, amounting to Rs. 1,107 million inclusive of 20% margin.

The summarised financial information of TNPTL is set out below:

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Non-current assets	103,168,166	108,811,338
Current assets	49,498,973	30,640,453
Total assets	152,667,139	139,451,791
Non-current liabilities	(81,769,812)	(72,911,740)
Current liabilities	(33,190,065)	(38,661,222)
Total liabilities	(114,959,877)	(111,572,962)
Net assets	37,707,262	27,878,829
Less: Advance received against issue of shares	(5,346)	(5,570,464)
Net assets of the associate available for distribution	37,701,916	22,308,365
Proportion of the HPHL's interest in associate	38.3%	38.3%
Advance received against issue of shares	14,439,834	8,544,104
Unrealised profit on management services	(1,396,819)	2,122,663
Others	27,819	(1,425,324)
Carrying amount of HPHL's interest in associate as at June 30	13,070,834	27,818
Turnover for the year	62,870,893	9,269,261
Profit for the year	9,636,635	22,522,972

The associate had no material contingency as at June 30, 2024. Outstanding commitments as at June 30, 2024 amount to USD 8.3 million and Rs. 6,925 million (2023: USD 8.3 million and Rs. 6,537 million).

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Opening investment	317,937	112,634
Investment during the year	-	-
Share of profit from joint venture	15,607	202,606
Adjustment for last year profit based on prior year audited financial statements	-	2,697
	333,544	317,937

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

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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.

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 consolidated financial statements.

The summarised financial information of CPHO are set out below:

	Un-audited 2024 (Rs. '000s)	Un-audited 2023 (Rs. '000s)
Non-current assets	140,076	73,681
Current assets	2,086,004	2,293,979
Total assets	2,226,080	2,367,660
Current liabilities	(1,545,377)	(1,701,165)
Non-current liabilities	-	(17,644)
Total liabilities	(1,545,377)	(1,718,809)
Net assets of the joint venture available for distribution	680,703	648,851
Proportion of the Company's interest in joint venture	49.0%	49.0%
Carrying amount of HPHL's interest in associate as at June 30	333,544	317,937
Turnover for the year	6,511,362	6,688,597
Profit for the year	31,851	413,482

The joint venture had no major contingency and commitments as at June 30, 2024 and June 30, 2023.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
16.4 Prime International Oil & Gas Company Limited (Prime)			
Opening investment		5,550,044	467,327
Investment during the year		-	120,528
Share of profit from joint venture	16.4.1	6,251,971	3,925,529
Share of other comprehensive income from joint venture		(265,659)	1,040,318
Adjustment for restatement in last year financial statements	16.4.2	293,690	-
Dividend received		(144,000)	-
Share issuance costs		-	(3,658)
	16.4.3	11,686,046	5,550,044

16.4.1 This includes share of bargain purchase gain amounting to Nil (2023: Rs. 3,782 million).

16.4.2 This represents adjustment on account of restatement in Prime's financial statements for the year ended June 30, 2023 based on the requirements of IFRS – 3 “Business Combinations” (IFRS – 3) under which a comprehensive exercise was carried out by the management of Prime in the current year to finalise provisional fair values of net assets acquired of its subsidiaries (within a period of one year as allowed under IFRS – 3) as at June 30, 2023. As, the impact of such adjustment was considered immaterial by the management of the holding company, the same has been prospectively adjusted in these consolidated financial statements.

16.4.3 On March 08, 2021, Prime International Oil and Gas Company Limited (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 to such effect.

Under the 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 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.

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.

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The summarised financial information of Prime are set out below:

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
Non-current assets		8,826,544	10,289,676
Current assets		41,793,519	39,420,298
Total assets		50,620,063	49,709,974
Current liabilities		(10,322,228)	(19,587,352)
Non-current liabilities		(17,045,731)	(19,142,523)
Total liabilities		(27,367,959)	(38,729,875)
Net assets of joint venture available for distribution		23,252,104	10,980,099
Share Premium		(119,988)	(119,988)
		23,132,116	10,860,111
Proportion of the HPHL's interest in joint venture		50%	50%
Share Premium		11,566,058	5,430,056
Advance received against issue of shares		119,988	119,988
		-	-
Carrying amount of HPHL's interest in joint venture as at June 30		11,686,046	5,550,044
Profit for the year		12,503,944	7,851,058
Other comprehensive income		(531,318)	2,080,636
Impact of restatement	16.4.2	587,379	-
Total comprehensive income		12,560,005	9,931,694

The joint venture had no major contingency and commitments as at June 30, 2024 and June 30, 2023.

16.5 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, 2024 the holding company has injected USD 15.506 million (Rs. 1,909 million) [2023: USD 15.506 million (Rs. 1,909 million)] representing 8% equity stake in SECMC.

SECMC achieved its COD for Phase-I and Phase-II of the mine on July 10, 2019 and October 1, 2022 respectively, increasing the total capacity from 3.8 MPTA to 7.6 MPTA. The Thar Coal Energy Board (TCEB) approved a tariff of Block II.

In addition to the USD 20 million equity, the holding company is committed to provide Sponsor Support Guarantee to cover cost overruns for an amount not exceeding USD 5 million (in equivalent PKR), 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 EOGM 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 EOGM held on June 22, 2018. Since SECMC has achieved PCD for phase 1, the cost over run commitment stand reduce to USD 0.864 million.

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 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 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 1.752 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.

The holding company has entered into definitive agreement for further acquisition of shares of SECMC. The completion of the proposed transaction is subject to necessary corporate and regulatory approvals, consent and other conditions.

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
17. LONG TERM DEPOSITS AND OTHERS			
Deposits - non interest bearing		<u>23,444</u>	<u>23,058</u>
18. STORES, SPARES AND CONSUMABLES			
In hand		6,381,392	5,714,563
Provision against slow moving stores, spares and consumables	18.1	(1,675,780)	(1,412,368)
		<u>4,705,612</u>	<u>4,302,195</u>
18.1 Movement in provision against slow moving stores, spares and consumables			
Opening balance		1,412,368	1,129,923
Provision for the year		263,412	283,009
Write off stores, spares and consumables		-	(564)
Closing balance		<u>1,675,780</u>	<u>1,412,368</u>
19. STOCK-IN-TRADE			
Furnace oil	19.1	3,517,458	2,949,013
Diesel		229,678	187,345
Coal		423,442	31,839
Lubricating oil		33,544	29,296
Light diesel oil		10,229	10,178
Limestone		-	15,802
		<u>4,214,351</u>	<u>3,223,473</u>
19.1	This includes stock in transit amounting to Rs. 108 million (2023: Rs. Nil).		

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	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
20. TRADE DEBTS - Secured			
Considered good - Secured			
Capacity Purchase Price (CPP)		55,450,451	38,139,113
Energy Purchase Price (EPP)		11,433,526	21,282,169
Late Payment Interest (LPI)	20.11 & 32.9	32,740,881	26,696,990
Startup Charges (SC)		115,290	138,835
Part Load Adjustment Charges (PLAC)		-	486,496
Pass through items (WPPF and taxes)		-	7,877
	20.1	99,740,148	86,751,480

20.1 This includes an amount of Rs. 70,058 million (2023: Rs. 60,800 million) receivable from CPPA(G) and Rs. 4,759 million (2023: Rs. 5,047 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 and TEL, 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 carries mark-up at a rate of six month KIBOR plus 2% per annum compounded semi-annually for all overdue amounts. No LPI is charge against late payment interest invoices.

The aging of these receivables are as follows:

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
Not yet due	20.11	24,923,500	20,904,308
Up to 6 months		37,374,500	31,005,515
6 months to 1 year		21,299,142	23,316,999
1 year to 2 years		3,431,562	-
Over 2 years		12,711,444	11,524,658
		99,740,148	86,751,480

20.11 This includes Rs. 8,822 million (2023: Rs. 5,879 million) related to LPI which is not yet billed by the Group.

21. CONTRACT ASSET

This includes revenue in respect of certain CPP and EPP components as per TEL PPA for the period October 01, 2022 to June 30, 2024. TEL expects to raise the invoice for billing and recovery of this amount once the signing of schedules of PPA are finalized and finalisation of tariff adjustments by NEPRA as per approved Tariff.

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
22. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans to employees - unsecured		2,501	272
Advances - unsecured			
Executives		-	458
Employees		563	1,078
Suppliers		298,405	191,438
		298,968	192,974
		301,469	193,246
23. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		387,129	331,390
Other receivables			
Interest accrued		32,269	-
Income tax - Contractor tax refundable	23.1	372,469	372,469
Sales tax		12,047,807	10,332,995
Advance tax		73,881	45,000
Staff retirement benefit - pension fund		2,380	-
Receivable from CPHGC	23.2	33,279	34,762
Receivable from Prime	23.3	3,919	7,663
Receivable from CPHO	23.4	32,168	103,804
Receivable from TNPTL	23.5	534,894	383,348
Receivable from TNPTL against services agreement	23.5	167,222	2,441,416
Workers' profit participation fund recoverable from CPPA(G)		7,564,130	6,008,430
Hub Power Services Limited - Provident Fund		-	316
Cash margin with banks	23.6	3,193,392	465,328
Sindh workers' welfare fund		15,542	-
Miscellaneous		287,010	805,491
		24,360,362	21,001,022
		24,747,491	21,332,412

23.1 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).

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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.

- 23.2 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. 33 million (2023: Rs. 106 million).
- 23.3 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. 4 million (2023: Rs. 8 million).
- 23.4 These represents receivable CPHO against Management Services Agreement / reimbursement of expenses. The maximum aggregate amounts due at the end of any month during the year was Rs. 369 million (2023: Rs. 104 million).
- 23.5 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. 2,555 million (2023: Rs. 2,825 million).
- 23.6 This represents cash margin with bank as security against various SBLCs.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
24. CASH AND BANK BALANCES			
At bank			
Savings accounts	24.1 & 24.2	24,317,311	10,237,816
Current accounts		2,001	4,917
Bank placements	24.1 & 24.3	4,603,898	-
		28,923,210	10,242,733
In hand			
Cash		1,950	1,650
Payorders / cheques		180,000	4,865,961
		181,950	4,867,611
		29,105,160	15,110,344

24.1 Savings accounts and bank placement carry mark-up rates ranging between 0.75% to 20.50% (2023: 0.25% to 19.50%) per annum.

24.2 This includes Rs. 1,770 million (2023: Rs. 2,411 million) deposited in debt payment accounts and maintenance reserve account which are restricted for lenders' payments and major maintenance expenses of LEL.

24.3 This represents TDR placement with bank amounting Rs. 4,604 million (2023: Rs. Nil).

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

2024	2023		2024	2023
(No. of Shares)			(Rs. '000s)	(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

25.1 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.

25.2 Associated undertakings held 264,146,002 (2023: 264,149,502) shares in the holding company as at year end.

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26. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2023	Drawn Translation / Unwinding of profit	Repaid	Current Position	Amortisation of Transaction costs	As at June 30, 2024
------(Rs. '000s)-----							
Hub plant TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	26.1.1	15,473,552	-	(3,779,055)	(4,024,176)	-	7,670,321
Islamic finance facility	26.1.2	4,061,789	-	(940,593)	(1,038,239)	-	2,082,957
Long Term Sukuk certificates I	26.1.3	1,750,000	-	(1,750,000)	-	-	-
Long Term Sukuk certificates II	26.1.4	2,500,000	-	(2,500,000)	-	-	-
		23,785,341	-	(8,969,648)	(5,062,415)	-	9,753,278
Transaction costs		(51,772)	-	-	10,651	25,246	(15,875)
Long term loans of the holding company		23,733,569	-	(8,969,648)	(5,051,764)	25,246	9,737,403
Subsidiary - NEL							
Syndicated term finance facility - II	26.2	833,334	-	(833,334)	-	-	-
Long term loans of NEL		833,334	-	(833,334)	-	-	-
Subsidiary - LEL							
Foreign currency loans	26.3.1	4,703,152	(136,169)	(2,283,383)	(2,283,600)	-	-
Local currency loans		(8,124)	-	-	1,017	7,107	-
Long term loans of LEL		4,695,028	(136,169)	(2,283,383)	(2,282,583)	7,107	-
Subsidiary - HPHL							
Syndicated term finance facility	26.4	1,375,000	-	(875,000)	(500,000)	-	-
Long term Sukuk Certificates	26.5	6,000,000	-	(1,500,000)	(3,000,000)	-	1,500,000
		7,375,000	-	(2,375,000)	(3,500,000)	-	1,500,000
Transaction cost		(42,835)	-	-	16,007	24,757	(2,071)
Long term loans of HPHL		7,332,165	-	(2,375,000)	(3,483,993)	24,757	1,497,929
Subsidiary - TEL							
Local currency loans	26.6	18,853,000	-	(526,254)	(702,763)	-	17,623,983
Foreign currency loans	26.6	76,594,774	(3,394,662)	(5,299,427)	(5,563,871)	-	62,336,814
		95,447,774	(3,394,662)	(5,825,681)	(6,266,634)	-	79,960,797
Transaction costs		(3,724,254)	-	-	917,002	552,023	(2,255,229)
Long term loans of TEL		91,723,520	(3,394,662)	(5,825,681)	(5,349,632)	552,023	77,705,568
		128,317,616	(3,530,831)	(20,287,046)	(16,167,972)	609,133	88,940,900

From Banks / Financial Institutions	Note	As at July 01, 2022	Drawn Translation / Unwinding of profit	Repaid	Current Position	Amortisation of Transaction costs	As at June 30, 2023
------(Rs. '000s)-----							
Hub plant							
Salary Refinance Scheme - SBP		158,000	-	(158,000)	-	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	26.1.1	16,642,654	2,268,562	(3,437,664)	(3,777,725)	-	11,695,827
Islamic finance facility	26.1.2	4,913,920	-	(852,131)	(940,593)	-	3,121,196
Long Term Sukuk certificates I	26.1.3	5,250,000	-	(3,500,000)	(1,750,000)	-	-
Long Term Sukuk certificates II	26.1.4	5,000,000	-	(2,500,000)	(2,500,000)	-	-
		31,806,574	2,268,562	(10,289,795)	(8,968,318)	-	14,817,023
Transaction costs		(127,287)	-	-	30,886	75,515	(20,886)
Long term loans of the holding company		31,837,287	2,268,562	(10,447,795)	(8,937,432)	75,515	14,796,137
Subsidiary - NEL							
Syndicated term finance facility - II	26.2	1,666,667	-	(833,333)	(833,334)	-	-
Salary Refinance Scheme - SBP		17,707	-	(17,707)	-	-	-
Long term loans of NEL		1,684,374	-	(851,040)	(833,334)	-	-
Subsidiary - LEL							
Foreign currency loans	26.3.1	5,061,894	1,410,057	(1,768,799)	(2,351,573)	-	2,351,579
Transaction costs		(20,730)	-	-	7,144	12,606	(980)
		5,041,164	1,410,057	(1,768,799)	(2,344,429)	12,606	2,350,599
Long term loans of LEL		5,041,164	1,410,057	(1,768,799)	(2,344,429)	12,606	2,350,599
Subsidiary - HPHL							
Syndicated term finance facility	26.4	2,000,000	-	(625,000)	(875,000)	-	500,000
Salary Refinancing Scheme - SBP	26.5	11,977	-	(11,977)	-	-	-
Long term Sukuk Certificates	26.5	5,806,948	193,052	-	(1,500,000)	-	4,500,000
		7,818,925	193,052	(636,977)	(2,375,000)	-	5,000,000
Transaction costs		(84,208)	-	-	25,622	41,373	(17,213)
Long term loans of HPHL		7,734,717	193,052	(636,977)	(2,349,378)	41,373	4,982,787
Subsidiary - TEL							
Local currency loans	26.6	14,690,670	4,162,330	-	(1,885,300)	-	16,967,700
Foreign currency loans		47,399,298	29,195,476	-	(7,659,478)	-	68,935,296
		62,089,968	33,357,806	-	(9,544,778)	-	85,902,996
Transaction costs		(3,640,715)	(660,822)	-	637,040	577,283	(3,087,214)
Long term loans of TEL		58,449,253	32,696,984	-	(8,907,738)	577,283	82,815,782
Subsidiary - HPSL							
Salary Refinancing Scheme - SBP		34,447	-	(34,447)	-	-	-
		104,781,242	36,568,655	(13,739,058)	(23,372,311)	706,777	104,945,305

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

26.1.1 The holding company entered into a long term financing arrangement with various banks for an amount of Rs. 21,000 million (2023: 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 December 31, 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.

26.1.2 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 December 31, 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.

26.1.3 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 was payable on quarterly basis in arrears and the principal was payable in four equal semi-annual installments commencing from February 22, 2022 and sukuk was completely paid off in August 2023. The Sukuk Certificates were 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.

26.1.4 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 was payable on semi-annual basis in arrears and the principal was payable in four equal semi-annual installments commencing from September 19, 2022 and sukuk was completely paid off in March 2024. The Sukuk Certificates were 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

26.2 In connection with NEL, The loan carried 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 and was payable on quarterly basis in arrears. The loan was repayable in 12 equal installments on quarterly basis commencing from July 23, 2021. Any late payment by NEL was subject to an additional payment of 2% per annum above the normal mark-up rate. The loan was secured by way of second ranking / subordinated charge over fixed assets (excluding land & building) of the holding company. During the year, in April 2024, the loan was repaid fully and relevant security has also been released.

Subsidiary - LEL

26.3 In connection with LEL:

26.3.1 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 long-term loan facilities is to be made in 24 equal 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 additional payment of 2% per annum above normal interest rate.

26.3.2 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 authorisations 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 authorised 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

LEL has reviewed its long-term loan financing agreements applicable with respect to the transition of LIBOR to Secured Overnight Financing Rate (SOFR) and assessed that this will not impact LEL's long-term loans which are due for repayment in November 2024 at 6-month LIBOR prevailing by June 30, 2024 and the 6-month LIBOR has discontinued after June 30, 2024.

Subsidiary - HPHL

26.4 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. 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 the HPHL is subject to an additional mark-up of 2% per annum. This loan is secured by way of ranking over all present and future assets of the holding company.

26.5 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:

- a) Ranking and subordinated charge over all present and future movable fixed assets of the holding company;
- b) Ranking and subordinated floating charge over all present and future movable fixed and current assets of HPHL subject to the Carve-Out described below;

For the avoidance of doubt, the assets forming part of the Assets shall exclude: any present and future rights, titles, Interests and receivables of the Issuer relating to any loans, advances, investments or contributions (of any nature whatsoever), made or to be made by the issuer from time to time, which have been shall be assigned or secured (in any manner whatsoever) by the Issuer for the benefit of financial institutions which have extended (or may in the future extend) any form of finance facilities to the following associated companies of the Issuer: (i) CPHGC; and (ii) TNPTL.

- c) Revolving Cross Corporate Guarantee from the holding company for all principal repayments and profit amounts; and
- d) A Lien has been created on an account maintained by HPHL with HBL to perfect the security.

Subsidiary - TEL

26.6 TEL had signed long-term loan facility agreements for Pakistan Rupee Facility amounting to Rs. 18,853 million and US Dollar Facility amounting to USD 262.13 million on December 20, 2018. The Effective Date of both facilities is March 6, 2020.

The Pakistan 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 July 25, 2023. 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 July 25, 2023. The first disbursement under this facility was made on August 4, 2021.

The long term loan facilities are secured against:

- (i) First ranking hypothecation charge over the project assets of TEL; and
- (ii) Pledged shares of TEL in favor of Security Trustee.

27. LONG TERM LEASE LIABILITIES

		As at July 01, 2023	Translation / Finance cost	Repaid	Current portion	As at June 30, 2024
	Note	----- (Rs. '000s) -----				
Islamic Development Bank	27.1	1,808,271	(51,668)	(863,735)	(892,868)	-
Lease liability - Office building		188,691	26,163	(39,875)	(20,687)	154,292
		<u>1,996,962</u>	<u>(25,505)</u>	<u>(903,610)</u>	<u>(913,555)</u>	<u>154,292</u>
		As at July 01, 2022	Translation / Finance cost	Repaid	Current portion	As at June 30, 2023
		----- (Rs. '000s) -----				
Islamic Development Bank	27.1	1,939,639	535,042	(666,410)	(916,361)	891,910
Lease liability - Office building		201,217	25,418	(37,944)	(16,138)	172,553
		<u>2,140,856</u>	<u>560,460</u>	<u>(704,354)</u>	<u>(932,499)</u>	<u>1,064,463</u>

27.1 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 10.33% (2023: 8.17%) 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 26.3.2.

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 17 years.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
28. DEFERRED TAXATION			
Deferred taxation comprises temporary difference relating to:			
Long term investments (on share of profits and OCI)	28.1	<u>25,468,708</u>	<u>17,915,726</u>
28.1	Includes deferred tax expense arising on account of recognition of deferred tax liability on the taxable temporary differences at the additional rate of 10% super tax that is effective from July 01, 2022.		

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	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
29. TRADE AND OTHER PAYABLES			
Creditors			
Trade	29.1	44,346,575	41,755,012
Others		446,743	246,201
		44,793,318	42,001,213
Accrued liabilities			
Finance costs		5,335	43,575
Miscellaneous		5,291,416	1,660,097
		5,296,751	1,703,672
Unearned income	29.3	2,675,154	2,427,065
Obligation to transfer shares to GoB	29.4	4,461,386	3,187,552
Other payables			
Workers' profit participation fund	32.4	8,047,916	6,845,946
Sindh workers' welfare fund recoverable		15,542	-
Liquidated damages payable	29.2	1,672,971	1,063,500
Sales tax payable		18,881	19,878
Staff retirement benefits			
Staff gratuity	29.5	48,497	52,974
Provident funds		820	6,230
Pension fund		-	4,517
Retention money		25,044	49,702
Withholding tax		82,291	71,907
Others		295,621	112,618
		10,207,583	8,227,272
		67,434,192	57,546,774

29.1 This includes payable to Pakistan State Oil Company Limited (PSO) amounting to Rs. 28,147 million (2023: Rs. 27,529 million), out of which overdue amount is Rs. 18,795 million (2023: Rs. 22,795 million).

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

29.2 This represents USD 6.01 million (2023: USD 6.01 million) on account of liquidated damages payable to CPPA(G) under the PPA due to delay in the achievement of COD beyond Required Commercial Operations Date (RCOD) for the period November 23, 2021 to September 30, 2022 (refer note 10.3).

29.3 This includes Rs. 2,616 million (2023: Rs. 2,362 million) in respect of Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. 59 million (2023: Rs. 65 million) invoiced under the services agreement with TNPTL. The unearned income outstanding as at June 30, 2023 amounting Rs. 2,362 million and Rs. 65 million respectively has been fully recognised in revenue during the year.

	Note	2024 (Rs. '000s)	2023 (Rs. '000s)
29.4 OBLIGATION TO TRANSFER SHARES TO GOB			
Opening balance		3,187,552	2,263,777
Add: Obligation representing share of profit relating to shares to be transferred to GOB	12 & 16.1	1,273,794	923,780
Add: Obligation representing share of OCI relating to shares to be transferred to GOB		40	(5)
		<u>1,273,834</u>	<u>923,775</u>
		<u>4,461,386</u>	<u>3,187,552</u>

29.5 STAFF GRATUITY

Staff gratuity - holding company	29.5.1	8,880	31,183
Staff gratuity - HPSL	29.5.2	20,353	20,027
Staff gratuity - TEL	29.5.3	19,264	1,764
		<u>48,497</u>	<u>52,974</u>

The Group offers a defined post-employment gratuity benefit to eligible employees. The gratuity fund is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lies with the Board of Trustees of the Fund.

Responsibilities for governance of plan, including investment decisions and contribution schedule lies with the Board of Trustees of the Fund.

Actuarial valuations were carried out as at June 30, 2024. 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:

	2024 (Rs. '000s)	2023 (Rs. '000s)
29.5.1 Staff Gratuity - Holding Company		
Reconciliation of the net liability recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	300,784	273,933
Fair value of plan assets	(291,904)	(242,750)
Net liability recognised in the statement of financial position	<u>8,880</u>	<u>31,183</u>
Reconciliation of the movements during the year in the net liability / (asset) recognised in the consolidated statement of financial position		
Opening net liability / (asset)	31,183	(9,872)
Expense recognised	42,496	29,454
Remeasurement (gain) / loss recognised in consolidated Other Comprehensive Income (OCI)	(9,799)	31,101
Contributions to the fund made during the year	(55,000)	(19,500)
Closing net liability	<u>8,880</u>	<u>31,183</u>

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	2024	2023		
	(Rs. '000s)	(Rs. '000s)		
Expense recognised				
Current service cost	36,291	29,966		
Net interest	6,205	(512)		
Expense recognised	42,496	29,454		
Re-measurements recognised in consolidated OCI during the year				
Remeasurement loss on defined benefit obligations	9,183	10,115		
Remeasurement (gain) / loss on plan assets	(18,982)	20,986		
	(9,799)	31,101		
Movement in the present value of defined benefit obligation				
Present value of defined benefit obligation at opening	273,933	316,564		
Current service cost	36,291	29,966		
Interest cost	43,992	40,843		
Benefits paid	(62,615)	(123,555)		
Remeasurement loss recognised in OCI	9,183	10,115		
Present value of defined benefit obligation at closing	300,784	273,933		
The movement in fair value of plan assets				
Fair value of plan assets at opening	242,750	326,436		
Expected return on plan assets	37,787	41,355		
Contributions made	55,000	19,500		
Benefits paid	(62,615)	(123,555)		
Remeasurement gain / (loss) recognised in OCI	18,982	(20,986)		
Fair value of plan assets at closing	291,904	242,750		
Actual return on plan assets	56,769	20,369		
Plan assets comprise of following:				
	2024	2024	2023	2023
	%	(Rs. '000s)	%	(Rs. '000s)
Pakistan Investment Bonds	53.86%	157,216	59.39%	144,181
Term Finance Certificate	5.42%	15,814	6.66%	16,160
Treasury Bills	11.20%	32,699	13.01%	31,590
Quoted shares	18.91%	55,212	14.88%	36,123
Cash and cash equivalents	10.61%	30,963	6.06%	14,696
	100.00%	291,904	100.00%	242,750
			2024	2023
			(Rs. '000s)	(Rs. '000s)
Contribution expected to be paid to the plan during the next year			46,806	42,496

	2024	2023
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	14.75%	16.25%
- Expected rate of return on plan assets per annum	15.00%	16.25%
- Expected rate of increase in salary level per annum	14.75%	16.25%
- 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 (Rs. '000s) -----	over 5 years -----
Retirement benefit plan	<u>14,543</u>	<u>93,804</u>	<u>499,712</u>

Historical information of retirement benefit plan:

	2024	2023	2022	2021	2020
	----- (Rs. '000s) -----				
As at June 30					
Present value of defined benefit obligation	300,784	273,933	316,564	335,262	310,449
Fair value of plan assets	(291,904)	(242,750)	(326,436)	(354,796)	(317,124)
Deficit / (Surplus)	8,880	31,183	(9,872)	(19,534)	(6,675)

	2024	2023
	(Rs. '000s)	
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation - (increase) / decrease		
- Discount rate +0.5%	12,355	10,749
- Discount rate -0.5%	(13,161)	(11,487)
- Salary increases +0.5%	(12,421)	(12,049)
- Salary increases -0.5%	11,777	11,361

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 consolidated statement of financial position.

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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.

29.5.2 Staff gratuity - HPSL

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Reconciliation of the net asset recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	598,442	490,924
Fair value of plan assets	(578,089)	(470,897)
Net liability recognised in the consolidated statement of financial position	20,353	20,027
Reconciliation of the movements during the year in the net asset recognised in the consolidated statement of financial position		
	2024	2023
	(Rs. '000s)	(Rs. '000s)
Opening net liability / (asset)	20,027	(27,711)
Expense recognised	76,627	50,756
Contributions to the fund made during the year	(44,249)	(13,154)
Remeasurement (gain) / loss recognised in Consolidated OCI	(32,052)	10,136
Closing net liability	20,353	20,027
Expense recognised		
Current service cost	72,088	53,718
Net-Interest expense	4,539	(2,962)
	76,627	50,756
Remeasurements recognised in Consolidated OCI during the year		
Remeasurement gain on defined benefit obligations	(4,144)	(15,601)
Remeasurement (gain) / loss on plan assets	(27,908)	25,737
	(32,052)	10,136

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Movement in the present value of defined benefit obligation		
Present value of defined benefits obligation at opening	490,924	425,921
Current service cost	72,088	53,718
Interest cost on defined benefits obligation	83,640	58,790
Benefits paid / payable to outgoing member(s)	(44,066)	(31,904)
Remeasurement gain recognised in OCI	(4,144)	(15,601)
Present value of defined benefits obligation at closing	598,442	490,924
The movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	470,897	453,632
Interest income on plan assets	79,101	61,752
Net amount transferred by employer to the fund	44,249	13,154
Benefits paid / payable to outgoing member	(44,066)	(31,904)
Remeasurement gain / (loss) recognised in OCI	27,908	(25,737)
Fair value of plan assets at closing	578,089	470,897
Actual return on plan assets	108,551	34,392
Contribution expected to be paid to the plan during the next year	80,643	76,627

	2024	2024	2023	2023
	%	(Rs. '000s)	%	(Rs. '000s)
Plan assets comprise of following:				
Mutual funds	13.41%	77,503	9.01%	42,428
Pakistan Investment Bonds	30.34%	175,367	25.71%	121,074
Market treasury bills	23.98%	138,646	21.16%	99,663
Certificates	27.26%	157,612	29.61%	139,425
Cash and cash equivalents	5.01%	28,961	14.51%	68,307
	100.00%	578,089	100.00%	470,897

	2024	2023
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	14.75%	16.25%
- Expected rate of return on plan assets per annum	15.00%	16.25%
- Expected rate of increase in salary level per annum	14.75%	16.25%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
- Rate of employee turnover	Moderate	Moderate

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Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 1 - 5 years	over 5 years
	(Rs. '000s)		
Retirement benefit plan	18,758	327,836	659,999

Historical information of retirement benefit plan:

	2024	2023	2022	2021	2020
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	598,442	490,924	425,921	440,483	397,439
Fair value of plan assets	(578,089)	(470,897)	(453,632)	(444,251)	(405,028)
Deficit / (surplus)	20,353	20,027	(27,711)	(3,768)	(7,589)

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

	2024	2023
	(Rs. '000s)	(Rs. '000s)
- Discount rate +0.5%	25,726	20,649
- Discount rate -0.5%	(27,665)	(22,133)
- Long term salary increases +0.5%	(26,194)	(23,137)
- Long term salary increases -0.5%	24,585	21,747

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

Investment risks

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

Longevity risks

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

Salary increase risk

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

Withdrawal risk

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

29.5.3 Staff gratuity - TEL

Actuarial valuations were carried out as at June 30, 2024. 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:

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Reconciliation of the net liability recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	26,973	9,473
Fair value of plan assets	(7,709)	(7,709)
	19,264	1,764
Movement in net liability recognised in the consolidated statement of financial position is as follows:		
Opening net liability	1,764	2,397
Expense recognised	4,689	3,708
Remeasurement loss / (gain) recognised in OCI	12,811	(1,380)
Contributions made	-	(2,961)
Closing net liability	19,264	1,764
Expense recognised		
Current service cost	2,989	2,576
Net-Interest	1,700	1,132
Expense recognised	4,689	3,708
Re-measurements recognised in consolidated other comprehensive income		
Remeasurement (loss) / gain on defined benefit obligation	(12,811)	1,380
Remeasurement loss on plan assets	(1,334)	(746)
	(14,145)	634
Movement in the defined benefit obligation is as follows:		
Present value of defined benefit obligation at opening	9,473	7,145
Current service cost	2,989	2,576
Interest cost	1,700	1,132
Remeasurement loss / (gain) recognised in OCI	12,811	(1,380)
Present value of defined benefit obligation at closing	26,973	9,473

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	2024	2023
	(Rs. '000s)	(Rs. '000s)
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at opening	7,709	4,748
Interest income on plan assets	1,334	746
Contributions made	-	2,961
Remeasurement loss on plan assets	(1,334)	(746)
Fair value of plan assets at closing	7,709	7,709

Expected cost to be recognised for the year ending June 30, 2025 is Rs. 8.3 million.

Plan assets comprise of following:

- Cash and cash equivalents	7,709	7,709
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Significant actuarial assumptions used in the actuarial valuation are as follows:

- Valuation discount rate per annum	14.75%	15.75%
- Expected rate of increase in salary level per annum	14.75%	15.75%
- Mortality rates	SLIC (2001-05)	SLIC (2001-05)
- Rate of employee turnover	Moderate	Moderate

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation - (increase) / decrease		
- Discount rate +1%	23,915	8,418
- Discount rate -1%	(30,534)	(10,695)
- Salary increases +1%	(30,369)	(10,730)
- Salary increases -1%	23,995	8,373

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 defined benefit liability recognised in the statement of financial position.

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year -----	Between 1 - 5 years (Rs. '000s) -----	over 5 years -----
Retirement benefit plan	<u>687</u>	<u>6,225</u>	<u>21,910</u>

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	2024 (Rs. '000s)	2023 (Rs. '000s)
30. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		5,203,135	5,590,784
Mark-up accrued on short term borrowings		1,171,568	1,233,374
		<u>6,374,703</u>	<u>6,824,158</u>
31. SHORT TERM BORROWINGS			
Secured			
Financing from banks	31.1 to 31.6	18,365,984	26,142,495
Unsecured			
Privately placed sukuks	31.7 to 31.8	11,000,000	6,000,000
		<u>29,365,984</u>	<u>32,142,495</u>

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- 31.1 The facilities of the holding company for running finance and short term loans available from various banks / financial institutions amounted to Rs. 23,800 million (2023: Rs. 25,800 million) at mark-up ranging between 0.30% to 1.75% (2023: 0.40% to 1.75%) 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 30, 2024 to June 30, 2025. 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.
- 31.2 The holding company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2023: Rs. 6,150 million) at a mark-up ranging between 0.10% to 0.75% (2023: 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 during the period from December 31, 2024 to March 31, 2025. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 31.1.
- 31.3 The facilities of NEL for running finances available from various banks / financial institutions amounted to Rs. 4,150 million (2023: Rs. 4,150 million) at mark-up ranging between 0.05% to 2% (2023: 0.75% to 2%) 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 November 30, 2024 to February 28, 2025. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.
- 31.4 NEL also has Musharaka agreements with banks amounting to Rs. 4,125 million (2023: Rs. 4,125 million), at profit ranging from 0.1% to 1.75% (2023: 0.4% to 1.5%) per annum above one month / three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire during the period from October 31, 2024 to December 31, 2024. Any late payment by NEL is subject to an additional payment of 2.0% per annum above the normal mark-up rate.
- 31.4.1 The facilities as mentioned in note 31.3 and 31.4 are secured by way of:
- (a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the plant; and (iii) the Energy Payment Receivables of NEL.
 - (b) a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the NEL excluding; (i) the immoveable properties; (ii) Hypothecated Assets under first ranking charge; (iii) the Energy Payment Collection Account, Working Capital Facility Accounts and the Master Facility Account; (iv) the Energy Payment Receivables; (v) all of the NEL's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.
- 31.5 The working capital facilities of LEL available from various banks amounted to Rs. 1,000 million (2023: Rs. 1,000 million) at mark-up of 0.75% per annum above one month as well three month KIBOR, payable on quarterly basis in arrears. All facilities are secured by way of subordinated charge over present and future current assets (including receivables, advances, deposits and prepayments) of LEL, with 25% margin. The facilities will expire on various dates from October 31, 2024 to November 30, 2024.
- 31.6 The working capital facility of TEL available from a bank amounted to Rs. 4,447 million (2023: Rs. 5,700 million) at mark-up 1.25% per annum above three month KIBOR, payable on quarterly basis in arrears. The facility is secured by way of pari passu charge over the assets, receivables and all other assets of TEL. The aforementioned security is inclusive of 20% margin. This facility will expire on December 15, 2024.

- 31.7 On May 3, 2024, the holding company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 6,000 million at a mark-up of 0.10% (Bases Rate) per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 4, 2024. Any late payment by the holding company is subject to mark-up at a rate of 2% per annum over six month KIBOR.
- 31.8 On April 08, 2024, TEL issued unsecured Sukuk Certificates amounting to Rs. 5,000 million. The Sukuk Certificates carry mark-up at the rate of 0.6% per annum above six-month KIBOR. The certificates will mature on October 18, 2024.

32. COMMITMENTS AND CONTINGENCIES

- 32.1 Commitments of the holding company in respect of capital and revenue expenditures amounted to Rs. 119 million (2023: Rs. 257 million).
- 32.2 The CPPA(G) was unable to meet its obligation to provide a SBLC as required under the PPA. Consequently, the holding company has been unable to meet its obligation to provide a SBLC to PSO under the Fuel Supply Agreement (FSA).
- 32.3 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. An appropriate provision is recorded in these consolidated financial statements.

- 32.4 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' 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 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.

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As of June 30, 2024, the total financial exposure relating to the above case is Rs. 41,956 million (Rs. 3,136 million being the 5% of the profit and Rs. 38,820 million interest component and penalty on delayed payment). No provision has been made in these consolidated financial statements as any contribution made by the holding company is a pass-through item under the PPA.

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

The Honorable 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).

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters became a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act was 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 interests 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 SCP.

On February 12, 2018, the Honorable SHC passed an Order (SHC Order) in respect of the Sindh Act, holding that for trans-provincial companies 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. In July 2023, HUBCO has filed an intervenor application CMA No. 5937/2023 and impleaded as a party in C.A No. 951/2018 in OGDCL vs Federation of Pakistan & others before the Supreme Court of Pakistan. whereby the SCP is to decide on the applicability of WPPF laws on entities which are "trans-provincial". The Board has directed the management to proceed accordingly once the matter is finally decided by the SCP so that there is a clear way forward.

- 32.5 In December 2023, the holding company received two Show Cause Notices (SCNs) amounting to Rs. 702 million and Rs. 1,408 million respectively from the Baluchistan Revenue Authority (BRA) for the payment of Workers Welfare Fund under the Baluchistan Workers Welfare Fund Act, 2022. The SCNs were challenged before the Baluchistan High Court (BHC) on grounds including contesting the vires of the Baluchistan law, along with stay application. While the petition is still pending, the stay has been rejected. The holding company challenged the impugned orders by the learned Single Bench of the Baluchistan High Court at Quetta before the Supreme Court of Pakistan (SCP) which has reverted the matter back to the High Court being interim orders by the BHC. The matter is pending before the BRA and the BHC. In case an adverse order and consequential demand is raised the same would be challenged before appellate forum which may require a deposit before granting interim relief against recovery.

The management and their 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.

- 32.6
- (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 tax demands for the tax years 2006-2010 & 2011 amounting to Rs. 139 million and Rs. 3.2 million respectively 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 IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 463 million and Rs. 7 million respectively.
 - (ii) FBR also imposed 2% Workers Welfare Fund ("WWF") for tax years 2006-2010 and 2011 and issued a demands of Rs. 191 million and Rs. 108.5 million respectively. The holding company filed appeals before the CIR-A who while maintaining the orders of the FBR, reduced the amount of demand of Rs. 191 million to Rs. 8 million. The holding company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the holding 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 and 2008. Against the decision of the IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 20 million and Rs. 240 million respectively. WWF is recoverable from the CPPA (G) being a pass through under the PPA.
 - (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 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 holding 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 holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 10 million.
 - (iv) 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, FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 433 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).
 - (v) 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. On application the ATIR has granted stay till final decision. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 46 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.

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- 32.7 (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 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 appeal with the IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2024, including the principal amount, penalty and default surcharge is approximately Rs. 28,944 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 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. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 10,300 million.
- (iii) In April 2014, FBR issued a SCN 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 IHC / LHC in other cases. Against this decision, FBR has filed intra court appeal with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 3,692 million.
- (iv) In January 2015, FBR issued a SCN 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 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 holding company's maximum exposure as at June 30, 2024 is approximately Rs. 4,130 million.
- (v) In October 2018, FBR issued a SCN 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 holding company had claimed input tax in excess of what was allowed under the law, amongst others. The holding company filed a Writ Petition in the IHC which asked FBR not to pass a final order till next hearing. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 3,483 million.
- (vi) In November 2018, FBR issued a SCN 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 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. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 2,665 million.
- (vii) In December 2018, FBR issued a SCN 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 FBR reduced the amount and issued demand notice amounting to Rs. 31 million. The holding company filed appeal with the CIR-A who remanded back the case to FBR for reassessment. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 39 million.

- (viii) In March 2021, FBR issued a SCN for the recovery of sales tax amounting to Rs. 8,212 million relating to fiscal years ended June 2018 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 has filed appeal with the ATIR which is pending adjudication. Meanwhile the ATIR has granted stay till decision of the main appeal. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 7,828 million.
- (ix) In April 2022, FBR issued SCNs for the recovery of sales tax amounting to Rs. 7,104 million relating to fiscal year ended July 2019 to June 2020. However, a final demand of Rs. 1,765 million was issued in January 2023. In FBR's view, the holding company has (i) not paid GST on late payment interest (LPI) received under PPA and on turnover and (ii) claimed input tax on items which have not been used for supply of electrical energy.

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. Meanwhile on application the ATIR has granted stay against recovery. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 2,065 million.

- (x) In November 2023, FBR issued SCN for the recovery of sales tax amounting to Rs 1,888 million relating to fiscal year July 2020 to June 2021. However, a final demand of Rs. 1,387 million was issued in April 2024. In FBR's view, the holding company has (i) not paid GST on LPI received under PPA, (ii) claimed input tax on items which have not been used for supply of electrical energy and (iii) not apportioned input GST tax which may have been used both for taxable and non-taxable activities. Holding company filed appeal with the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 1,415 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 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.

- 32.8 (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, FBR issued demand notices amounting to Rs. 435 million relating to the tax years 2006 to 2008 & 2010 to 2011. After the holding 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 holding company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 1,171 million.
- (ii) Under the Operation & Maintenance Agreement ("O&MA") with the ex-operator for the Hub plant, the holding 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 holding company's appeal at the CIR-A & the ATIR, the holding company filed appeals with the IHC which decided the case in holding company's favor. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 2,873 million.

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- (iii) Under the O&MA with the ex-operator for the Hub plant, the holding company used to pay fixed and variable fees to the operator. In December 2017, FBR issued a SCN 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 holding company filed a Writ Petition in the IHC which disposed off the petition with direction to FBR to decide the proceedings initiated under the impugned show-cause notice after providing opportunity of hearing to the holding company. Consequent to IHC direction, the FBR issued SCN which has been complied by the holding company. The matter is pending with the FBR. The holding company's maximum exposure as at June 30, 2024 is approximately Rs. 911 million.
- (iv) Payment to PSO under the Fuel Supply Agreement (FSA) including payment of LPI (LPI) are exempt from withholding of income tax under the provisions of the tax law. During 2014, FBR issued SCN to recover tax amounting of 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 were rejected. The holding company's maximum exposure as at June 30, 2024 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. On application, the ATIR granted stay. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 428 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 has annulled the order passed by the FBR. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 25 million.
- (vii) In October 2022, FBR issued an order amounting to Rs. 992 million (Order) relating to fiscal year ended June 2021 against the consolidated tax return filed by the holding company along with its subsidiaries i.e. HPSL and HPHL in accordance with the tax law. This is based on FBR's view that certain expenses claimed as deductible were not in accordance with the law. The holding company filed an appeal with the CIR-A who decided the case partially in favour of the holding company. Against decision of the CIR-A, the holding company filed an appeal with ATIR, which is pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 1,043 million.
- (viii) In June 2023, FBR issued an order amounting to Rs. 2.6 million (Order) relating to fiscal year ended June 2017 against the consolidated tax return filed by the holding company along with its subsidiaries namely HPSL and HPHL in accordance with the tax law. This is based on FBR's view that the holding company and its subsidiaries had not deducted tax in accordance with the law. The holding company filed an appeal with the CIR-A who annulled the order. Against decision of the CIR-A, the FBR filed an appeal with ATIR, which is pending adjudication. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 3 million.

- (ix) In September 2023 the Sindh Revenue Board (SRB) issued demand of Rs. 1,935 million. This is based on SRB view that services provided by the holding company to TEL and TNPTL were not exempted from 13% Sindh Service Tax (SST) under the exemption notification issued by the SRB. The holding company filed appeal with the Commissioner (Appeals) SRB which is pending adjudication. On application the High Court in Sindh has granted stay against recovery. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 2,316 million. If the holding company is required to pay this amount Rs. 1,475 million would be recovered from TEL under the contract.
- (x) In October 2023, FBR issued an order amounting to Rs. 888 million (Order) relating to fiscal year ended June 2022 against the consolidated tax return filed by the holding company alongwith its subsidiaries namely HPSL and HPHL in accordance with the tax law. The Order is based on FBR's view that adjustment of prior year's tax refund against current year tax liability was not in accordance with the provision of law. The holding company filed an appeal with the CIR-A who remand back the case to FBR for reassessment of the case. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 960 million.
- (xi) In February 2024, FBR issued two notices both dated February 14, 2024 requiring the holding company to pay advance tax of Rs. 269 million for the quarter ended September 2023 and Rs. 269 million for quarter ended December 2023. Since the holding company had already discharged the liability of advance tax based on group u/s 59AA (holding company, HPSL, HPHL and NEL) as such both the notices have been challenged before the SHC which has been decided in holding company's favour. The holding company's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 580 million.
- (xii) In March 2024, FBR issued a SCN for payment of super tax amounting to Rs. 274 million ("Notice") relating to fiscal year ended June 2023 against the consolidated tax return filed by the holding company alongwith its subsidiaries namely HPSL, HPHL & NEL in accordance with the tax law. The FBR was required not to take any action as the issue of super tax on dividend income had already been challenged before the IHC which held that dividend income is not subject to super tax. Against IHC decision FBR filed appeal before the IHC which is pending adjudication. The holding company has no exposure as it has already provided the provision in the books.
- (xiii) In October 2023, FBR issued a SCN amounting to Rs. 940 million on the grounds that for the tax year 2018 the holding company had not deducted income tax on certain payments. The holding company filed the response to the SCN, however, subsequent to the year end, in July 2024, FBR issued a tax demand of Rs. 364 million. The holding company has filed an appeal with ATIR, which is pending adjudication.

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.

- 32.9 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.

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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 LPI. 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 Master 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 was successfully concluded and the Arbitration Award was passed by the Tribunal in favour of the holding company in November 2023. The holding company has filed the Award to make it a Rule of Court. CPPA(G) has filed a suit before the Civil Magistrate, Islamabad contesting the award passed by the Arbitrator and filed its objections to the Award, both of which are being contested by the holding company, on merits. The holding company is pursuing its efforts to make the Award a Rule of Court.

32.10 In connection with NEL:

32.10.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 57 million (2023: Rs. 966 million).

32.10.2 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.

32.10.3 The FBR imposed 2% Workers Welfare Fund (“WWF”) for the tax year 2013 and issued a demand for Rs. 25 million. The holding company filed appeal before the 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 NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 68 million.

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

32.10.4 (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, in June 2012, 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 IHC which are pending adjudication. The NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 19 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 SC and 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. On application the ATIR granted stay. The NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 121 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 has annulled the order passed by the FBR. The NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 42 million.

32.10.5 (i) In November 2012, 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 order of the ATIR, FBR filed appeal with the IHC which is still pending adjudication. The NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 584 million.

(ii) In March 2014, 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. The NEL’s maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 1,673 million.

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- (iii) In April 2014, FBR issued a SCN 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. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 353 million.
- (iv) In January 2015, FBR issued a SCN 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. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 878 million.
- (v) In October 2018, FBR issued a SCN 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. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 511 million.
- (vi) In November 2018 FBR issued a SCN 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. The NEL's maximum exposure as at June 30, 2024 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 LHC in favor of other IPPs in similar cases. Against such decision FBR has filed appeals in the SCP.

- 32.10.6 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 the NEL under the demerger scheme duly approved by the 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 its 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. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 418 million.
- 32.10.7 In February 2021, FBR issued a demand of Rs. 409 million relating to 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 application the ATIR granted stay against recovery. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 477 million.

- 32.10.8 In December 2021, FBR issued a demand of Rs. 506 million relating to 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. After dismissal of the NEL's appeal at the CIR-A level, NEL has filed an appeal with the ATIR which is pending adjudication. On NEL's stay application the ATIR has directed FBR to issue 15 days' notice prior to recovery so that NEL could reapply for stay with it. The NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 658 million.
- 32.10.9 In May 2022, DCIR issued a demand of Rs. 690 million relating to the periods July 2020 to June 2021 ("Order 01"). DCIR 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.. The CIR-A remand back the case to FBR for fresh assessment. Based on NEL's revision application the FBR has revised the demand of Rs. 690 million to Rs. 20 million ("Order 02") only which has been paid in protest. The orders have been challenged and are pending adjudication before the appellate fora. After the payment NEL has no exposure.
- 32.10.10 In May 2024, FBR issued a demand of Rs. 27 million relating to the periods July 2021 to June 2022 ("Order 01"). FBR has charged GST on certain accruals as well as has disallowed input tax on certain goods & services 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 is in process of filing appeal with the ATIR. After the payment of aforementioned demand amount, NEL has no exposure.
- 32.10.11 In June 2024, FBR issued a demand of Rs. 199 million related to income tax for the year ended June 2018. This is based on FBR's view that NEL has not paid income tax on certain receipts under PPA including receipt of LPI from CPPA(G). NEL is in process of filing appeal with the ATIR. NEL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs. 199 million.
- 32.10.12 Subsequent to the year end, in July 2024, FBR issued a demand of Rs. 342 million related to income tax for the year ended June 2019. This is based on FBR's view that NEL has not paid income tax on its certain receipts under PPA including receipt of LPI from CPPA(G). NEL is in process of filing appeal with the ATIR.

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.

- 32.10.13 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 the Power Purchaser is earmarking an estimated amount of Rs. 857 million out of the LPI invoices owed by the Power Purchaser. NEL has contested the claim and is of the opinion that the position of NEL is sound on technical basis, hence no provision has been made in these consolidated financial statements in this respect. Further, no earmarking has been done on the invoices and the payments are being made by CPPA(G) in the normal course of business.

Moreover, as per clause (b) of section 5.14 of the PPA, NEL is required to maintain Furnace Oil (FO) inventory of thirty days for operating the Complex at full load. However, due to non-payment of dues in full by CPPA(G), NEL is maintaining a lower level of FO inventory.

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32.10.14 On July 3, 2018, 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 LHC as the management and the legal advisors believed the Order was illegal and had no substantial grounds. LHC passed an Order directing the Tribunal to decide the application afresh. Pursuant to the LHC Order, the Tribunal commenced the hearing. On April 29, 2024, the Environmental Tribunal, Lahore dismissed the case in favor of Mr. Khalid Mansoor (former CEO of NEL) with no costs / penalties to NEL.

32.10.15 The Government of Pakistan's Committee for Power Sector Audit issued its report dated March 16, 2020, wherein it was alleged that savings were made by various Independent Power Producers (IPPs) in tariff components which were not in line with their respective Power Purchase Agreements (PPAs) and the Government's power policies. NEL's stance is that all its billings to the Power Purchaser, the CPPA(G), were strictly in accordance with the NEL's PPA and its tariff, which had been approved by NEPRA. In order to resolve this matter, discussions and meetings were held between the IPPs, CPPA(G) and the Government which culminated in signing of the Arbitration Submission Agreement (ASA). Pursuant to the ASA, the matter will be adjudicated by a three-member Arbitration Tribunal. Since the dispute involves complex legal and commercial issues, a reasonable estimate of the outcome and the eventual impact on NEL cannot be determined as yet. Currently, the Arbitration Tribunal's terms of reference are in the process of being finalised.

32.10.16 A cyber crime fraud was committed against NEL in May 2023, in which a fraudster impersonated as an employee of MAN Energy Solutions Middle East LLC (MES), a long-time supplier of NEL, and diverted 3 payments aggregating to EUR 155,793.29/- to a different bank account located in Spain. Upon discovery of the same, NEL approached the Cyber Crime Wing of the Federal Investigation Agency to investigate the matter, and has also initiated legal proceedings through external counsel, along with MAN Energy Solutions Pakistan (Private) Limited, inter alia to join a criminal case already pending before the Juzgado de Instrucción nº 29 de Madrid, Diligencias previas 1638/2023, as it concerns the same facts and to recover the amount from the relevant bank in Spain. Further, during the year, NEL has released payments amounting to Rs. 48.13 million to MAN Energy Solutions Pakistan (Private) Limited and the same have been charged off to profit or loss.

32.11 In connection with LEL:

- (i) LEL's commitments in respect of capital and revenue expenditure amounted to Rs. 0.86 million (2023: Rs. 1.2 million) and Rs. 1.2 million (2023: Rs. 5.2 million), respectively.
- (ii) The facility for obtaining letter of credit obtained from bank amount to Rs. 55 million (2023: Rs. 55 million). The facility is unutilized as at June 30, 2024 and June 30, 2023.
- (iii) LEL entered into a land lease agreement with the Government of AJK ("GOAJK") for lease of 424 kanal of land for its power 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 GOAJK for lease of 7,243 kanal and 13 marlas of land for its power project. As per the terms of the lease agreement, LEL paid advance rental for a term of 5 years after which land measuring approx. 3,074 kanals, required for permanent structures, had to be leased again for a further period of 20 years while the remaining land measuring approx. 4,169 kanals had to 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, 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 effected community, within 5 years after the commercial operations date of its power project and the required land is to be provided by the GOAJK one year before start of construction of the cadet college. LEL, however, has requested the GOAJK for the removal of this obligation under the land lease agreement and the matter is under discussion.

- (iv) Certain legal cases in relation to project leasehold land rights / compensation amounting to Rs. 482 million (2023: Rs. 482 million) were filed in the High Court of AJK. The cases were dismissed in the High Court on June 15, 2023 and LEL filed appeals in the Supreme Court of AJK subsequently, which are pending adjudication.
- (v) Pursuant to the terms of 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 GOAJK for additional security forces against a payment of up to USD 0.10 million in any agreement year.
- (vi) LEL's appeal filed before CIR-A against the Order of the Taxation Officer for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank was decided against LEL. The CIR-A while deciding the case 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.

Against the decision of the CIR-A, LEL filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR reversed the enhancement of the original demand by the CIR-A by directing that the assessment made by the Taxation Officer shall hold field. Against the decision of the ATIR, LEL filed reference applications before the High Court of AJK which has decided the case against LEL. LEL has filed reference application with the Supreme Court of AJK, which is pending adjudication.

- (vii) In June 2015, as a consequence of sales tax audit of LEL, the DCIR raised a tax demand of Rs. 24.05 million alongwith penalty and default surcharge mainly on account of alleged inadmissible adjustment of input tax and denying exemption on supply of electricity as is available in AJ&K for first five years of operations. LEL filed an application to 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 challenged the decision of the BOR, AJK before the ATIR. The ATIR vide its Order of August 2021 dismissed LEL's appeal and also held the notification issued by AJK Government for grant of tax exemption as void. LEL and the BOR, AJK have filed reference applications before the High Court of AJK against the decision of the ATIR, which are pending adjudication.

The AJK High Court has also dismissed LEL's writ petition against the decision of the AJK CBR regarding rejection of revised sales tax returns on the ground that LEL had already filed an appeal before ATIR, which is pending adjudication.

- (viii) In January 2021, as a consequence of sales tax audit of LEL for the period January 2014 to December 2018, the Assistant Commissioner Inland Revenue ("ACIR") raised a tax demand of Rs. 162 million, along with penalty and default surcharge mainly on account of sales tax imposed for exempt period and apportioning the input tax for non-exempt period to revenue from capacity payments which are not subject to sales tax. LEL has filed appeal with the CIR-A, which is pending decision after hearing on the case got concluded.

The management and their tax and legal advisors are of the opinion that the position of LEL is sound on technical basis and 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.

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- (ix) As per the terms of the Power Purchase Agreement (PPA), LEL is liable to pay 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 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 NTDC are not in accordance with the provisions of the PPA. Accordingly, LEL issued an Invoice Dispute Notice to 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 its recommendations to the Parties on October 1, 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).

LEL nominated Mr. Jawad Akbar Sarwana as co-arbitrator for the three-member arbitral tribunal to be constituted for the arbitration proceedings. As no objections were raised by either party, on September 20, 2021, the ICC Secretary General confirmed Mr. Jawad Akbar Sarwana as co-arbitrator upon Claimant's nomination and Mr. Imran Aziz Khan, as co-arbitrator upon Respondent's nomination. On October 7, 2021, the ICC confirmed the nomination of both co-arbitrators and directly appointed Anne Secomb as President of the Arbitral Tribunal under Article 13(4)(9a). The arbitration proceeded according to the approved Terms of Reference (TORs).

A hearing took place in February 2023. One of the co-arbitrators, Mr. Jawad Akbar Sarwana has been elevated to a Judge of the Court of Appeals of the Province of Sindh and tendered his resignation as a co-arbitrator of the Arbitral Tribunal. A new co-arbitrator was nominated and was confirmed by the ICC Tribunal.

The arbitration proceedings have been completed during the year ended June 30, 2024 and the Tribunal issued an award on March 5, 2024 which was in favour of LEL. As per the award, the Tribunal directed / ordered:

- i. NTDC (acting through CPPA-G) to reverse the set-off / adjustment made against the invoices of LEL in an amount of Rs. 201 million for liquidated damages;
- ii. NTDC (acting through CPPA-G) to reverse the set-off / adjustment made against the invoices of LEL on all amounts exceeding Rs. 14 million for delayed payment interest;
- iii. NTDC (acting through CPPA-G) to pay LEL (a) USD 181,812.66; (b) SGD 15,585.00 and (c) Rs. 15 million; in respect of the cost of the Arbitration proceedings; and
- iv. That the recommendations of the Expert as aforementioned be set aside.

Proceedings to enforce the Award in Pakistan through a "Rule of the Court" have already been filed in the Court of Senior Civil Judge, Islamabad and are pending adjudication.

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

- i. Commitments in respect of capital expenditures amounted to Rs. 7,052 million (2023: Rs. 6,061 million).

- ii. Under the amended PPA, TEL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in COD, TEL 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 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 under certain conditions.

Although CPPA(G) has raised invoices for payment of HVDC charges amounting to USD 19.6 million, 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 not furnished, there is no obligation on TEL to make payment and therefore there is currently no exposure on TEL in this regard.

- iii. During 2021, the DCIR passed an order relating to tax year 2018 raising a demand of Rs. 15 million on the ground that withholding tax deducted from payment were not deposited on time. TEL filed an appeal with the CIR-A which was rejected. TEL there against filed an appeal with the ATIR which is pending adjudication. Meanwhile ATIR granted a stay against any possible recovery by the tax authorities.
- iv. During 2021, the DCIR passed an order relating to tax year 2019 raising a demand of Rs. 6.7 million on the ground that withholding tax deducted from payment were not deposited on time. TEL filed an appeal with the CIR-A which was rejected. TEL there against filed an appeal with the ATIR which is pending adjudication. Meanwhile ATIR granted a stay against any possible recovery by the tax authorities.
- v. During 2022, the DCIR passed an order relating to tax year 2020 raising tax 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 law. TEL filed an appeal with the CIR-A who remand back the case to FBR for reassessment.

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.

32.13 In connection with HPHL:

- i. HPHL is a shareholder of CPHGC, one of the Independent Power Producer ("IPP"). Under the government policies and the law, the rate of tax on dividend paid by an IPP was fixed. However due to changes in law through the Finance Act 2019 & 2020 the FBR had opined that a new tax rate would be applicable. The HPHL has filed a petition praying the SHC to declare that the changes are illegal, unlawful, contrary to HPHL's vested rights as well as discriminatory. The petition is pending before the SHC.

HPHL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 1,480 million. Pending the resolution of the matters stated above, HPHL has made provision on prudent basis in these consolidated financial statements.

- ii. Super tax was introduced through the Finance Act 2022 on certain income including dividend income. However, recently the IHC had held that dividend income is exempt from the levy of super tax. HPHL has filed a petition with the IHC which decided the case in favor of HPHL by holding that super tax is not payable on dividend income. However, FBR has filed a review petition with IHC in respect of the said decision. HPHL's maximum exposure as at June 30, 2024 including the principal amount, penalty and default surcharge is approximately Rs 1,988 million.

The management and their tax advisors are of the opinion that the position of the HPHL is sound on a technical basis and the eventual outcome ought to be in favour of the holding company. Pending the resolution of the matters stated above, HPHL has made provision on prudent basis in this respect.

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33 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	2024 (Rs. '000s)	2023 (Rs. '000s)
Chief Executive			
Managerial remuneration		87,752	97,582
Bonus		36,344	26,044
Utilities		2,269	1,956
Other benefits		36,591	20,129
		162,956	145,711
Number of persons	33.3	2	2
Directors			
Fees	33.1	13,875	11,930
Number of persons		13	13
Executives			
Managerial remuneration		484,591	626,519
Bonus		120,867	94,373
House rent		218,067	189,769
Utilities		48,459	42,172
Retirement benefits		103,079	89,810
Other benefits		609,404	322,529
		1,584,467	1,365,172
Number of persons		192	160
Total			
Managerial remuneration / Fees		586,218	736,031
Bonus		157,211	120,417
House rent		218,067	189,769
Utilities		50,728	44,128
Retirement benefits		103,079	89,810
Other benefits		645,995	342,658
		1,761,298	1,522,813
Number of persons	33.3	207	175

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

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

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

34. SEGMENT INFORMATION

34.1 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 four reportable segments; power generation business, which includes the Hub plant, Narowal plant, Laraib plant & Thar 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.

	2024								
	Power Generation				Operations & Maintenance	Investments	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant	Thar plant					
----- (Rupees in '000) -----									
Revenue from contracts with customers-net	41,534,404	15,342,255	11,773,401	61,875,473	4,366,562	-	-	(4,366,562)	130,525,533
Costs of revenue	(11,100,728)	(10,128,820)	(2,108,832)	(39,141,682)	(2,590,661)	-	-	2,891,146	(62,179,577)
GROSS PROFIT	30,433,676	5,213,435	9,664,569	22,733,791	1,775,901	-	-	(1,475,416)	68,345,956
General and administration expenses	(1,322,712)	(142,635)	(184,443)	(220,315)	(149,364)	(167,489)	-	4,301	(2,182,657)
Other income	523,927	21,692	278,931	790,199	57,831	392,749	16,094,659	(14,855,187)	3,304,801
Insurance claim against alternator damage & consequent loss of revenue	-	320,319	-	-	-	-	-	-	320,319
Other operating expenses	(129,186)	583	(195,966)	(2,127,613)	-	-	-	-	(2,452,182)
PROFIT FROM OPERATIONS	29,505,705	5,413,394	9,563,091	21,176,062	1,684,368	225,260	16,094,659	(16,326,302)	67,336,237
Finance costs	(4,681,288)	(428,012)	(520,481)	(13,309,682)	(447)	(8,176,357)	-	372,680	(26,743,587)
Share of profit from associates / joint venture	-	-	-	-	-	49,312,014	-	48,868	49,360,882
PROFIT BEFORE TAXATION	24,824,417	4,985,382	9,042,610	7,866,380	1,683,921	41,360,917	16,094,659	(15,904,754)	89,953,532
Taxation	(170,701)	(5,910)	(72,057)	(286,366)	(652,987)	(12,608,967)	(859,162)	-	(14,656,150)
PROFIT FOR THE YEAR	24,653,716	4,979,472	8,970,553	7,580,014	1,030,934	28,751,950	15,235,497	(15,904,754)	75,297,382
Assets	92,967,325	31,581,371	31,211,312	151,727,568	1,767,877	158,985,369	59,708,919	(75,145,322)	452,804,419
Liabilities	64,397,481	5,455,736	8,097,264	117,207,390	1,236,337	53,494,365	4,078,106	(11,134,738)	242,831,941
Depreciation and amortisation	1,898,211	1,028,445	1,145,917	2,875,106	16,329	11,018	-	(146,724)	6,828,302
Capital expenditure	38,289	17,527	41,965	1,355,230	18,345	666,417	-	(295,027)	1,842,746
Cash (utilized) / generated from;									
- Operating activities	14,739,597	6,983,275	10,298,204	15,026,084	1,343,839	16,162,511	-	(22,390,788)	42,162,722
- investing activities	18,486,748	(14,827)	(41,965)	(1,342,130)	(412,265)	(652,417)	-	2,194,698	18,217,842
- financing activities	(31,602,616)	(7,833,899)	(7,520,891)	(827,935)	(675,000)	(15,247,133)	-	23,812,311	(39,895,163)

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	2023								
	Power Generation				Operations & Maintenance	Investments	Unallocated	Eliminations	Total
	Hub plant	Narowal plant	Laraib plant	Thar plant					
	----- (Rupees in '000) -----								
Revenue from contracts with customers-net	44,516,209	22,452,208	9,425,865	37,868,759	2,118,089	-	-	(2,118,089)	114,263,041
Costs of revenue	(18,875,135)	(17,031,177)	(2,740,553)	(23,008,504)	(1,253,828)	-	-	1,424,236	(61,484,961)
GROSS PROFIT	25,641,074	5,421,031	6,685,312	14,860,255	864,261	-	-	(693,853)	52,778,080
General and administration expenses	(766,632)	(86,110)	(151,085)	(227,967)	(119,522)	(59,389)	-	42,371	(1,368,334)
Other income	865,696	22,159	360,747	533,575	32,964	212,069	15,160,280	(13,601,991)	3,585,499
Insurance claim against alternator damage & consequent loss of revenue	-	509,664	-	-	-	-	-	-	509,664
Other operating expenses	(54,949)	-	-	-	-	-	(45,181)	20,707	(79,423)
PROFIT FROM OPERATIONS	25,685,189	5,866,744	6,894,974	15,165,863	777,703	152,680	15,115,099	(14,232,766)	55,425,486
Finance costs	(1,694,919)	(566,523)	(677,791)	(7,847,529)	(307)	(8,904,172)	-	367,768	(19,323,473)
Share of profit from associates / joint venture	-	-	-	-	-	34,296,038	-	20,362	34,316,400
PROFIT BEFORE TAXATION	23,990,270	5,300,221	6,217,183	7,318,334	777,396	25,544,546	15,115,099	(13,844,636)	70,418,413
Taxation	(10,658)	(6,339)	(21,787)	(66,512)	(299,251)	(6,839,138)	(1,167,586)	-	(8,411,271)
PROFIT FOR THE YEAR	23,979,612	5,293,882	6,195,396	7,251,822	478,145	18,705,408	13,947,513	(13,844,636)	62,007,142
Assets	91,346,048	37,228,127	29,975,841	141,803,408	1,138,793	120,826,278	57,217,348	(73,970,290)	405,565,553
Liabilities	64,965,896	9,081,399	9,282,053	114,846,846	982,739	56,524,387	1,615,968	(9,769,853)	247,529,435
Depreciation and amortisation	1,865,327	998,687	1,951,663	2,583,852	11,554	12,640	20,993	(97,845)	7,346,871
Capital expenditure	330,454	722,782	28,849	15,018,140	11,824	600	-	(1,722,474)	14,390,175
Cash (utilized) / generated from;									
- Operating activities	31,194,625	16,061,231	6,726,771	(1,073,691)	533,131	(4,193,135)	-	(4,303,127)	44,945,805
- investing activities	8,097,213	(722,782)	(27,029)	(15,018,140)	(11,793)	2,424,400	-	(11,556,661)	(16,814,792)
- financing activities	(37,846,216)	(10,832,233)	(5,340,602)	19,353,305	(499,447)	1,719,724	-	7,303,725	(26,141,744)

34.2 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.

35 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	2024 (Rs. '000s)	2023 (Rs. '000s)
Associates			
Services rendered to CPHGC		132,628	111,152
Amount received against services rendered to TNPTL		2,227,993	3,687,309
Services rendered to TNPTL		2,500,589	3,175,914
Reimbursable expenses incurred by TNPTL		63,712	234,814
Reimbursable expenses incurred on behalf of TNPTL		324,517	567,472
Receipts against security		289,039	-
Receipt against reimbursement of expenses from TNPTL		184,251	-
Payment against reimbursement of expenses to TNPTL		193,173	-
Services rendered to CPHO		992,967	464,752
Reimbursable expenses incurred on behalf of Prime		3,919	7,663
Remuneration to key management personnel			
Salaries, benefits and other allowances		219,644	225,537
Retirement benefits		12,193	11,180
		231,837	236,717
Directors' fee	33.1	13,875	11,930
Contribution to staff retirement benefit plans		267,141	89,862
Dividend paid to NCI - Coate & Co. Private Limited		1,035,241	695,713

35.1 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.

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

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36 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
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	Major Shareholder - TEL	10%
Fauji Fertilizer Company Limited	Common Directorship	-
Thar Foundation	Common directorship	-
Coate & Co (Pvt) Ltd	Major Shareholder - LEL	23.8%
TPL Trakker Limited	Interested Persons	-
International Industries Limited	Interested Persons	-
Allied Bank Limited	Interested Persons	-
Bank Alfalah Limited	Interested Persons	-
Bank Al-Habib Limited	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	-
Mr. Habibullah Khan	Chairman/Director	-
Mr. Kamran Kamal	Chief Executive / Director	-
Mr. Abdus Salam Bawany	Key Management Personnel	-
Mr. Marwan Ali Qureshi	Ex - Key Management Personnel	-
Mr. Saleemullah Memon	Ex - Chief Executive / Director	-
Ms. Faiza Kapadia Raffay	Key Management Personnel	-
Mr. Aamer Abdul Razzaq	Key Management Personnel	-
Mr. Muhammad Saqib	Key Management Personnel	-
Mr. Danyaal Jamal	Key Management Personnel	-
Mr. Ahmad Muazzam	Director of group company	-
Mr. Aly Khan	Director	-
Ms. Samina Mumtaz Zehri	Director	-
Mr. Fayyaz Ahmed Bhatti	Director of group company	-
Mr. Li Kan	Ex-Director	-
Mr. Manzoor Ahmed	Director	-
Mr. Mohammad Munir Malik	Ex-Director	-
Dr. Nadeem Inayat	Ex-Director	-
Mr. Omar Khalid Faizi	Ex-Director	-

Particulars	Relationship	% equity
Mr. Abdul Wahab Abbasi	Director of group company	-
Mr. Saad Iqbal	Director	-
Mr. Shafiuddin Ghani Khan	Director	-
Ms. Aleeya Khan	Director	-
Mr. Syed Bakhtiyar Kazmi	Director	-
Mr. Zhao Wenke	Director of group company	-
Mr. Jehangir Paracha	Director of group company	-
Mr. Syed Atif Ali	Director of group company	-
Mr. Sarfaraz Ahmed Rehman	Ex-Director	-
Mr. Amjad Ali Raja	Director of group company	-
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	-
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	-
Laraib Energy Limited - Gratuity Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Gratuity Fund	Retirement benefit fund	-

37. PROVIDENT FUND TRUSTS

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

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38. PLANT CAPACITY AND PRODUCTION

HUB PLANT

	2024	2023
Theoretical Maximum Output	10,540 GWh	10,512 GWh
Total Output	0 GWh	205 GWh
Load Factor	0.00%	1.95%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,757 GWh (2023: 9,730 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

NAROWAL PLANT

	2024	2023
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	201 GWh	470 GWh
Load Factor	11%	25%

Practical maximum output for the power plant, taking into account all the scheduled outages is 1,853 GWh (2023: 1,846 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

LARAIB PLANT

	2024	2023
Theoretical Maximum Output	736 GWh	736 GWh
Total Output	416 GWh	345 GWh
Load Factor	57%	47%

Output produced by the plant is dependent on available hydrology and the plant availability.

THAR PLANT

	2024	2023
Theoretical Maximum Output	2,642 GWh	1,966 GWh
Total Output	1,940 GWh	1,053 GWh
Load Factor	73%	53%

Practical maximum output for the power plant taking into account all the scheduled outages is 2,474 GWh (2023: 1,803 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

	Note	2024	2023
		(Rs. '000s)	(Rs. '000s)
39. WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Stores, spares and consumables		(666,829)	(2,641,962)
Stock-in-trade		(990,878)	1,590,253
Trade debts		(12,988,668)	(2,002,324)
Contract asset		6,311,904	(14,817,054)
Short term investments		-	6,465,204
Loans and advances		(108,223)	42,282
Deposits, prepayments and other receivables		(3,353,929)	(2,300,293)
		(11,796,623)	(13,663,894)
Decrease in current liabilities			
Trade and other payables		8,537,097	14,868,993
		(3,259,526)	1,205,099
40. CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	29,105,160	15,110,344
Short term borrowings		(18,365,984)	(24,643,251)
		10,739,176	(9,532,907)
41. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
41.1 Basic			
Profit for the year		70,018,253	57,554,099
Weighted average number of ordinary shares outstanding during the year		1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)		53.98	44.37
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.			
41.2	There is no dilutive effect on the earnings per share of the holding company.		

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

42. 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's is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Group's.

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. 2,359 million (2023: Rs. 3,068 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 79,157 million (2023: Rs. 6,962 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. Exchange gains and losses on long-term foreign currency loans of TEL are capitalized as fully explained in note 3.14 to these consolidated financial statements. Accordingly, they are not subject to foreign currency risk.

The Group manages its currency risk by close monitoring of currency markets and 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:

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	<u>28,921,209</u>	<u>10,237,816</u>
Financial liabilities		
Long term lease liabilities	<u>1,067,847</u>	<u>1,996,962</u>
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	<u>60,783,607</u>	51,537,046
Other receivables	<u>-</u>	2,362,875
	<u>60,783,607</u>	<u>53,899,921</u>
Financial liabilities		
Long term loans	<u>105,108,872</u>	128,317,616
Trade and other payables	<u>30,710,809</u>	30,036,210
Short term borrowings	<u>29,365,984</u>	32,142,495
	<u>165,185,665</u>	<u>190,496,321</u>

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 Group has delayed payments to PSO and SECMC. The holding company, NEL, LEL and TEL have also obtained short term borrowings to meet their short term funding requirements. The holding company, NEL, LEL and TEL 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 and SECMC at variable rate provided under their relevant agreements. 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 26.1). 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, 2024, 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. 148 million (2023: Rs. 237 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NEL has entered into syndicated term finance facility (refer note 26.2). NEL has to manage the related finance cost from its own sources which expose NEL to the risk of change in 3 month KIBOR. As at June 30, 2024, 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. Nil (2023: Rs. 61 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 26.4). 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, 2024, 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. 81 million (2023: Rs. 102 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:

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Deposits and others	23,444	23,058
Trade debts	99,740,148	86,751,480
Contract asset	8,505,150	14,817,054
Loans and other receivables	11,863,825	10,250,558
Bank balances	29,103,210	15,108,694
Total	149,235,777	126,950,844

Trade debts are recoverable from CPPA(G) / NTDC under the PPA and are secured by guarantee from GOP under the IAs. Further, the significant amount of other receivables is also recoverable from CPPA(G) and is 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	Ratings		
	Rating Agency	Short term	Long term
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
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
Pakistan Kuwait Investment Company (Pvt.) Limited	PACRA	A1+	AAA
Standard Chartered Bank (Hong Kong) Limited	Moody's	P-1	A1
Bank of Punjab	PACRA	A1+	AA+
Saudi Pak Industrial And Agricultural Investment Company Limited	JCR-VIS	A-1+	AA+
Silk Bank Limited	JCR-VIS	A-1+	AA+
Industrial Commercial Bank of China	Fitch	F1+	A
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	AA-
MCB Islamic Bank Limited	PACRA	A1	A+
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+

(c) Liquidity risk

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

The Group maintains running finance facilities (refer note 31) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 26.1) may not be sufficient to meet their respective equity requirement;
- (iii) the cashflow from NEL operations may not be sufficient to meet the funding requirements for loans (refer note 31.3 and 31.4); and
- (iv) repayment / non-availability of short term borrowings (refer note 31).

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) -----					
2023-24					
Long term loans	17,472,045	8,910,698	47,622,227	45,898,429	119,903,398
Long term lease liabilities	948,068	20,676	200,336	-	1,169,080
Trade and other payables	56,545,091	-	-	-	56,545,091
Unclaimed dividend	231,202	-	-	-	231,202
Unpaid dividend	1,218,757	-	-	-	1,218,757
Short term borrowings	<u>30,537,552</u>	-	-	-	<u>30,537,552</u>
Total	<u>106,952,715</u>	<u>8,931,374</u>	<u>47,822,563</u>	<u>45,898,429</u>	<u>209,605,081</u>
2022-23					
Long term loans	16,628,815	20,872,133	102,347,175	64,776,160	204,624,283
Long term lease liabilities	574,379	537,654	1,131,814	62,231	2,306,078
Trade and other payables	48,129,004	-	-	-	48,129,004
Unclaimed dividend	211,784	-	-	-	211,784
Unpaid dividend	601,632	-	-	-	601,632
Short term borrowings	<u>33,375,869</u>	-	-	-	<u>33,375,869</u>
Total	<u>99,521,483</u>	<u>21,409,787</u>	<u>103,478,989</u>	<u>64,838,391</u>	<u>289,248,650</u>

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 amounts of all the financial assets and liabilities reflected in these consolidated 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.

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 cashflows, 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, 2024, has been determined Rs. 4,428 million (2023: Rs. 3,259 million) resulting in unrealised gain of Rs. 1,169 million (2023: unrealised gain of Rs. 188 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	Level 4
	----- (Rs. '000s) -----			
June 2024				
Assets				
Investment in SECMC				
- At fair value through other comprehensive income	-	-	4,427,817	4,427,817
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
June 2023				
Assets				
Investment in SECMC				
- At fair value through other comprehensive income	-	-	3,259,115	3,259,115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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, 2024

43. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2024	2023
	(Rs. '000s)	(Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	<u>4,427,817</u>	<u>3,259,115</u>
Financial assets - at amortised cost		
Deposits	23,444	23,058
Trade debts	99,740,148	86,751,480
Loans and other receivables	11,866,326	10,250,830
Cash and bank balances	29,105,160	15,110,344
Total	<u>140,735,078</u>	<u>112,135,712</u>
Financial Liabilities - at amortised cost		
Long term loans	105,108,872	128,317,616
Liabilities against assets subject to finance lease	1,067,847	1,996,962
Trade and other payables	56,545,091	48,129,004
Unclaimed dividend	231,202	211,784
Unpaid dividend	1,218,757	601,632
Interest / mark-up accrued	6,374,703	6,824,158
Short term borrowings	29,365,984	32,142,495
Total	<u>199,912,456</u>	<u>218,223,651</u>

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

44.1. Revised and amended standards and interpretation effective and adopted in 2024

No amendments to accounting and reporting standards that are applicable for the financial year beginning on July 1, 2023 have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements except the following:

Amendment to IAS 1 "Presentation of financial statements" and IFRS Practice Statement 2:

The amendments in IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgements' aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in these consolidated financial statements except the following:

Revised and amended standards and interpretation that are not yet effective and not adopted in 2024

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group for the financial year beginning on July 01, 2023. The standards and amendments are not expected to have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

44.2 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, NEL's and TEL'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. 67 (I)/2023 dated January 20, 2023, extended the exemption on application of ECL model under IFRS - 9 "Financial Instruments" in respect of financial assets due from Government of Pakistan for the financial year ending on or before December 31, 2024. Accordingly, the holding company 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. However, subsequently, unless further exemption is granted, the application of ECL model under IFRS 9 will be applicable on the Group from July 1, 2024, which will lead to recognition of expected credit loss provision amounting to Rs. 12,064 million.

Embedded derivatives

SECP, through its S.R.O. 986(I)/2019 dated September 2, 2019, exempted the power companies from application of IFRS-9 'Financial Instruments' to the extent of recognition of embedded derivatives and IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of recognising exchange differences in profit or loss.

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 in respect of its segment i.e. LEL. 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, 2024

45. SHARIAH COMPLIANCE DISCLOSURE

	2024			2023		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	----- (Rs. '000s) -----			----- (Rs. '000s) -----		
Turnover						
Revenue	14,649,805	122,391,972	137,041,777	10,220,540	110,528,397	120,748,937
Other income						
Interest income	1,365,424	42,463	1,407,887	576,043	-	576,043
Income from other services	-	1,612,152	1,612,152	-	1,146,488	1,146,488
Dividend Income	-	232,794	232,794	-	455,319	455,319
Gain on disposal of assets	-	32,580	32,580	-	13,532	13,532
Reversal of WPPF of dividend income	-	-	-	-	826,579	826,579
Exchange gain	-	-	-	-	565,994	565,994
Revenue from sale of CERs	-	17,649	17,649	-	-	-
Insurance claim against alternator damage and consequent loss of revenue						
	320,319	-	320,319	509,664	-	509,664
Finance cost						
Long term loans	15,894,261	2,600,915	18,495,176	11,230,152	3,071,982	14,302,134
Long term lease liabilities	137,270	-	137,270	183,383	-	183,383
Short term borrowings	3,918,488	2,711,533	6,630,021	2,352,164	1,206,688	3,558,852
Other finance cost	1,455,874	25,246	1,481,120	1,203,589	75,515	1,279,104
Assets						
Bank balances	24,667,252	4,255,958	28,923,210	10,242,733	-	10,242,733
Liabilities						
Long term loans	97,487,676	7,621,196	105,108,872	114,005,827	14,311,789	128,317,616
Accrued Mark-up	5,688,838	685,865	6,374,703	5,816,637	1,007,521	6,824,158
Short term borrowings	12,557,126	16,808,858	29,365,984	17,373,537	14,768,958	32,142,495

46. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 801 (2023: 809) and the average number of persons employed during the year were 783 (2023: 770).

47. 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. The effect of such representation and reclassification is immaterial.

48. SUBSEQUENT EVENT

The Board of Directors of the holding company proposed a final dividend for the year ended June 30, 2024 of Rs. 8.50 per share, amounting to Rs. 11,025.812 million, at their meeting held on August 26, 2024 for approval of the members at the Annual General Meeting to be held on September 30, 2024. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the period in which it is approved.

49. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on August 26, 2024 in accordance with the resolution of the Board of Directors.

50. GENERAL

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



M. HABIBULLAH KHAN

Chairman



KAMRAN KAMAL

Chief Executive



MUHAMMAD SAQIB

Chief Financial Officer

Shareholder's Information

For The Year Ended June 30, 2024



Pattern of Shareholding

As at June 30, 2024

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
3,695	1	100	165,718
7,007	101	500	2,895,493
2,862	501	1,000	2,373,378
4,529	1,001	5,000	11,901,108
1,577	5,001	10,000	12,062,449
735	10,001	15,000	9,228,309
420	15,001	20,000	7,564,747
343	20,001	25,000	7,896,471
236	25,001	30,000	6,656,621
174	30,001	35,000	5,723,448
141	35,001	40,000	5,405,006
94	40,001	45,000	4,059,781
135	45,001	50,000	6,580,110
80	50,001	55,000	4,221,506
89	55,001	60,000	5,146,293
46	60,001	65,000	2,894,303
55	65,001	70,000	3,741,131
41	70,001	75,000	2,992,629
39	75,001	80,000	3,049,499
34	80,001	85,000	2,835,586
39	85,001	90,000	3,438,702
21	90,001	95,000	1,950,339
95	95,001	100,000	9,435,827
17	100,001	105,000	1,743,740
19	105,001	110,000	2,056,505
28	110,001	115,000	3,160,308
20	115,001	120,000	2,354,859
25	120,001	125,000	3,084,887
12	125,001	130,000	1,527,870
10	130,001	135,000	1,324,082
13	135,001	140,000	1,797,750
9	140,001	145,000	1,283,424
24	145,001	150,000	3,569,950
15	150,001	155,000	2,287,913
11	155,001	160,000	1,741,355

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
13	160,001	165,000	2,113,127
12	165,001	170,000	2,018,754
10	170,001	175,000	1,731,835
12	175,001	180,000	2,140,852
5	180,001	185,000	908,228
7	185,001	190,000	1,319,883
5	190,001	195,000	966,866
30	195,001	200,000	5,988,987
7	200,001	205,000	1,418,139
6	205,001	210,000	1,243,615
13	210,001	215,000	2,763,161
7	215,001	220,000	1,527,938
8	220,001	225,000	1,791,487
3	225,001	230,000	689,000
5	230,001	235,000	1,159,404
5	235,001	240,000	1,193,843
4	240,001	245,000	972,049
9	245,001	250,000	2,249,173
3	250,001	255,000	754,136
2	255,001	260,000	516,923
4	260,001	265,000	1,048,212
3	265,001	270,000	805,500
8	270,001	275,000	2,189,284
3	275,001	280,000	828,649
3	280,001	285,000	841,644
2	285,001	290,000	574,753
5	290,001	295,000	1,469,207
12	295,001	300,000	3,594,786
3	300,001	305,000	906,495
2	305,001	310,000	620,000
5	310,001	315,000	1,556,249
1	315,001	320,000	318,767
6	320,001	325,000	1,938,077
4	325,001	330,000	1,308,218
1	330,001	335,000	330,500
5	335,001	340,000	1,688,160
3	340,001	345,000	1,027,072

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
10	345,001	350,000	3,495,505
2	350,001	355,000	705,000
1	355,001	360,000	358,607
1	360,001	365,000	361,000
2	365,001	370,000	735,529
2	370,001	375,000	744,445
3	375,001	380,000	1,136,699
4	380,001	385,000	1,532,521
6	385,001	390,000	2,319,068
1	390,001	395,000	394,000
9	395,001	400,000	3,600,000
4	400,001	405,000	1,609,710
1	410,001	415,000	410,500
1	415,001	420,000	420,000
7	420,001	425,000	2,955,598
1	425,001	430,000	430,000
6	430,001	435,000	2,596,041
2	435,001	440,000	875,458
2	440,001	445,000	883,500
5	445,001	450,000	2,246,788
1	455,001	460,000	456,000
1	460,001	465,000	463,750
1	465,001	470,000	468,122
1	470,001	475,000	471,047
3	475,001	480,000	1,437,221
2	485,001	490,000	979,086
2	490,001	495,000	982,939
8	495,001	500,000	3,998,374
2	500,001	505,000	1,003,552
5	505,001	510,000	2,540,000
3	510,001	515,000	1,544,350
1	525,001	530,000	527,218
1	535,001	540,000	538,500
3	540,001	545,000	1,629,725
2	550,001	555,000	1,107,000
2	560,001	565,000	1,120,987
1	565,001	570,000	566,493

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
4	570,001	575,000	2,297,096
2	585,001	590,000	1,176,897
1	590,001	595,000	594,000
3	595,001	600,000	1,800,000
1	600,001	605,000	604,000
1	610,001	615,000	613,870
1	615,001	620,000	620,000
1	630,001	635,000	630,750
2	635,001	640,000	1,274,800
2	640,001	645,000	1,290,000
3	645,001	650,000	1,948,625
2	650,001	655,000	1,305,350
1	655,001	660,000	656,386
1	670,001	675,000	674,400
1	680,001	685,000	683,614
1	685,001	690,000	690,000
3	695,001	700,000	2,099,500
2	710,001	715,000	1,424,328
4	715,001	720,000	2,877,020
1	720,001	725,000	725,000
2	725,001	730,000	1,452,475
2	735,001	740,000	1,474,333
3	745,001	750,000	2,246,000
1	760,001	765,000	760,156
3	765,001	770,000	2,307,052
2	770,001	775,000	1,545,765
2	780,001	785,000	1,563,199
1	795,001	800,000	795,500
3	805,001	810,000	2,422,504
1	815,001	820,000	818,200
1	820,001	825,000	823,085
1	830,001	835,000	832,415
2	840,001	845,000	1,682,739
1	850,001	855,000	852,200
1	890,001	895,000	893,086
1	895,001	900,000	900,000
1	900,001	905,000	900,500

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
2	930,001	935,000	1,862,530
1	940,001	945,000	941,792
2	950,001	955,000	1,903,670
1	960,001	965,000	963,000
1	975,001	980,000	979,742
6	995,001	1,000,000	6,000,000
1	1,005,001	1,010,000	1,007,000
1	1,020,001	1,025,000	1,020,974
1	1,025,001	1,030,000	1,029,500
1	1,030,001	1,035,000	1,030,450
2	1,045,001	1,050,000	2,095,731
1	1,050,001	1,055,000	1,051,147
1	1,070,001	1,075,000	1,072,763
1	1,095,001	1,100,000	1,100,000
1	1,110,001	1,115,000	1,111,091
1	1,120,001	1,125,000	1,120,986
1	1,135,001	1,140,000	1,138,182
1	1,205,001	1,210,000	1,210,000
1	1,215,001	1,220,000	1,216,277
1	1,240,001	1,245,000	1,245,000
1	1,245,001	1,250,000	1,245,113
1	1,280,001	1,285,000	1,282,013
2	1,285,001	1,290,000	2,576,873
1	1,290,001	1,295,000	1,294,739
1	1,355,001	1,360,000	1,355,140
1	1,385,001	1,390,000	1,385,521
2	1,400,001	1,405,000	2,801,375
1	1,405,001	1,410,000	1,405,275
1	1,440,001	1,445,000	1,443,656
1	1,445,001	1,450,000	1,450,000
1	1,470,001	1,475,000	1,475,000
2	1,490,001	1,495,000	2,988,870
1	1,515,001	1,520,000	1,516,160
1	1,535,001	1,540,000	1,538,000
1	1,550,001	1,555,000	1,554,280
1	1,610,001	1,615,000	1,615,000
1	1,645,001	1,650,000	1,650,000

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
2	1,720,001	1,725,000	3,448,714
1	1,780,001	1,785,000	1,782,492
2	1,795,001	1,800,000	3,600,000
1	1,830,001	1,835,000	1,830,918
1	1,855,001	1,860,000	1,855,110
1	1,875,001	1,880,000	1,878,277
1	1,885,001	1,890,000	1,887,269
3	1,995,001	2,000,000	6,000,000
1	2,010,001	2,015,000	2,010,677
1	2,080,001	2,085,000	2,084,255
1	2,155,001	2,160,000	2,158,236
1	2,160,001	2,165,000	2,161,261
1	2,220,001	2,225,000	2,222,060
2	2,240,001	2,245,000	4,485,766
1	2,305,001	2,310,000	2,305,369
1	2,315,001	2,320,000	2,319,595
1	2,365,001	2,370,000	2,368,320
1	2,405,001	2,410,000	2,405,401
1	2,460,001	2,465,000	2,461,536
1	2,495,001	2,500,000	2,500,000
1	2,550,001	2,555,000	2,553,779
1	2,695,001	2,700,000	2,700,000
1	2,735,001	2,740,000	2,735,577
1	2,870,001	2,875,000	2,871,885
1	2,875,001	2,880,000	2,880,000
1	2,885,001	2,890,000	2,889,402
1	2,920,001	2,925,000	2,923,799
1	2,945,001	2,950,000	2,948,213
1	2,965,001	2,970,000	2,967,731
1	2,975,001	2,980,000	2,979,371
2	3,095,001	3,100,000	6,200,000
1	3,125,001	3,130,000	3,125,013
1	3,200,001	3,205,000	3,202,367
1	3,310,001	3,315,000	3,310,721
1	3,410,001	3,415,000	3,413,379
1	3,525,001	3,530,000	3,528,769
1	3,620,001	3,625,000	3,622,910

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
1	3,995,001	4,000,000	4,000,000
1	4,055,001	4,060,000	4,060,000
1	4,075,001	4,080,000	4,075,170
1	4,115,001	4,120,000	4,115,812
1	4,155,001	4,160,000	4,157,443
1	4,205,001	4,210,000	4,207,409
1	4,555,001	4,560,000	4,558,773
1	4,655,001	4,660,000	4,660,000
1	4,730,001	4,735,000	4,732,108
1	4,865,001	4,870,000	4,868,480
1	4,950,001	4,955,000	4,950,590
1	5,075,001	5,080,000	5,077,026
1	5,125,001	5,130,000	5,127,000
1	5,555,001	5,560,000	5,558,191
1	5,795,001	5,800,000	5,800,000
1	5,910,001	5,915,000	5,913,524
1	6,030,001	6,035,000	6,032,450
1	6,305,001	6,310,000	6,308,600
1	6,765,001	6,770,000	6,765,341
1	6,840,001	6,845,000	6,841,715
1	7,125,001	7,130,000	7,125,495
1	7,465,001	7,470,000	7,469,078
1	7,525,001	7,530,000	7,525,319
1	7,545,001	7,550,000	7,548,571
1	8,520,001	8,525,000	8,523,200
1	8,660,001	8,665,000	8,660,143
1	9,040,001	9,045,000	9,041,518
1	9,145,001	9,150,000	9,147,080
1	9,435,001	9,440,000	9,437,359
1	9,735,001	9,740,000	9,737,679
1	9,840,001	9,845,000	9,843,000
1	10,040,001	10,045,000	10,044,536
1	11,610,001	11,615,000	11,612,950
1	13,210,001	13,215,000	13,210,246
1	14,190,001	14,195,000	14,191,423
1	14,300,001	14,305,000	14,302,316
1	15,690,001	15,695,000	15,691,465

Number of Shareholders	Number of Shares		Number of Shares Held
	From	To	
1	16,605,001	16,610,000	16,610,000
1	17,535,001	17,540,000	17,535,420
1	18,535,001	18,540,000	18,536,350
1	20,010,001	20,015,000	20,012,494
1	20,175,001	20,180,000	20,180,000
1	22,330,001	22,335,000	22,333,195
1	23,915,001	23,920,000	23,918,061
1	28,210,001	28,215,000	28,213,975
1	59,310,001	59,315,000	59,312,563
1	110,290,001	110,295,000	110,294,985
1	224,425,001	224,430,000	224,428,064
23,239			1,297,154,387

Categories of Shareholding

As on June 30, 2024

S.No	Categories	No. of Shareholders	No. of Shares Held	Percentage
1	Individuals			
o	Local	22,202	391,625,696	30.19
o	Foreign	332	1,600,192	0.12
2	Joint Stock Companies	231	55,527,569	4.27
3	Financial Institutions	47	102,569,448	7.91
4	Investment Companies	32	52,033,663	4.01
5	Insurance Companies	25	98,732,030	7.61
6	Associated Companies	7	264,146,002	20.36
7	Directors	9	1,006,244	0.08
8	Executives	10	67,239	0.01
9	Nit & ICP	-	-	-
10	Modaraba/Mutual Fund & Leasing Companies	100	122,884,115	9.47
11	OTHERS			
o	Others - Government of Balochistan	1	358,607	0.03
o	Others - GDR Depository	1	6,765,341	0.52
o	Others - Charitable Trusts	49	132,332,663	10.20
o	Others - Cooperative Societies	13	1,416,169	0.11
o	Others - Provident/Pension/Gratuity Fund etc	179	60,056,959	4.63
o	Employee's Old Age Benefits Inst.	1	6,032,450	0.47
		23,239	1,297,154,387	100.00

The above two statements include 18,929 shareholders holding 1,286,206,983 shares through the Central Depository Company of Pakistan Limited (CDC).

Key Shareholding

As on June 30, 2024

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

S.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	03277-28342	INSERVEY PAKISTAN (PVT) LTD.	216,910
4	03277-38034	INSHIPPING (PRIVATE) LIMITED.	3,310,721
5	03277-99174	MEGA CONGLOMERATE (PVT.) LIMITED	224,428,064
6	03277-100759	FORBES SHIPPING COMPANY (PRIVATE) LIMITED	2,871,885
7	05132-26	ASKARI BANK LIMITED	4,868,480
TOTAL:=			264,146,002

Directors, CEO

S.No	Folio	Name	Holding
1	01826-69757	SHAFIUDDIN GHANI KHAN	203,000
2	01826-108001	MUHAMMAD HABIB ULLAH KHAN	560
3	01826-108019	ALY KHAN	560
4	01826-108043	ALEEYA KHAN	560
5	03277-94315	SAAD IQBAL	613,870
6	06122-191858	SYED BAKHTIYAR KAZMI	50
7	06452-56706	MANZOOR AHMED	5
8	10629-402670	MUHAMMAD KAMRAN KAMAL	87,639
9	12732-9520	MUHAMMAD KAMRAN KAMAL	100,000
TOTAL:=			1,006,244

Executives

S.No	Folio	Name	Holding
TOTAL:=			67,239

Modaraba/Mutual Fund and Leasing Companies

S.No	Folio	Name	Holding
1	00695-13589	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,210,246
2	00695-16863	VANGUARD EMERGING MARKETS STOCK INDEX FUND	14,191,423
3	03277-1142	FIRST PRUDENTIAL MODARABA	54,367
4	03277-1149	B.F.MODARABA	22,419
5	03277-4962	FIRST ALNOOR MODARABA	1,500
6	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	510,000
7	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	101,000
8	05645-24	CDC - TRUSTEE HBL INVESTMENT FUND	179,000
9	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	502,200
10	05777-29	CDC - TRUSTEE HBL GROWTH FUND	637,500
11	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	2,158,236
12	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	3,528,769
13	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	893,086
14	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	197,100
15	06171-21	CDC - TRUSTEE FAYSAL STOCK FUND	14,150
16	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	674,400
17	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	327,370
18	06437-29	CDC - TRUSTEE HBL ENERGY FUND	490,751
19	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	690,000
20	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	4,207,409
21	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	20,012,494
22	07252-20	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	31,843
23	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	2,735,577
24	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	2,319,595
25	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	7,469,078
26	09480-21	CDC - TRUSTEE NBP STOCK FUND	6,841,715
27	09506-26	CDC - TRUSTEE NBP BALANCED FUND	112,915
28	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	4,157,443
29	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	234,565
30	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	73,860
31	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1,830,918
32	10728-27	CDC - TRUSTEE HBL - STOCK FUND	117,000
33	10801-27	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFSA FUND	683,614
34	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	320,500
35	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	951,000

S.No	Folio	Name	Holding
36	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	47,400
37	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	133,000
38	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	26,050
39	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	760,156
40	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	386,803
41	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	931,578
42	12195-21	CDC - TRUSTEE ABL STOCK FUND	1,072,763
43	12310-25	CDC - TRUSTEE AL HABIB STOCK FUND	490,000
44	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	930,952
45	12625-27	CDC - TRUSTEE NBP SARMAVA IZAFAT FUND	231,379
46	12880-27	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	338,069
47	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	98,142
48	13607-28	CDC - TRUSTEE HBL EQUITY FUND	121,000
49	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	121,800
50	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	51,320
51	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	3,622,910
52	14126-26	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	575,000
53	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1,051,147
54	14472-25	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	120,303
55	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,693
56	14605-27	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	273,638
57	14761-29	CDC - TRUSTEE AWT ISLAMIC STOCK FUND	115,800
58	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1,216,277
59	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	573,715
60	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	4,115,812
61	14969-25	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	70,000
62	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	49,541
63	15388-25	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	46,110
64	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	2,084,255
65	16030-25	CDC - TRUSTEE AWT STOCK FUND	61,330
66	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,368,320
67	16162-20	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	120,025
68	16188-28	CDC-TRUSTEE NITPF EQUITY SUB-FUND	84,154
69	16246-20	CDC - TRUSTEE NBP SAVINGS FUND - MT	263,956
70	16436-27	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	110,569
71	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	116,625
72	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	211,797
73	16519-26	CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1,405,275
74	16535-24	CDC - TRUSTEE LAKSON TACTICAL FUND	73,657

S.No	Folio	Name	Holding
75	16626-23	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	84,969
76	16675-28	CDC - TRUSTEE MEEZAN ENERGY FUND	1,443,656
77	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	125,249
78	17160-29	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	58,032
79	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	299,655
80	17277-26	CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	40,000
81	17368-25	DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	150,000
82	17491-20	CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	963,000
83	17640-20	CDC - TRUSTEE ALLIED FINERGY FUND	90,349
84	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	190,000
85	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	842,000
86	17988-20	CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	23,032
87	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	123,871
88	18010-25	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	46,125
89	18051-21	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	49,632
90	18127-22	CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	98,249
91	18218-21	CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	109,440
92	18234-29	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	66,671
93	18291-23	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	100,469
94	18721-29	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	79,729
95	18770-24	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	2,405,401
96	18911-26	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	81,000
97	18986-29	CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	281,303
98	19158-28	CDC - TRUSTEE PAK QATAR IPF - EQUITY SUB FUND	13,229
99	19638-29	CDC - TRUSTEE ALHOF-DIVIDEND STRATEGY PLAN	110,000
100	19679-25	CDC - TRUSTEE MAHAANA ISLAMIC INDEX EXCHANGE TRADED FUND	39,690
TOTAL:=			122,884,115

Others: Governor of Balochistan

S.No	Folio	Name	Holding
1	16	GOVERNOR OF BALOCHISTAN	358,607
TOTAL:=			358,607

Details of Trading in Shares by Director, Executives And Their Spouse/Minor Children

JULY 01, 2023 TO JUNE 30, 2024

S.No	Name of Employee	Purchased	Sold	Rate	Date of Reporting via Email
1	Sheraz Pervaiz	500		81.19	24-Jul-23
2	Khalid Mahmood		5,450.00	83	9-Aug-23
3	Sheraz Pervaiz	800		85.4	28-Aug-23
4	Bilal Iqbal	30		122.51	5-Dec-23
5	Bilal Iqbal		500.00	121.75	10-Jan-24
6	Bilal Iqbal		10.00	121	11-Jan-24
7	Bilal Iqbal		500.00	122.5	15-Jan-24
8	Bilal Iqbal		500.00	124.5	15-Jan-24
9	Bilal Iqbal		1,000.00	117.49	18-Mar-24
10	Bilal Iqbal		5,190.00	122.25	27-Mar-24
11	Zeeshan Gulamani	500		164.1	25-Jun-24
12	Zeeshan Gulamani		500	164.5	27-Jun-24

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 Share Registration Services (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.

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

CMMS

Computerized Maintenance Management System

ESG

Environmental, Social and Governance

DEI

Diversity, Equity and Inclusion

EV

Electric Vehicle

BYD

Build Your Dreams (a Chinese automobile manufacturer)

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

LWI

Lost Workday Injury

WWF

World Wide Fund

EPA Pakistan

Environmental Protection Agency Pakistan

UNEP

United Nations Environment Programme

ISMS

Information Security Management System

PwC

PricewaterhouseCoopers International Limited

RFO

Residual Fuel Oil

TRIR

Total Recordable Incident Rate

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.

MMBOE

Millions of barrels of oil equivalent

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

WAPDA

Water and Power Development Authority

WPPF

Workers Profit Participation Fund

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

WATT

Unit of power, which is the rate at which energy is delivered (ie, work is done at a rate of one watt when one ampere flows through a potential. difference of one volt)

Notice of the 33rd Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held on **Monday, September 30, 2024** at **10:00 am** at Marriott Hotel, Abdullah Haroon Road, Karachi - to transact the following business:

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details).

A. ORDINARY BUSINESS

- i. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Directors' and Auditor's Reports thereon and Chairman's Review Report.

As required under section 223(6) of the Companies Act, 2017 (the "Act"), Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link and/or QR enabled code.



<https://hubpower.com/investors/>

2. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 8.5 per share i.e. 85% for the year ended June 30, 2024. This is in addition to interim cash dividends of PKR 11.5 per share i.e. 115%.
3. To appoint Auditors for the year ending June 30, 2025 and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of retiring Auditors M/s. A.F. Ferguson & Co., for re-appointment as Auditors of the Company.
4. To elect 7 directors as fixed by the Board in accordance with section 159(1) of the Companies Act, 2017 for the period of three years commencing from October 5, 2024. The names of the retiring directors are as follows: Mr. M. Habibullah Khan, Mr. Aly Khan, Ms. Aleeya Khan, Mr. Manzoor Ahmed, Mr. Saad Iqbal, Mr. Shafiuddin Ghani Khan and Syed Bakhtiyar Kazmi.

B. SPECIAL BUSINESS

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

Various Investments in Sindh Engro Coal Mining Company Limited

"RESOLVED THAT further to the resolutions passed in the meetings of the Board of Directors of the Company held on January 16, 2024 and February 14, 2024, in terms of which, the Company was authorized to make various investments in Sindh Engro Coal Mining Company Limited ("**SECMC**"), approval of the Shareholders is accorded and the Company is authorized in terms of Section 199 of the Companies Act, 2017 (the "**Companies Act**"), to make additional investment of the funds of the Company, by acquiring (directly or through its nominees) up to approximately 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) ordinary shares of SECMC or part thereof, its associated company (as defined in the Companies Act), equivalent to up to approximately 9.5% of the issued and paid up ordinary share capital of SECMC, from Habib Bank Limited (the "**Proposed Seller**") at a price per share of approximately PKR 35.3, subject to a maximum investment amount of PKR 5,400,629,249/- (the "**Proposed Investment**"). The approval for the Proposed Investment shall be valid for the Term as defined in the GoS Implementation Agreement dated November 19, 2015, pertaining to SECMC.

FURTHER RESOLVED THAT approval of the Shareholders is accorded and the Company is authorised in terms of Section 199 of the Companies Act, in addition to the Proposed Investment, to take on the obligations of the Proposed Seller and such other obligations as may be required by lenders of SECMC (“Lenders Sponsor Support”), including:

- (a) making authorized investments in SECMC, from time to time, not exceeding approximately USD 2.2 million (in equivalent Pakistan rupees, in respect of the various phases) by way of subscription of shares at the rate of PKR 14.82 per share, (the “Assumed Seller Equity Obligation”);
- (b) for making the equity investment in SECMC, the Company is hereby authorized to arrange and provide standby letter of credit to cover the equity investment of the Assumed Seller Equity Obligation (in respect of the various phases) in its capacity as a project sponsor to the satisfaction of the lenders of the SECMC;
- (c) providing sponsor support for provision of standby letter of credit to cover Subsequent PSRA LC for an amount up to, and not exceeding approximately USD 7.2 million (or a higher amount, if necessary in respect of the various phases) either by way of subscription for shares at the rate of Rs. 14.82 per share or by treating such amount as subordinated debt, on terms and conditions to be agreed in writing between the Company and the other Shareholders / Shareholder Affiliates (as the case may be) of SECMC (in accordance with the Amended and Restated Sponsor Support Agreement pertaining to SECMC), and the lenders;
- (d) for providing sponsor support to cover cost overruns and funding shortfall of upto USD 1.1 million (in respect of the various phases) as may be requested by SECMC or the lenders and provide funding either by way of subscription of SECMC shares at the rate of Rs. 14.82 per share or by way of subordinated loan, on terms and conditions to be agreed in writing between the Company, SECMC and the lenders;
- (e) to provide such standby letters of credit (SBLC) and/or guarantees to cover for equity investment, cost overruns, funding shortfalls, cash calls and payment service reserve shortfall, including but not limited to providing such supports to the Proposed Seller in relation to its obligations to the lenders of SECMC, on such terms and conditions as may be deemed fit and appropriate by the Authorized Representatives (or any of them) but in any event in compliance with the provisions of the applicable laws not exceeding approximately USD 10.5 million (or a higher amount, if necessary in respect of the various phases) either by way of subscription at the rate of Rs. 14.82 per share or by treating such amount as subordinated debt, on terms and condition as agreed between the Company, SECMC and the lenders.

The approval for the Lenders Sponsor Support shall be valid until the Senior Discharge Date as defined in the Intercreditor Agreement dated December 21, 2015, as amended from time to time, relating to SECMC.

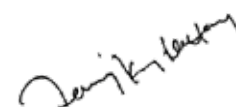
FURTHER RESOLVED THAT for the purposes of the Proposed Investment and the Lenders Sponsor Support, the Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company (each, an “**Authorized Representative**”) or any of their delegates, be and are hereby singly and / or jointly authorized to negotiate and finalize the terms of the Proposed Investment and the Lender Sponsor Support with the Proposed Seller (including through its authorized representatives) or the lenders of SECMC or any other persons / authorities necessary, and to negotiate, finalize, issue and execute, for and on behalf of the Company, share transfer deeds, and amendments to the shareholders agreement of SECMC, and any other agreements, documents, amendments, restatements, novations or supplementals to any instruments / agreements (as may be deemed expedient, incidental, necessary or appropriate by the Authorized Representatives, or any of them) with SECMC and / or its shareholders / sponsors and / or its lenders on such terms as may be deemed fit and appropriate by the relevant Authorized Representative and from time to time execute or issue (as the case may be) any and all amendments or variations, communications, certificates, notices, acknowledgements or other documents pertaining or pursuant to such agreements.

FURTHER RESOLVED THAT the Authorized Representatives, jointly and / or severally are authorized to take all necessary actions for the purposes of the Proposed Investment and the Lenders Sponsor Support, and to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities as may be expedient, necessary, incidental or appropriate for the purpose of implementing the aforesaid resolutions and Proposed Investment and the Lenders Sponsor Support including but not limited to executing the aforesaid instruments, filing the necessary forms, and making, issuing and finalizing the necessary applications, requisitions and liaise with the relevant competent and regulatory authorities for the purposes of implementing the Proposed Investment and the Lenders Sponsor Support and any incidental and necessary matter thereto.”

FURTHER RESOLVED THAT further to the resolutions passed by the Board of Directors of the Company on October 3, 2019 and the resolutions passed by the Shareholders of the Company on October 24, 2019 for making equity investment in SECMC and arranging and providing a standby letter of credit (“**SBLC**”) to cover for the equity investment of USD 20 million (in respect of the various phases) in its capacity as a project sponsor to the satisfaction of the lenders of SECMC, following approval of the Board of Directors of the Company on February 14, 2024, approval of the Shareholders is accorded and the Company is authorised under Section 199 of the Companies Act, and the regulations made thereunder, to (i) reduce the amount of the SBLC to approximately (up to) USD 4 Million; and (ii) extend the tenor of the SBLC and the corresponding Facility under which the said SBLC has been obtained till the earlier of Project Completion Date of SECMC, or June, 2026, or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later.

FURTHER RESOLVED THAT the Company be and is hereby authorized to enter into, execute and deliver any amendments, supplements, novations and modifications (by whatsoever name called) to the Original Facility Agreement to be entered into between the Company and the banks/financial institutions (set out in the Original SBLC Facility Agreement) for the purposes of the aforementioned resolution.”

By Order of the Board



Faiza Kapadia Raffay
Company Secretary

Date: September 5, 2024
Place: Karachi

NOTES:

1. Prohibition of grant of gifts to Shareholders

The Securities and Exchange Commission of Pakistan (the “SECP”), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway/packages) in any form or manner, to shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

2. Participation in the AGM proceeding via video conferencing facility

Members are encouraged to attend the AGM proceedings via video-conferencing facility, which shall be made available by the Company.

All Shareholders/Members interested in attending the AGM, either physically or through video-conferencing facility are requested to register their Name, Folio Number, Cell Number, CNIC / Passport number at notice@hubpower.com confirmation email for physical meeting or video link and login credentials will be shared with only those Shareholders whose registration are received at least 48 hours before the time of AGM.

3. Electronic dividend mandate

- i. Under Section 242 of the Companies Act, 2017, it is mandatory for all listed companies to pay cash dividend to its Shareholders through electronic mode directly into the bank account designated by the entitled Shareholders.
- ii. The Share Transfer Books of the Company will remain closed from Monday, September 23, 2024 to Monday, September 30, 2024 (both days included) and the final dividend will be paid to the shareholders whose names appear in the Register of Members on Friday, September 20, 2024.
- 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 no 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 Share Registration Services (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shakra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.
- vi. Non-resident shareholders shall submit declaration of undertaking with copy of valid passport under definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of deduction of tax on dividend to the Share Registrar of the Company. M/s. Famco Share Registration Services (Pvt.) Limited, at 8-F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shakra-e-Faisal, Karachi or email at info.shares@famcosrs.com at the latest by September 20, 2024. The copy of declaration can be downloaded at [share registrar website](https://famcosrs.com/share-registration-service/)<https://famcosrs.com/share-registration-service/>
- vii. In case the shareholder is an individual dividend would be paid only if the member has submitted copies of valid CNIC.

4. 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.

5. 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.

6. Consent for Video Conference Facility

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.

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

Statement of Material Facts Under Section 166(3) of the Companies ACT, 2017

Agenda Item 4

This Statement sets out the material facts pertaining to the Ordinary Business as described in the Notice of AGM of the Company.

The term of office of the current directors of the Company will expire on October 5, 2024, in accordance with Section 159(1) of the Act, the Board of Directors have fixed the number of Directors to be elected at the AGM at seven (07) to hold the office of director for a period of three (3) years commencing from the date of the AGM.

Independent Director shall be selected in accordance with the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Manner and Selection of Independent Director) Regulations, 2018.

Accordingly, in compliance with the provisions of Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019, Election of Directors will be held separately for the following three categories:

S. No.	Categories	No. of Seats
1.	Female Director	01
2.	Independent Directors	03
3.	Other Directors	03

In order to safeguard the interest of the minority shareholders, any member can send his/her nomination for contesting the election in any of above-mentioned categories.

Any person who seeks to contest the election of the office of director, whether they are a retiring director or otherwise, shall submit the following documents to the Company Secretary at the Registered Office address 9th Floor Ocean Tower, Block-9, Main Clifton Road, Karachi, not later than fourteen (14) days before the date of AGM, the following documents:

1. Notice of his/her intention to offer himself/herself for the election of director as per Section 159(3) of the Act, and consent to act as a director on Form 9 as prescribed under the Act, and the Companies Regulation, 2024.
2. Any person contesting the election of directors must be a Member of the Company at the time of filling his/her consent unless such person is representing a Member which is not a natural person.
3. A signed declaration confirming that:
 - a. He/she is aware of his/her duties and power under the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Rule Book of Pakistan Stock Exchange Limited, Memorandum and Articles of Association of the Company and other relevant laws and regulations.
 - b. He/she is not ineligible to become a director of a listed company under the provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and other applicable laws/regulations.

4. A detailed profile along with his/her office address for placement on the Company's website as required under SRO1196(1)/2019 dated October 03, 2019.
5. Details of other directorships held.
6. Copy of valid CNIC or Passport (in case of a foreign national) along with NTN and Folio Number/CDC Account or Sub Account number.
7. The following additional documents are required to be submitted by the candidates intending to contest the election as an independent director:
 - a. Declaration of independence under Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - b. Undertaking on non-judicial stamp paper that he/she meets the requirements of Regulations 4(1) of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

All the notices received for the category of independent Director, shall be subject to due diligence by the Companies as prescribed under Section 166 of the Act and 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The final list of candidates contesting the election will be circulated not later than Seven (7) days before the date of AGM in terms of Section 159(4) of the Act. The website of the Company will be updated with the required information and Directors' profile.

STATEMENT PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017

Pursuant to Section 134(3) 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 ("AGM") of the Company to be held on September 30, 2024.

Section B1-A: Investment in Sindh Engro Coal Mining Company Limited ("SECMC") – Acquisition of Shares from Habib Bank Limited (the "Proposed Seller")

The Company, along with Thal Limited ("Thal") and Engro Energy Limited ("Engro") (collectively, the "Proposed Purchasers"), being the existing shareholders of SECMC, are desirous of acquiring up to 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) additional ordinary shares of SECMC (or part thereof, as detailed below) (the "Sale Shares"), having face value of PKR 10/- from the Proposed Seller, at a price of approximately PKR 35.3/- per share (the "Proposed Transaction").

By way of background, the Company had on February 16, 2024, entered into a Share Purchase Agreement with the Proposed Seller to purchase the entire Sale Shares (the "Original SPA"), however, after discussions between the parties, the Company, along with Thal and Engro, are in the process of negotiating a new draft share purchase agreement with the Proposed Seller which will outline the revised key terms and conditions of the Proposed Transaction and include Thal and Engro as proposed purchasers (the "Agreement"). Accordingly, once the Proposed Transaction is consummated, the original SPA will be terminated. The salient features of the Agreement are envisaged to be as follows:

- a) The Proposed Purchasers shall purchase the Sale Shares in such proportion that each of them shall, at the conclusion of the Proposed Transaction, hold equivalent shareholding in SECMC, of approximately 13.8% each;

- b) In the event that any of the Proposed Purchasers is unable to fulfil certain conditions precedent, the remaining Proposed Purchasers may then purchase their portion of the Sale Shares as well, so as to hold equal shareholding in SECMC;
- c) Accordingly, approval is being sought from the Shareholders to purchase up to the entire amount of the Sale Shares, in which case, the maximum shareholding that HUBCO may acquire would be the entire 9.5% Sale Shares intended to be sold by the Proposed Seller, resulting in HUBCO holding a maximum of 17.5% shareholding in SECMC.

The Proposed Transaction was approved in the meetings of the Board of Directors held on January 16, 2024, and February 14, 2024, subject to shareholder approval.

The Company presently holds approximately 128,835,648 ordinary shares of SECMC, equivalent to approximately 8% of the issued and paid-up ordinary share capital of the Company. This investment was approved in the shareholders meeting held on October 5, 2015, followed by additional investments in SECMC approved on October 24, 2019. The Company entered into a Master Shareholders Agreement with the other shareholders of SECMC, on August 17, 2015 (as amended from time to time) (the “**SECMC Shareholders Agreement**”), which governs the relationship inter se the shareholders of SECMC.

In terms of directorship, pursuant to the SECMC Shareholders Agreement, the Company has appointed Mr. Muhammad Kamran Kamal as its nominee director on the Board of SECMC. Following consummation of the Proposed Transaction, the Company shall be entitled to appoint an additional director to the Board of SECMC.

The Company and Mr. Muhammad Kamran Kamal, its nominee director in SECMC, have no interest in the investment except for the value of the shares they hold/would hold in SECMC.

Information pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the “**Regulations**”).

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

Information Required	Information Provided						
Name of the “associated company”	Sindh Engro Coal Mining Company Limited						
Basis of relationship;	The Company holds approximately 8% of the issued and paid up ordinary share capital of SECMC. Mr. Muhammad Kamran Kamal, Chief Executive Officer and Director of the Company, is also a director on the Board of Directors of SECMC.						
Earnings per share for the last three years;	<table border="1"> <tbody> <tr> <td>2023</td> <td>PKR 18.11</td> </tr> <tr> <td>2022</td> <td>PKR 4.90</td> </tr> <tr> <td>2021</td> <td>PKR 6.84</td> </tr> </tbody> </table>	2023	PKR 18.11	2022	PKR 4.90	2021	PKR 6.84
2023	PKR 18.11						
2022	PKR 4.90						
2021	PKR 6.84						

Break-up value per share, based on latest audited financial statements;	PKR 51/- per share as per latest audited accounts														
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table border="1"> <thead> <tr> <th></th> <th>PKR in '000</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>232,904,866</td> </tr> <tr> <td>Equity</td> <td>81,490,651</td> </tr> <tr> <td>Long term loan</td> <td>82,124,503</td> </tr> <tr> <td>Current Liabilities</td> <td>78,255,667</td> </tr> <tr> <td>Turnover</td> <td>109,407,088</td> </tr> <tr> <td>Profit for the year</td> <td>29,160,750</td> </tr> </tbody> </table>		PKR in '000	Total Assets	232,904,866	Equity	81,490,651	Long term loan	82,124,503	Current Liabilities	78,255,667	Turnover	109,407,088	Profit for the year	29,160,750
	PKR in '000														
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Equity	81,490,651														
Long term loan	82,124,503														
Current Liabilities	78,255,667														
Turnover	109,407,088														
Profit for the year	29,160,750														
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A														
<p>(I) Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected date of completion of work;</p> <p>(III) Time by which such project shall become commercially operational;</p> <p>(IV) Expected time by which the project shall start paying return on investment; and</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>															
Maximum amount of investment to be made;	Up to PKR 5,400,629,249/-														
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>The proposed investment would increase the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>														

<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>This investment will be funded through the Company's own funds.</p>
<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>The Company has not entered into any agreement with SECMC, its associated company, in relation to the Proposed Transaction.</p> <p>However, as stated in the preamble above, the Company, Thal and Engro are in the process of negotiating the Agreement, which will detail the terms of the Proposed Transaction. Certain salient features of the same have been detailed above, and include inter alia the following:</p> <p>(i) Fulfilment of various conditions precedent by the Company, including obtaining the approval of the shareholders of the Company for the Proposed Transaction, obtaining clearance for the Proposed Transaction from the Competition Commission of Pakistan, procuring the issuance of a Sponsor Equity Contribution SBLC to Habib Bank Limited, as the intercreditor agent, which SBLC shall become effective on the Closing Date under the Agreement, sponsor support agreement and share pledge agreement related obligations etc;</p> <p>(ii) Various Closing actions to be taken by all parties; and</p> <p>(iii) Representations and warranties given by all parties.</p>
<p>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;</p>	<p>Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship and a qualifying share in SECMC.</p>
<p>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;</p>	<p>The Proposed Transaction is intended to increase the shareholding of the Company in SECMC from approximately 8% to a maximum of approximately 17.5% of the issued and paid up ordinary share capital of SECMC (minimum being approximately 13.8%), for which approval of the Board of Directors of the Company was given on January 16, 2024.</p>

	<p>The initial approval of the Shareholders of the Company was accorded on October 5, 2015, for an amount equivalent to USD 20 million, following which, the Company was allotted 128,835,648 ordinary shares of SECMC, having face value of PKR 10/- each, equivalent to approximately 8% of the issued and paid-up ordinary share capital of SECMC. The Company has issued an equity SBLC currently outstanding at USD 1.752 million and shall be released on PCD of phase II.</p> <p>The benefits to the company include increasing the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p> <p>No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.</p>
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	Approximately PKR 35.3/- per share or such other rate as may be agreed between the parties.
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	Up to 152,992,331 ordinary shares having face value of PKR 10/- each (or part thereof)
Number of securities and percentage thereof held before and after the proposed investment	<p>Present holding: 128,835,648 ordinary shares, equivalent to approximately 8% of the issued and paid up ordinary share capital of SECMC</p> <p>Maximum Holding after Proposed Investment: Up to 281,827,979 ordinary shares, equivalent to approximately 17.5% of the issued and paid up ordinary share capital of SECMC</p>
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;	The fair value of the Sale Shares is approximately PKR 36.3 per share, as per the valuation conducted by the Company.
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(c) Disclosures required under Regulation 3(c): N/A

Section B1 - B: Investment in Sindh Engro Coal Mining Company Limited (“SECMC”) – Issuance of Sponsor Equity Contribution SBLC in respect of additional shares to be acquired from Habib Bank Limited (the “Proposed Seller”)

As detailed in Section B1 above, pursuant to Agreement, the Company will be required to procure the issuance of a Sponsor Equity Contribution SBLC in the amount of up to USD 2.2 million (“**Equity SBLC**”) to be provided to Habib Bank Limited (as the intercreditor agent), in accordance with Clause 5.1(b) of the Amended and Restated Sponsor Support Agreement originally dated February 26, 2016 as amended and restated from time to time (“**Sponsor Support Agreement**”) entered into between various parties including inter alia the Proposed Seller and the Company, which Equity SBLC shall become effective on the Closing Date as per the Agreement.

Information pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the “**Regulations**”).

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

Information Required	Information Provided														
Name of the “associated company”	Sindh Engro Coal Mining Company Limited														
Basis of relationship;	The Company holds approximately 8% of the issued and paid up ordinary share capital of SECMC. Mr. Muhammad Kamran Kamal, Chief Executive Officer and Director of the Company, is also a director on the Board of Directors of SECMC.														
Earnings per share for the last three years;	<table border="1"> <tr> <td>2023</td> <td>PKR 18.11</td> </tr> <tr> <td>2022</td> <td>PKR 4.90</td> </tr> <tr> <td>2021</td> <td>PKR 6.84</td> </tr> </table>	2023	PKR 18.11	2022	PKR 4.90	2021	PKR 6.84								
2023	PKR 18.11														
2022	PKR 4.90														
2021	PKR 6.84														
Break-up value per share, based on latest audited financial statements;	PKR 51/- per share as per latest audited accounts														
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table border="1"> <thead> <tr> <th></th> <th>PKR in ‘000</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>232,904,866</td> </tr> <tr> <td>Equity</td> <td>81,490,651</td> </tr> <tr> <td>Long term loan</td> <td>82,124,503</td> </tr> <tr> <td>Current Liabilities</td> <td>78,255,667</td> </tr> <tr> <td>Turnover</td> <td>109,407,088</td> </tr> <tr> <td>Profit for the year</td> <td>29,160,750</td> </tr> </tbody> </table>		PKR in ‘000	Total Assets	232,904,866	Equity	81,490,651	Long term loan	82,124,503	Current Liabilities	78,255,667	Turnover	109,407,088	Profit for the year	29,160,750
	PKR in ‘000														
Total Assets	232,904,866														
Equity	81,490,651														
Long term loan	82,124,503														
Current Liabilities	78,255,667														
Turnover	109,407,088														
Profit for the year	29,160,750														

<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <p>(I) Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected date of completion of work;</p> <p>(III) Time by which such project shall become commercially operational;</p> <p>(IV) Expected time by which the project shall start paying return on investment; and</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>N/A</p>
<p>Maximum amount of investment to be made;</p>	<p>USD 2.2 million</p>
<p>Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>The proposed investment would increase the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(i) The company will earn a higher return on its investment than the cost of borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(ii) Charge on all present and future assets of the company</p> <p>(iii) The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>

<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>The salient features of the Agreement have been outlined in Section B1 – A above.</p> <p>In addition thereto, the obligation of the Proposed Seller to issue the Equity SBLC, which through the Agreement are envisaged to be contractually agreed to be taken over by the Company in proportion to the Sale Shares acquired by it, stems from Clause 5.1(b) of the Sponsor Support Agreement, which sets out various rights and obligations of the sponsors of SECMC (including inter alia the Company and the Proposed Seller).</p>
<p>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;</p>	<p>Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship and a qualifying share in SECMC.</p>
<p>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;</p>	<p>The initial approval of the Shareholders of the Company was accorded on October 5, 2015, for an amount equivalent to USD 20 million, following which, the Company subscribed to 128,835,648 ordinary shares of SECMC, having face value of PKR 10/- each, equivalent to approximately 8% of the issued and paid-up ordinary share capital of SECMC. The Company has also made additional investments in SECMC from time to time, including an equity SBLC currently outstanding at USD 1.752 million, which shall be released on PCD of phase II, as required under the Financing Documents of SECMC.</p> <p>The Board of Directors of the Company has, in their meeting held on January 16, 2024, approved the further acquisition of up to approximately 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) ordinary shares of SECMC or part thereof, equivalent to up to approximately 9.5% of the issued and paid up ordinary share capital of SECMC, from Habib Bank Limited.</p> <p>The benefits to the company include increasing the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity</p> <p>No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.</p>
<p>Any other important details necessary for the members to understand the transaction;</p>	<p>N/A</p>

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

Maximum price at which securities will be acquired	Rs. 14.82 Per share
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 number of securities would be determined based on the conversion on the date of subscription.
Number of securities and percentage thereof held before and after the proposed investment	Present holding: 128,835,648 ordinary shares, equivalent to approximately 8% of the issued and paid up ordinary share capital of SECMC Maximum Holding after Proposed Investment: Up to 281,827,979 ordinary shares, equivalent to approximately 17.5% of the issued and paid up ordinary share capital of SECMC. The number of additional securities would depend upon the call made under the commitments specified above.
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;	The fair value of the Sale Shares is approximately PKR 36.3 per share, as per the valuation conducted by the Company.

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

Category-wise amount of investment;	As mentioned in the preamble
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	To be determine at the time (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charges would have to be agreed with the bank providing the guarantee.
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 an equity investment if called.

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

Section B1 - C: Payment Service Reserve Account (PSRA) - in the form of equity or subordinated debt

As detailed in Section B1 - A above, pursuant to the Agreement, the Company shall be required to provide sponsor support for provision of standby letter of credit to cover Subsequent PSRA LC for an amount up to approximately USD 7.2 million (or a higher amount, if necessary in respect of the various phases) either by way of subscription for shares at the rate of Rs. 14.82 per share or by treating such amount as subordinated debt, on terms and conditions to be agreed in writing between the Company and the other Shareholders / Shareholder Affiliates (as the case may be) of SECMC (in accordance with the Sponsor Support Agreement pertaining to SECMC), and the lenders.

This subsequent PSRA LC refers to the LC to be provided after the project completion date of the Project, since the lenders of SECMC have allowed Sponsors to withdraw the cash from the PSRA account provided Sponsors issue "PSRA LC" for the amount of the current PSRA. After the final maturity date of project loan, the SECMC lenders will issue instructions to the Facility Agent to release the PSRA LC. That amount can also vary depending on the then prevailing LIBOR/KIBOR rate so the estimation is that, Hubco's share (taking over the obligations of the Seller proportionate to the Sale Shares to be purchased by HUBCO) will not exceed USD 7.2 million, although it can be slightly higher or lower. Upon a demand being made for payment under the subsequent PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the subsequent PSRA LC that is called upon.

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

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

Information Required	Information Provided
Name of the "associated company"	Sindh Engro Coal Mining Company Limited
Basis of relationship;	The Company holds approximately 8% of the issued and paid up ordinary share capital of SECMC. Mr. Muhammad Kamran Kamal, Chief Executive Officer and Director of the Company, is also a director on the Board of Directors of SECMC.

Earnings per share for the last three years;	<table border="1"> <tr> <td data-bbox="651 386 1081 447">2023</td> <td data-bbox="1081 386 1511 447">PKR 18.11</td> </tr> <tr> <td data-bbox="651 447 1081 495">2022</td> <td data-bbox="1081 447 1511 495">PKR 4.90</td> </tr> <tr> <td data-bbox="651 495 1081 556">2021</td> <td data-bbox="1081 495 1511 556">PKR 6.84</td> </tr> </table>	2023	PKR 18.11	2022	PKR 4.90	2021	PKR 6.84								
2023	PKR 18.11														
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2021	PKR 6.84														
Break-up value per share, based on latest audited financial statements;	PKR 51/- per share as per latest audited accounts														
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table border="1"> <thead> <tr> <th data-bbox="651 732 1081 768"></th> <th data-bbox="1081 732 1511 768">PKR in '000</th> </tr> </thead> <tbody> <tr> <td data-bbox="651 768 1081 804">Total Assets</td> <td data-bbox="1081 768 1511 804">232,904,866</td> </tr> <tr> <td data-bbox="651 804 1081 840">Equity</td> <td data-bbox="1081 804 1511 840">81,490,651</td> </tr> <tr> <td data-bbox="651 840 1081 875">Long term loan</td> <td data-bbox="1081 840 1511 875">82,124,503</td> </tr> <tr> <td data-bbox="651 875 1081 911">Current Liabilities</td> <td data-bbox="1081 875 1511 911">78,255,667</td> </tr> <tr> <td data-bbox="651 911 1081 947">Turnover</td> <td data-bbox="1081 911 1511 947">109,407,088</td> </tr> <tr> <td data-bbox="651 947 1081 982">Profit for the year</td> <td data-bbox="1081 947 1511 982">29,160,750</td> </tr> </tbody> </table>		PKR in '000	Total Assets	232,904,866	Equity	81,490,651	Long term loan	82,124,503	Current Liabilities	78,255,667	Turnover	109,407,088	Profit for the year	29,160,750
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Turnover	109,407,088														
Profit for the year	29,160,750														
<p data-bbox="175 1031 599 1171">In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <p data-bbox="175 1203 599 1287">(I) Description of the project and its history since conceptualization;</p> <p data-bbox="175 1318 599 1373">(II) Starting date and expected date of completion of work;</p> <p data-bbox="175 1404 599 1491">(III) Time by which such project shall become commercially operational;</p> <p data-bbox="175 1522 599 1608">(IV) Expected time by which the project shall start paying return on investment; and</p> <p data-bbox="175 1640 599 1812">(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	N/A														
Maximum amount of investment to be made;	USD 7.2 million														

<p>Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>The proposed investment would increase the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(i) The company will earn a higher return on its investment than the cost of borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(ii) Charge on all present and future assets of the company</p> <p>(iii) The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>
<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>The salient features of the Agreement have been outlined in Section B1 - A above.</p>
<p>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;</p>	<p>Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship and a qualifying share in SECMC.</p>
<p>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;</p>	<p>The initial approval of the Shareholders of the Company was accorded on October 5, 2015, for an amount equivalent to USD 20 million, following which, the Company subscribed to 128,835,648 ordinary shares of SECMC, having face value of PKR 10/- each, equivalent to approximately 8% of the issued and paid-up ordinary share capital of SECMC. The Company has also made additional investments in SECMC from time to time, including an equity SBLC currently outstanding at USD 1.752 million, which shall be released on PCD of phase II, as required under the Financing Documents of SECMC.</p> <p>The Board of Directors of the Company has, in their meeting held on January 16, 2024, approved the further acquisition of up to approximately 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) ordinary shares of SECMC or part thereof, equivalent to up to approximately 9.5% of the issued and paid up ordinary share capital of SECMC, from Habib Bank Limited, along with various other investments as agreed in the Agreement.</p> <p>The benefits to the company include increasing the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p>

	<p>The investment augments the Company's existing investment in SECMC, which has a tariff based a 20% return on equity.</p> <p>No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.</p>
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. 14.82 Per share
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 SECMC.
Number of securities and percentage thereof held before and after the proposed investment	<p>Present holding: 128,835,648 ordinary shares, equivalent to approximately 8% of the issued and paid up ordinary share capital of SECMC</p> <p>Maximum Holding after Proposed Investment: Up to 281,827,979 ordinary shares, equivalent to approximately 17.5% of the issued and paid up ordinary share capital of SECMC. The number of additional securities would depend upon the call made under the commitments specified above, whether or not the Company opts to satisfy the call by way of subscription of shares in SECMC.</p>
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;	The fair value of the Sale Shares is approximately PKR 36.3 per share, as per the valuation conducted by the Company.

(f) Disclosures required under Regulation 3(c):

Category-wise amount of investment;	As mentioned in the preamble.
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	To be determine at the time of investment (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charge would have to be agreed with the bank providing the Guarantee. In the event any amount is invested as a loan the Company shall require SECMC to pay interest at the standard bank rates, to be mutually agreed between the parties.
Particulars of collateral or security to be obtained in relation to the proposed investment	No security will be obtained from the borrowing company as it will be a subordinated loan from the Company to SECMC.
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;	It can be treated as equity or subordinated debt as agreed between the sponsors. If treated as equity, SECMC will issue shares to the relevant sponsors proportionately
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	To be finalized with the lenders at the time when (and if) a loan is required to be extended. However, it is expected that the term will be at least as long as the loans/finances to be provided by lenders. Repayment of both the principal and mark-up payable by SECMC will be subordinated to the principal/interest/mark-up and other payments due to the lenders under the terms of their financing documents.

Section B1 - D: Cost Overrun Support

As detailed in Section B1 - A above, pursuant to the Agreement, the Company is envisaged to be required to provide sponsor support by way of a monetary amount equivalent to the Cost Overrun Support Request from SECMC (if required), for an amount up to, and not exceeding approximately USD 1.1 million.

Information pursuant to the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the “**Regulations**”).

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

Information Required	Information Provided														
Name of the “associated company”	Sindh Engro Coal Mining Company Limited														
Basis of relationship;	The Company holds approximately 8% of the issued and paid up ordinary share capital of SECMC. Mr. Muhammad Kamran Kamal, Chief Executive Officer and Director of the Company, is also a director on the Board of Directors of SECMC.														
Earnings per share for the last three years;	<table border="1"> <tbody> <tr> <td>2023</td> <td>PKR 18.11</td> </tr> <tr> <td>2022</td> <td>PKR 4.90</td> </tr> <tr> <td>2021</td> <td>PKR 6.84</td> </tr> </tbody> </table>	2023	PKR 18.11	2022	PKR 4.90	2021	PKR 6.84								
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Profit for the year	29,160,750														
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; (II) Starting date and expected date of completion of work; (III) Time by which such project shall become commercially operational; (IV) Expected time by which the project shall start paying return on investment; and	N/A														

(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	N/A
Maximum amount of investment to be made;	USD 1.1 million
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>The proposed investment would increase the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(i) The company will earn a higher return on its investment than the cost of borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(ii) Charge on all present and future assets of the company.</p> <p>(iii) The investment augments the Company's existing investment in SECMC, which has a tariff based a 20% return on equity.</p>
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The salient features of the Agreement have been outlined in Section B1 – A above.
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 a CEO of the Company and also holds directorship and a qualifying share in SECMC.
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;	The initial approval of the Shareholders of the Company was accorded on October 5, 2015, for an amount equivalent to USD 20 million, following which, the Company subscribed to 128,835,648 ordinary shares of SECMC, having face value of PKR 10/- each, equivalent to approximately 8% of the issued and paid-up ordinary share capital of SECMC. The Company has also made additional investments in SECMC from time to time, including an equity SBLC currently outstanding at USD 1.752 million, which shall be released on PCD of phase II, as required under the Financing Documents of SECMC.

	<p>The Board of Directors of the Company has, in their meeting held on January 16, 2024, approved the further acquisition of up to approximately 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) ordinary shares of SECMC or part thereof, equivalent to up to approximately 9.5% of the issued and paid up ordinary share capital of SECMC, from Habib Bank Limited, along with various other investments as agreed in the Agreement.</p> <p>The benefits to the company include increasing the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p> <p>No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.</p>
Any other important details necessary for the members to understand the transaction;	N/A

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

Maximum price at which securities will be acquired	Rs. 14.82 Per share
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 SECMC.
Number of securities and percentage thereof held before and after the proposed investment	<p>Present holding: 128,835,648 ordinary shares, equivalent to approximately 8% of the issued and paid up ordinary share capital of SECMC</p> <p>Maximum Holding after Proposed Investment: Up to 281,827,979 ordinary shares, equivalent to approximately 17.5% of the issued and paid up ordinary share capital of SECMC The number of additional securities would depend upon the call made under the commitments specified above, whether or not the Company opts to satisfy the call by way of subscription of shares in SECMC.</p>

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;	The fair value of the Sale Shares is approximately PKR 36.3 per share, as per the valuation conducted by the Company.

(i) Disclosures required under Regulation 3(c):

Category-wise amount of investment;	As mentioned in the preamble.
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	To be determine at the time of investment (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charge would have to be agreed with the bank providing the Guarantee. In the event any amount is invested as a loan the Company shall require SECMC to pay interest at the standard bank rates, to be mutually agreed between the parties.
Particulars of collateral or security to be obtained in relation to the proposed investment	No security will be obtained from the borrowing company as it will be a subordinated loan from the Company to SECMC.
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;	The same can be treated as equity or subordinated debt as agreed between the sponsors. If treated as equity, SECMC will issue shares to the relevant sponsors proportionately
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	To be finalized with the lenders at the time when (and if) a loan is required to be extended. However, it is expected that the term will be at least as long as the loans/finances to be provided by lenders. Repayment of both the principal and mark-up payable by SECMC will be subordinated to the principal/interest/mark-up and other payments due to the lenders under the terms of their financing documents.

Section B1 - E: Investment in Sindh Engro Coal Mining Company – Reduction in Amount and Extension in Tenor of Equity Standby Letter of Credit (“Equity SBLC”)

Pursuant to the Sponsor Support Agreement, the Company, as a sponsor of SECMC, has undertaken various obligations, including inter alia to procure the issuance of an Equity SBLC in the amount of USD 20 million (less the PKR 240 million which had been invested till such time), to secure the obligations of the Company in respect of the equity contribution of the Company, as a Sponsor of SECMC.

The shareholders of the Company approved the arranging and providing of an initial Equity SBLC to cover the equity investment of the Company in SECMC, in their meeting held on October 5, 2015. Further to the same, approval of the shareholders was accorded on October 24, 2019, to continue to provide such Equity SBLC, in respect of various phases of the SECMC mining project, which was valid until June 2024. This Equity SBLC was intended to be valid till the Project Completion Date of SECMC, which was previously estimated to occur till June, 2024. However, since the timeline for Project Completion Date of SECMC has been extended, out of abundant caution, revised approval for the Equity SBLC is sought to extend the tenor of the SBLC and the corresponding Facility under which the said SBLC has been obtained till the earlier of Project Completion Date of SECMC, or June, 2026, or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later. Furthermore, approval is also sought to reduce the amount of the SBLC to approximately (up to) USD 4 Million. The same has been approved by the Board of Directors of the Company on February 14, 2024.

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

Information Required	Information Provided														
Name of the “associated company”	Sindh Engro Coal Mining Company Limited														
Basis of relationship;	The Company holds approximately 8% of the issued and paid up ordinary share capital of SECMC. Mr. Muhammad Kamran Kamal, Chief Executive Officer and Director of the Company, is also a director on the Board of Directors of SECMC.														
Earnings per share for the last three years;	<table border="1"> <tbody> <tr> <td>2023</td> <td>PKR 18.11</td> </tr> <tr> <td>2022</td> <td>PKR 4.90</td> </tr> <tr> <td>2021</td> <td>PKR 6.84</td> </tr> </tbody> </table>	2023	PKR 18.11	2022	PKR 4.90	2021	PKR 6.84								
2023	PKR 18.11														
2022	PKR 4.90														
2021	PKR 6.84														
Break-up value per share, based on latest audited financial statements;	PKR 51/- per share as per latest audited accounts														
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table border="1"> <thead> <tr> <th></th> <th>PKR in ‘000</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>232,904,866</td> </tr> <tr> <td>Equity</td> <td>81,490,651</td> </tr> <tr> <td>Long term loan</td> <td>82,124,503</td> </tr> <tr> <td>Current Liabilities</td> <td>78,255,667</td> </tr> <tr> <td>Turnover</td> <td>109,407,088</td> </tr> <tr> <td>Profit for the year</td> <td>29,160,750</td> </tr> </tbody> </table>		PKR in ‘000	Total Assets	232,904,866	Equity	81,490,651	Long term loan	82,124,503	Current Liabilities	78,255,667	Turnover	109,407,088	Profit for the year	29,160,750
	PKR in ‘000														
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Equity	81,490,651														
Long term loan	82,124,503														
Current Liabilities	78,255,667														
Turnover	109,407,088														
Profit for the year	29,160,750														

<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <p>(I) Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected date of completion of work;</p> <p>(III) Time by which such project shall become commercially operational;</p> <p>(IV) Expected time by which the project shall start paying return on investment; and</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>N/A</p>
<p>Maximum amount of investment to be made;</p>	<p>USD 4 Million or PKR equivalent</p>
<p>Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>The proposed investment would increase the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(i) The company will earn a higher return on its investment than the cost of borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(ii) Charge on all present and future assets of the company.</p> <p>(iii) The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p>

<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>The obligation of the Company to issue the Equity SBLC stems from Clause 5.1(b) of the Sponsor Support Agreement, which sets out various rights and obligations of the sponsors of SECMC (including inter alia the Company).</p>
<p>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;</p>	<p>Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship and a qualifying share in SECMC.</p>
<p>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;</p>	<p>The initial approval of the Shareholders of the Company was accorded on October 5, 2015, for an amount equivalent to USD 20 million, following which, the Company subscribed to 128,835,648 ordinary shares of SECMC, having face value of PKR 10/- each, equivalent to approximately 8% of the issued and paid-up ordinary share capital of SECMC. The Company has also made additional investments in SECMC from time to time, as required under the Financing Documents of SECMC.</p> <p>The Board of Directors of the Company has, in their meeting held on January 16, 2024, approved the further acquisition of up to approximately 152,992,331 (one hundred fifty two million nine hundred ninety two thousand three hundred thirty one) ordinary shares of SECMC, equivalent to approximately 9.5% of the issued and paid up ordinary share capital of SECMC, or part thereof, from Habib Bank Limited, which has been explained in Sections B1 A-D above.</p> <p>The benefits to the company include increasing the stake of the Company in the development and expansion of a coal mine of 7.6 million tons per annum.</p> <p>The investment augments the Company's existing investment in SECMC, which has a tariff based on a 20% return on equity.</p> <p>No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.</p>
<p>Any other important details necessary for the members to understand the transaction;</p>	<p>N/A</p>

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

Maximum price at which securities will be acquired	Rs. 14.82 Per share
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 SECMC.
Number of securities and percentage thereof held before and after the proposed investment	Present holding: 128,835,648 ordinary shares, equivalent to approximately 8% of the issued and paid up ordinary share capital of SECMC Maximum Holding after Proposed Investment: Up to 281,827,979 ordinary shares, equivalent to approximately 17.5% of the issued and paid up ordinary share capital of SECMC. The number of additional securities would depend upon the call made under the commitments specified above, whether or not the Company opts to satisfy the call by way of subscription of shares in SECMC.
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;	The fair value of the Sale Shares is approximately PKR 36.3 per share, as per the valuation conducted by the Company.

(j) Disclosures required under Regulation 3(c):

Category-wise amount of investment;	As mentioned in the preamble.
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	To be determine at the time (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charges would have to be agreed with the bank providing the guarantee.

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 an equity investment if called.
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

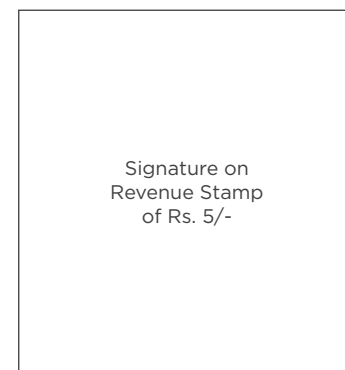
Proxy Form

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 33rd annual General Meeting of the Company to be held on Monday, September 30, 2024 at 10:00 am at Marriott karachi.

Witnesses:

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



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 Wednesday, September 25, 2024
- **For CDC Account Holders/Corporate Entities**
In addition to the above, the following requirements have to be met:
 - (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
 - (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature to be submitted (unless it has been provided earlier) along with proxy form to the Company.



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

تشکیل نیابت داری فارم

محترمہ / جناب کمپنی سیکریٹری

دی حب پاور کمپنی لمیٹڈ

9 فلور، اوشین ٹاور، بلاک 9، مین کلنٹن روڈ، کراچی

میں / ہم۔
 ساکن۔ بحیثیت دی حب پاور کمپنی لمیٹڈ کے رکن و حامل۔
 عام حصص برطانیق شیئر رجسٹرڈ فولیو نمبر۔ اور ایسی ڈی سی کے شراکتی آئی ڈی نمبر۔
 اور ذیلی 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 30 ستمبر، 2024ء، بوقت 10:00 بجے صبح بروز پیر، بمقام میریٹ ہوٹل، کراچی منعقد ہونے والے 33 ویں سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا / اپنی نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

ریونیٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہیے)

(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، اوشین ٹاور، بلاک 9، مین کلنٹن روڈ، کراچی - 75600 کو اس طرح بھیج سکتا / سکتی ہے کہ یہ اجلاس شروع ہونے سے 48 گھنٹے قبل، تعطیلات کے علاوہ یعنی بروز بدھ مورخہ 25 ستمبر، 2024 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 سینیفیشل اونرز 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۔



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



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

🌐 <https://www.hubpower.com>