Fueling a Powerful Legacy

Annual Report 2023

HUBCO

Fueling a Powerful Legacy

HUBCO's impact resonates across communities, energizing both homes and industries with an unwavering and reliable supply. This year, our theme proudly unfolds its commitment as pioneers in sustainability, paving the way for a greener and brighter future for everyone. With HUBCO's constant dedication, we illuminate a hopeful and optimistic world, striving to make a positive difference in the lives we serve.

HUBCO

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Organizational Overview

Company Profile

Since 1997, HUBCO has been the leading and largest IPP of Pakistan, injecting 3,581 MW into the national grid while following the 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."

Core Values

- Passion
- Ownership
- Winning
- Enjoyment
- Renewal

China Power Hub Generation Company Limited (CPHGC):
2x660MW Coal-Based Power plant situated in Hub, Balochistan.

Group Structure

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)

Joint Ventures

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

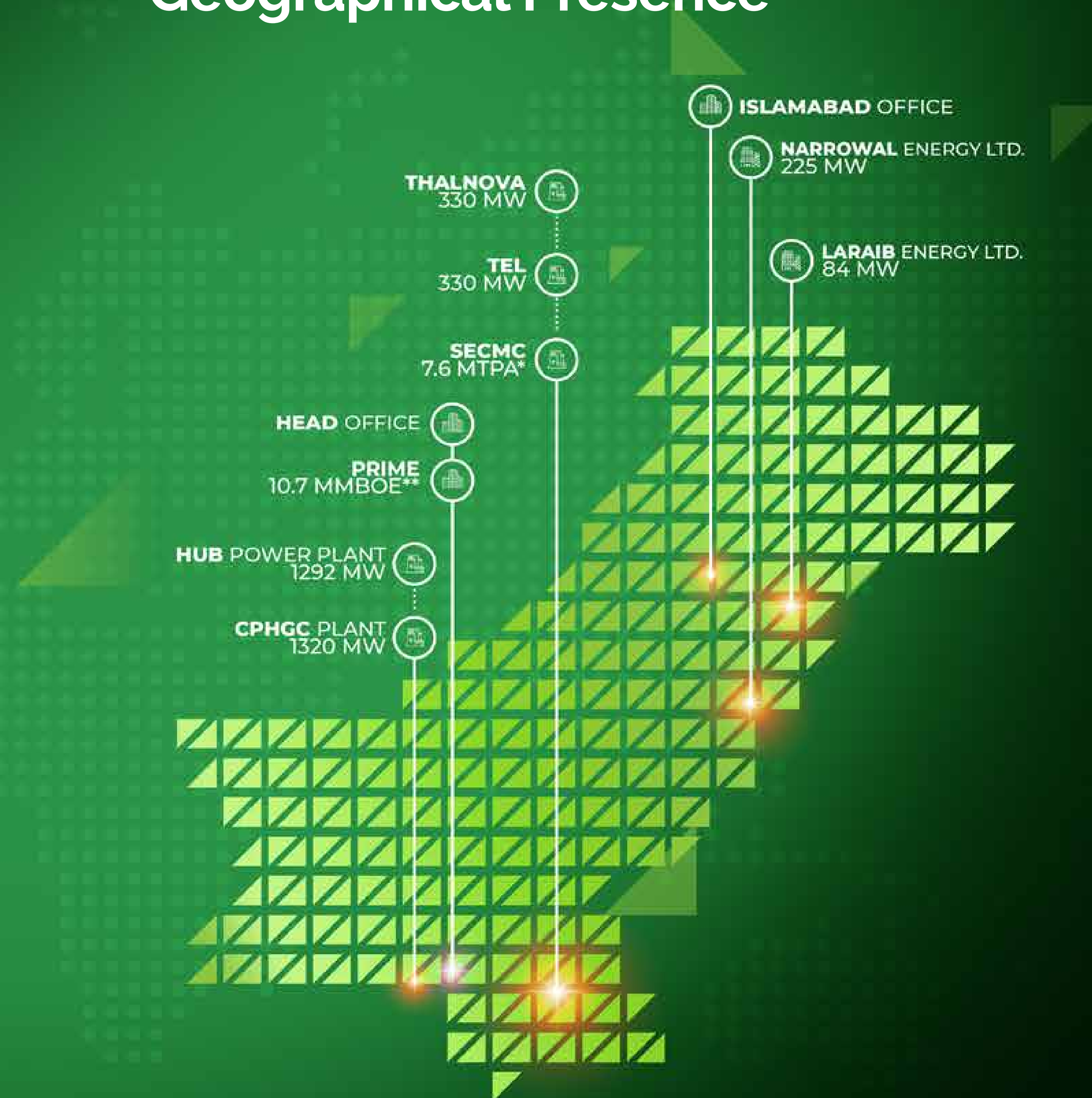
Associates

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

Others

- Sindh Engro Coal Mining Company Limited (SECMC)

Geographical Presence



* Gas Processing Plant Capacity
** Coal Mining Capacity

Key Highlights

Capacity
3,581
MW

Revenue
114
PKR bn

Net Profit
62
PKR bn

No. of Employees
809

Philanthropy
162
PKR mn

O&M Landscape:

1. Hub Plant
2. Narowal Plant
3. Laraib Plant
4. Thar Energy Plant
5. ThalNova Plant
6. CPHGC Plant

NEL: 225MW combined-cycle power plant situated in Narowal, Punjab

Company Information

Board of Directors

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

Company Secretary

Ms. Faiza Kapadia Raffay

Audit Committee

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

Leadership Team

Mr. Muhammad Kamran Kamal - Chairman
Mr. Saleemullah Memon – Member
Mr. Muhammad Saqib - Member
Mr. Amjad Ali Raja - Member
Mr. Fayyaz Ahmad Bhatti - Member
Ms. Faiza Kapadia Raffay - 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 of Pakistan
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. Meezan Bank Limited
16. National Bank of Pakistan
17. Pak Brunei Investment Company Limited
18. Pak Kuwait Investment Company (Pvt.) Ltd.
19. Samba Bank Limited
20. Saudi Pak Industrial & Agricultural Investment Company Limited
21. Standard Chartered Bank (Pakistan) Ltd.
22. 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 & Co.

Shariah Advisors

Alhamd Shariah Advisory Services (Pvt) Ltd.

Hub Plant

Mouza Kund,
Post Office Gaddani,
District Lasbela, Balochistan

Narowal Plant

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

Laraib 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 Head Office

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

Islamabad Office

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

A brief history of HUBCO

1985

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

1988

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

1991

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

1995

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

1997

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

2011

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

2013

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

2015

Subsidiaries Established:

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

2016

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

2018

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

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

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)

2020

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

2021

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

2022

HUBCO, undertakes the O&M of CPHGC through CPHOC

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

SWOT Analysis

STRENGTHS

- Solid technical expertise in diverse power generation technologies
- Indigenous fuel-based power generation
- Country-wide geographical presence
- Multi-billion-dollar project execution experience
- Best in class management and governance practices
- Diversified portfolio with the acquisition of ENI assets in Pakistan

WEAKNESSES

- Power generation portfolio skewed towards expensive fuel
- Fluctuating demand of RFO based power generation

OPPORTUNITIES

- Increasing need for clean energy and stress on energy independence
- Diversification via energy value chains other than power generation
- Inevitable water scarcity requires immediate water solutions

THREATS

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

Business Strategy

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

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

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

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

Governance

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

Hub: Commissioned in April 1997, Pakistan's first IPP with a power generation capacity of 1292MW.

Board & Leadership

Mr. M. Habibullah Khan
Chairman

Mr. Habib Ullah Khan is the Founder and Chairman of Mega Conglomerate. The Mega & Forbes Group of Companies (Mega Group – MFG) is a diversified conglomerate with business holdings, including the country's largest container terminal, the third-largest dairy producer, a top-tier cement manufacturing company, a vertically integrated shipping company, and the progressive real estate developer responsible for the only L.E.E.D-certified commercial building in Pakistan. Under his leadership, Mega Conglomerate has achieved significant growth and established itself as a key player in multiple industries, contributing to the development and progress of the country. He joined the board in 2018 and has served as Chairman of the Hub Power Company (HUBCO) since then.

As a prolific philanthropist, Mr. Khan has been a patron of many social and environmental initiatives over the last three decades and has become strongly associated with various charitable causes. One of his most notable generous donations included the endowment of a building for visiting professors at The Institute of Business Administration in Karachi.

Mr. Kamran Kamal
Chief Executive Officer

Mr. Kamran Kamal is an energy technology and policy specialist with experience in several different areas, including business strategy, wholesale electricity market reforms, electricity derivatives, energy technology evaluation, and 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.

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

Ms. Aleeya Khan

Ms. Aleeya Khan holds a Master's in Architecture from Columbia University and a Bachelor's in Urban Design & Architecture from New York University.

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, 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. Khan's 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, Khan remains committed to achieving design excellence. Through her exposure and deep understanding of technical design, her firms' involvement in landmark project's combined with a women-led team — Khan brings an alternate perspective and distinct identity, with a vision to leave a lasting impact on her region.

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

Mr. Manzoor Ahmed

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 92 billion. He has experience of over 32 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing Chartered Financial Analyst (CFA) level III.

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

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

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

Mr. Manzoor Ahmed is 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, Agha Steel Industries Limited, Metro Storage & Services (Private) Limited, Xloop Digital Services (Private) Limited, Gul Ahmed Bio Films Limited and Filters Pakistan (Private) Limited.

Dr. Nadeem Inayat

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 38 years of diversified exposure in corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions.

He also has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a lifelong member of Pakistan Institute of Development Economics (PIDE).

Mr. Inayat also serves on the Board of Directors of the following entities; Fauji Fertilizer Company Ltd. (FFC), Fauji Fertilizer Bin Qasim Ltd. (FFBL), Askari Bank Ltd. (AKBL), Mari Petroleum Company Ltd. (MPCL), Fauji Foods Ltd. (FFL), Fauji Cement Company Ltd (FCCL), Pakistan Maroc Phosphore, S.A Morocco (PMP), Fauji Oil Terminal & Distribution Company Ltd. (FOTCO), Fauji Trans Terminal Ltd. (FTTL), FFBL Power Company Ltd. (FPCL), Fauji Meat Ltd. (FML), Fauji Akbar Portia Marine Terminals Ltd. (FAP), Fauji Infraavest Foods Ltd. (FIFL), Fauji Kabirwala Power Company Ltd. (FKPCL), Foundation Power Company Daharki Ltd. (FPCDL), Daharki Power Holding Ltd. (DPHL), Fauji Fresh n Freeze Ltd. (FFFL), Foundation Wind Energy Ltd. (FWEL I & II), FonGrow (Private) Ltd. and Fauji Solar Energy Ltd (FSEL).

Mr. Shafiuddin Ghani Khan

Mr. Shafiuddin Ghani Khan holds a Bachelor of Science in Finance from University of Oregon, USA. After completing his education, he returned to Pakistan and developed his family'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 services 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.

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 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; work on judicial and police reforms; streamline institutional governance, and oversee other substantial matters of national importance through her vibrant role as a legislator and serving as a member of the Senate Standing Committees on Industries and Production, Committee on Delegated Legislation, Interior, Law and Justice, Foreign Affairs, Special Committee on Grievances of Local Tobacco Growers and Manufactures besides leading Parliamentary Friendship Group, UK being Convener.

Being a member of parliament, Senator Samina comes from a background steeped in the legal profession. She, as a lawyer, was enrolled in Sindh High Court Karachi on 17th Jan. 2012; Sindh Bar Council Karachi on 05th May 2007, and Karachi Bar Association on 05th May 2007. Areas of her legislative interests include corporate, financial and banking reforms, legal aid mechanisms, human rights, and civil and criminal matters.

Senator Samina has 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 Floods 2022 in Balochistan. Working up to the best of one's capabilities through utmost devotion is her benchmark.

Board & Functional Committees

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

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

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

Board Audit Committee (BAC):

The committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders in compliance with the requisite legislative and regulatory standards, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate. The BAC met 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	2/4

Secretary: Muhammad Irfan Iqbal

Board Nomination & Compensation Committee (BNCC):

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

Names	Meetings Attended
1. Saad Iqbal Chairman	1/1
2. Aly Khan	1/1
3. Aleeya Khan	1/1
4. Manzoor Ahmed	1/1

Secretary: Kaleem Ullah Khan

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. Saleemullah Memon
Member

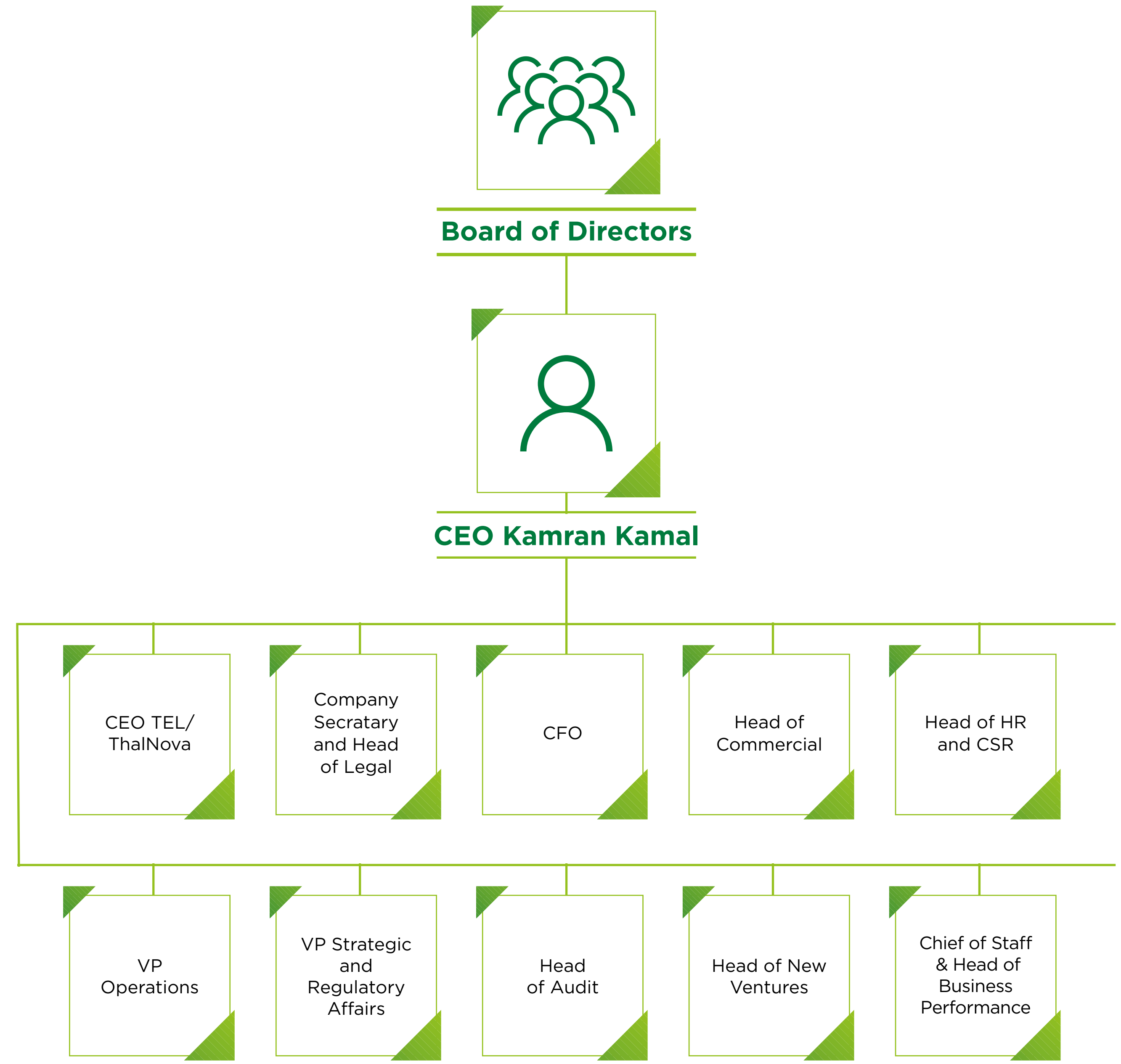
Mr. Amjad Raja
Member

Mr. Fayyaz Ahmad Bhatti
Member

Mrs. Faiza Kapadia Raffay
Member

Mr. Kaleem Ullah Khan
Member & Secretary

Organizational Structure



Saleemullah Memon | Faiza Kapadia Raffay | Muhammad Saqib | Kamran Yousuf Qureshi | Kaleem Ullah Khan
Amjad Ali Raja | Fayyaz Ahmad Bhatti | Muhammad Irfan Iqbal | Danish Khaliq | Sarosh Saleem

Chairman's Review

Dear Stakeholders,

The year behind us had a tumultuous global landscape with rising inflation and supply chain disruptions. Pakistan felt the brunt of these challenges, resulting in the country experiencing its highest-ever inflation rate. True to our ethos being resilient to challenges, the Company made remarkable achievements during the year, navigating through the intricate interplay of macroeconomic dynamics. I am proud to announce that we have achieved significant milestones, contributing to sustainable value for our shareholders.

Our legacy as a trailblazer in advancing Pakistan's energy landscape remains paramount in our strategy. We have positioned ourselves towards indigenous and economically viable fuel sources with successfully starting the commercial operations of Thar Energy Limited and ThalNova Power Thar (Private) Limited, our two lignite-fired power plants at Thar with a combined total capacity of 660MW.

With commitment to exploring opportunities for growth and portfolio diversification, the transaction to acquire ENI assets in Pakistan completed in December 2022. Through PIOGCL, the Company will further explore indigenous fuel sources for the country. Furthermore, CPHGC's Project Completion was declared in February 2023 and I am excited that CPHGC can now continue to protect the interests of shareholders by declaring dividend, subject to compliance with distribution tests under the financing agreements.

Looking ahead, we anticipate exciting opportunities and challenges in the dynamic energy landscape. We are well positioned to capitalize on the evolving market trends and explore new avenues for growth. Our strategic initiatives, including expansion plans and investments in renewables, electric vehicles and water solutions will further enhance our competitive advantage and strengthen our position as a leading player in the power sector. We aim to invest in renewable energy projects, making substantial progress towards our renewable energy targets.

Amid our accomplishments, we confront the enduring challenge of long outstanding receivables from our off taker. Despite our unwavering dedication to national progress and expansion, delayed payments persist, underscoring the need for a sustainable payment framework aligned with our contributions.

I would like to express my deepest gratitude to our esteemed shareholders for their unwavering trust and confidence in our vision and strategy, which motivates us to continually raise the bar and deliver superior results. Also, none of this would be possible without the enduring support of our Board of Directors, the commitment of our leadership team and hard work of our management and employees. Your dedication to progress and excellence propels us forward, shaping us into an entity that embodies the essence of national achievement.

As we move forward, I am excited by the horizon that awaits us. We remain committed to upholding the highest standards of corporate governance, transparency and ethical business practices. Together we shall continue to shape a brighter, greener and more prosperous future for our company, our nation and generations to come.

Warmest Personal Regards,

M. Habibullah Khan
Chairman

"We are well positioned to capitalize on the evolving market trends and explore new avenues for growth. Our strategic initiatives, including expansion plans and investments in renewables, electric vehicles and water solutions will further enhance our competitive advantage and strengthen our position as a leading player in the power sector."

CEO's Message

Dear Stakeholders,

The chapters of our journey are woven with threads of challenges and triumphs, and I am immensely proud of the tapestry we continue to create together. This year, each obstacle was met with an unwavering spirit of determination and the Company emerged stronger, reaffirming our resilience and ability to evolve and expand our horizons in the face of adversity.

We experienced strong growth during the year, driven by our relentless focus on business diversification, operational efficiency and cost optimization. The Company's consolidated profit after tax almost doubled this year to Rs. 57.6 billion, translating to an earnings per share (EPS) of Rs. 44.37, compared to last year's net profit of Rs. 28.5 billion and EPS of Rs. 21.95. The increase is primarily attributable to increased share of profit from China Power Hub Generation Company Limited (CPHGC), Thar Energy Limited (TEL), ThalNova Power Thar Limited (TNPTL)and Prime International Oil & Gas Company Limited (PIOGCL). Our commitment to shareholders remains steadfast, evident in the all-time highest dividend of Rs. 30 per share including final dividend for the year.

One of our most notable accomplishments was the commercial operations of two lignite-fired power plants of 330MW each in Thar. These power plants have already commenced supplying indigenous power to the national grid and I am delighted to announce that availability and other Key Performance Indicators (KPIs) of these plants have been better than our plan. What sets these projects apart is that these lignite-fired power plants are the only ones in Pakistan which are being operated by an entirely local workforce.

The acquisition of ENI Pakistan through Prime International Oil & Gas Company was completed during the year. This strategic diversification of portfolio in the Exploration and Production (E&P) sector has contributed significantly to our financial performance. This is evident from the addition of Rs. 3.9 billion as share of profit from PIOGCL in the consolidated financial statements.

Another major accomplishment this year was the successful achievement of Project Completion Date (PCD) of CPHGC. The declaration of PCD releases the Company from the Sponsor support obligation to maintain a USD 150 million SBLC under the completion guarantee. We have also taken up the O&M of CPHGC plant in a 49:51 JV and as a next step, we are in the process of increasing local manpower, contributing to the socioeconomic development of the region.

In line with our commitment to upholding the highest standards for Health, Safety and Environment (HSE), we continue to comply with the global best practices as we follow a comprehensive Process Safety Management (PSM) framework built around OSHA standards. We have consecutively achieved a Total Recordable Injury Rate (TRIR) of zero at all our operational sites this year.

Understanding the impact of inflation, rupee devaluation and rising costs on the livelihood of our employees, we took proactive measures to provide relief by paying an inflation relief payout to all our employees. We firmly believe that taking care of our employees strengthens the collective resilience to overcome these challenges.

Our investment of Rs. 162 million in Corporate Social Responsibility (CSR) underscores our pledge to empower the communities in which we operate and strive to create positive change through various social initiatives. Through contribution in education, livelihood, healthcare and community development initiatives, we are helping to uplift the lives of many, empowering individuals and fostering sustainable growth. Our CSR team remained at the forefront during a critical time when half of the country was affected by devastating floods. This is because CSR remains a cornerstone of our identity beyond financial and operational successes.

The future beckons us towards the realization of renewables and integration of electric vehicles (EVs) into our landscape. HUBCO is committed to a sustainable future for Pakistan by adopting new technologies in the energy and infrastructure domain.

Together, we will continue to shape the energy landscape, create value for our stakeholders and contribute to the sustainable development of the communities we serve.

Warm Regards,

Kamran Kamal

HUBCO

"We experienced strong growth during the year, driven by our relentless focus on business diversification, operational efficiency and cost optimization. The Company's consolidated profit after tax almost doubled this year to Rs. 57.6 billion, translating to an earnings per share (EPS) of Rs. 44.37, compared to last year's net profit of Rs. 28.5 billion and EPS of Rs. 21.95."

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, 2023.

About the Company

The Hub Power Company Limited (HUBCO) is the first Independent Power Producer (IPP) in the Country and now directly and indirectly operates and/or 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, 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, 8 km downstream of Mangla Dam in Azad Jammu and Kashmir. During the year under review, LEL contributed 345 GWh of clean energy into the national grid with no fuel cost, thereby saving ~USD 29 million for the country.

Thar Energy Limited (TEL) has a 330MW mine-mouth lignite-fired power plant at Thar Block II, Sindh which achieved Commercial Operations Date (COD) on October 1, 2022. The Company holds 60% shares of TEL in partnership with Fauji Fertilizer Company Limited (FFCL) and CMEC TEL Power Investments Limited (CMEC Dubai).

The Company has established wholly owned subsidiaries for its growth initiatives. Hub Power Holdings Limited (HPHL) has been incorporated to invest in the future growth projects. China Power Hub Generation Company Limited (CPHGC) is our joint venture with China Power International Holdings (CPIH) with 1320MW imported coal-based power plant and an integrated coal jetty situated in Hub. 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, which achieved Commercial Operations Date (COD) on February 17, 2023.

The Hub Power Services Limited (HPSL), manages O&M of our existing power assets and has successfully taken over O&M of our indigenous coal-based plants in Thar. HPSL is currently operating the Hub, Narowal, Laraib, TEL and TNPTL plants. HPHL through a joint venture is operating CPHGC plant.

The Company also holds 8% shareholding in Sindh Engro Coal Mining Company Limited (SECMC), a joint venture between HUBCO, Engro, Thal Limited, HBL, CMEC and Government of Sindh, which has developed a coal mine at Thar, the seventh largest reserve of coal in the World. SECMC achieved Commercial Operations for Phase I of the Project on July 10, 2019 and for Phase II on October 1 2022. The mining capacity now stands at 7.6 Mt/annum with Phase II catering for our two power plants in Thar of 330MW each.

Acquisition of Eni's Pakistan Business by HUBCO through a 50:50 joint venture (Prime International Oil and Gas Company Limited) was completed on December 29th 2022. HUBCO plans to focus on developing critical indigenous fuel sources for the country and further expand its footprint in the Oil & Gas Sector of Pakistan. Key objectives for Prime remains optimal utilization of our national natural resources whereby both new expansions and organic growth in owned assets will be targeted.

Operational Highlights

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

Plant Name	FY 2022-23	FY 2021-22
Hub Plant	205 GWh	1229 GWh
Narowal Plant	470 GWh	868 GWh
Laraib Plant	345 GWh	413 GWh
CPHGC Plant	1546 GWh	6,755 GWh
TEL Plant (COD on Oct 1, 2022)	1053 GWh	-
TNPTL Plant (COD on Feb 17, 2023)	758 GWh	-

We are committed to developing a sustainable import substitution strategy. For the year under review, our TEL and TNPTL plants saved ~USD 150 million to the economy by harnessing the power of Thar coal. 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 will continue to generate an annual cost savings of ~USD 380 million by reducing our reliance on imported fuels.

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 (%)
2017-18	120,621	8,590	7.1%
2018-19	133,593	1,817	1.4%
2019-20	137,039	6,402	4.7%
2020-21	149,698	9,074	6.1%
2021-22	157,880	9,265	5.9%
2022-23	138,210	4,728*	3.4%

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

FUTURE OUTLOOK

Water Solutions

The Company continues its pursuit for potential projects in Public-Private Partnership mode whilst exploring various opportunities in providing water solutions to fulfil the domestic industrial and residential needs.

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

Renewable Energy Projects

While non-power generation diversification remains critical to HUBCO's expansionary plan, 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 Wind and Solar Power projects and are fully committed to participate in projects which have meaningful contribution and value to all stakeholders.

During the year under review, HUBCO has been pre-qualified by KE to bid for Pakistan's first wind-solar hybrid project of 200 MW capacity near Dhabeji Grid Station. We plan to participate in the procurement as it progresses through necessary regulatory approvals. We envision this to be one of many other renewable projects that HUBCO will undertake in the coming future.

Electric Vehicles Landscape

It is envisaged that over the next few years, the global automotive sector will evolve towards electrical energy vector 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. We plan on engaging at multiple levels in the entire chain and will continue to observe and act upon sound business opportunities as they develop.

The Company is also closely monitoring the development of Competitive Trading Bilateral Contract Market (CTBCM). We will continue to pursue future growth opportunities in the B2B Power Market as they develop. CTBCM may also evolve as a critical enabling factor towards electrification of transport sector.

GOVERNANCE

Board of Directors

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

The Current Board of Directors of the Company consists of:

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

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

Names	Attendance
Mr. M. Habibullah Khan	7/7
Mr. Aly Khan	7/7
Ms. Aleeya Khan	6/7
Mr. Manzoor Ahmed	7/7
Mr. Saad Iqbal	7/7
Mr. Shafiuddin Ghani Khan	7/7
Dr. Nadeem Inayat	3/7
Mr. Ejaz Sanjrani	1/3
Mr. Muhammad Kamran Kamal	7/7
Ms. Samina Mumtaz Zehri	3/4

Ms. Samina Mumtaz Zehri was appointed as a Nominee Director by the Government of Balochistan in place of Mr. Ejaz Sanjrani on December 07, 2022.

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 244 of the Annual Report.

Committees of the Board

The Board committees and their members are disclosed on page 23 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, 2023 are disclosed on page 141 of the Annual Report.

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 7 members of the Board are certified Directors.

Adequacy of Internal Financial Controls

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

Summary of Financial Performance

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

Rs. in million

Consolidated	Year ended June 30, 2023	Year ended June 30, 2022
Turnover	114,263	97,158
Operating Costs	61,485	64,056
*Net Profit	57,554	28,472
*Earnings per share (Rs.)	44.37	21.95

*attributable to owners of the holding company

The Consolidated net profit during the year under review is Rs. 57,554 million resulting in earnings per share of Rs. 44.37 compared to net profit of Rs. 28,472 million and earnings per share of Rs. 21.95 last year. The increase in profits is mainly due to higher share of profit from associate, China Power Hub Generation Company (Pvt.) Limited (CPHGC).

Rs. in million

Unconsolidated	Year ended June 30, 2023	Year ended June 30, 2022
Turnover	44,516	62,544
Operating Costs	18,875	39,140
Net Profit	30,942	21,129
Earnings per share (Rs.)	23.85	16.29

The Unconsolidated net profit earned by the Company during the year under review is Rs. 30,942 million, resulting in earnings per share of Rs. 23.85 compared to a net profit of Rs. 21,129 million and earnings per share of Rs. 16.29 last year. The increase in unconsolidated profit is mainly due to higher dividend income from subsidiaries.

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 101 of the Annual Report.

Related Party Transactions

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

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

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

The details of related party transactions are disclosed on page 142 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:

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

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

Rs. in millions

Fiscal year ending June	2023	2022	2021	2020	2019	2018
Turnover	44,516	62,544	32,292	27,524	36,029	76,676
Profit	30,942	21,128	21,434	10,167	8,037	8,565
Assets	151,823	154,008	160,007	164,521	153,728	136,617
Dividend	31,132	14,917	9,080	-	3,240	8,216

Value of investments of provident fund and gratuity scheme based on their respective audited accounts as of June 30, 2022 are as follows:

Fund	Rs. in million
Provident Fund	3
Gratuity Fund	337

Risk Management & Strategy for Mitigating Risks

To mitigate all the risks and uncertainty that are faced by every business, the Company has implemented a robust risk management policy duly approved by the Board. BAC has been entrusted with the responsibility to review the Heat Map and risk register and provide regular updates to the Board. This system helps in highlighting all long-term and short-term risks and endorsement of their mitigation strategy by the Board.

a. **Operational Risk**
To mitigate the operational risks, necessary strategies have been developed and substantial investments are continuously being made to ensure the reliability of all operating plants. The Company has carried out necessary rehabilitation and refurbishments at the Hub, Narowal and Laraib plants.

b. **Financial Risks**
The financial risk management is disclosed on page 146 of the Annual Report.

Health, Safety & Environment

HUBCO is committed to protecting the health, safety and wellbeing of its employees as well as the community and environment it operates in. HSE performance remained excellent with extraordinary statistics. Second Party Audit of Process Safety Management was conducted at Hub, NEL and LEL power plant sites and the average score was 4.03, which is an Excellence Category of PSM Bradley Curve. In FY2022-23, HUBCO has embarked upon ESG program and benchmarking operations with similar industry.

The Company continuously monitors the impact of its operations on environment and ensures compliance to applicable environmental protection standards. During FY 2022-23, the Company completed 22.14 million man-hours across its operational power stations, including the two power projects which achieved COD during the year. The Total Recordable Incident Rate (TRIR) of the Company remained 0.

Human Resources

Our strong focus and commitment in developing our workforce was imminent as we successfully started the Operations & Maintenance of both TEL and TN plants. Post COD in October 2022 and February 2023 respectively, both plants are being operated and maintained by local teams. This initiative has not only provided career advancements and enrichment opportunities to our own employees but serves larger good in providing employment to the locals of province and the country at large.

Emphasis on learning initiative continued with several external as well as internal programs organized during the year. Special impetus was given on development of internal faculty who have delivered extensive programs on softer skills as well as leadership development. HUBCO has strong emphasis and commitment in training & development of our employees.

Enhancement in digitization of our HR processes continued under the initiative of ‘People Hub’, which provides employees with multiple HR solutions digitally, the availability of this system through mobile application particularly helps our teams that work remotely and are on shift rotations.

Corporate Social Responsibility

As part of its CSR mandate, HUBCO invests heavily in uplifting communities and empowering women. Our social investments are primarily centered around areas near our plant sites, with focus on providing education, livelihood, healthcare, and community infrastructure development to the underprivileged. In the year 2022 the whole country in general and Balochistan Province in particular was badly affected due to rains and floods. HUBCO was amongst the pioneers in responding and assisted the Government by providing Tents, Tarpaulin, Pillows, clothes and Ration Bags for the needy people. It also supported Government of Balochistan by providing Heavy Machinery for Rehabilitation work to rebuild the damaged roads, causeways and riverbanks.

The Company is engaged in education, livelihood, healthcare and community development initiatives, the details of which are provided on page 62 of the Annual Report. The company also contributes to CSR initiatives at one of the most underdeveloped districts, Thar, through its investments in SECMC, TEL, and TNPTL, which in turn support the Thar Foundation. TEL and TNPTL together contributed Rs. 100 million in CSR during the year under review.

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

انسانی وسائل

ہماری افرادی قوت کی ترقی میں ہماری مضبوط توجہ اور عزم ناگزیر تھا کیونکہ ہم نے کامیابی کے ساتھ ٹی ای ایل اور ٹی این دونوں پلانٹس کے آپریشنز اور دیکھ بھال کا آغاز کیا۔ اکتوبر 2022 اور فروری 2023 میں بالترتیب سی او ڈی کے بعد، دونوں پلانٹس کو مقامی ٹیموں کے ذریعہ چلایا اور برقرار رکھا جارہا ہے۔ اس اقدام نے نہ صرف ہمارے اپنے ملازمین کو کیریئر کی ترقی اور افزودگی کے مواقع فراہم کیے ہیں بلکہ صوبے اور ملک کے مقامی افراد کو بڑے پیمانے پر روزگار فراہم کرنے میں بڑے پیمانے پر کام کیا ہے۔

سال کے دوران منعقد ہونے والے متعدد بیرونی اور داخلی پروگراموں کے ساتھ سیکھنے کی پہل پر زور جاری رہا۔ انٹرنل فیکلٹی کی ترقی پر خصوصی توجہ دی گئی جنھوں نے نرم مہارتوں کے ساتھ ساتھ قائدانہ ترقی پر وسیع پروگرام پیش کیے ہیں۔ حبکو اپنے ملازمین کی تربیت اور ترقی میں مضبوط زور اور عزم رکھتا ہے۔

پیپل ہب' کی پہل کے تحت ہمارے ایچ آر پروسیسز کی ڈیجیٹلائزیشن میں اضافہ جاری ہے، جو ملازمین کو ڈیجیٹل طور پر متعدد ایچ آر حل فراہم کرتا' ہے، موبائل ایپلی کیشن کے ذریعے اس نظام کی دستیابی خاص طور پر ہماری ٹیموں کی مدد کرتی ہے جو دور دراز سے کام کرتی ہیں اور شفٹ روٹیشن پر ہیں۔

کارپوریٹ سماجی ذمہ داری

اپنے سی ایس آر مینڈیٹ کے ایک حصے کے طور پر، حبکو کمیونٹیز کی بہتری اور انسانی حقوق کی وکالت کرنے میں بھاری سرمایہ کاری کرتا ہے۔ ہماری سماجی سرمایہ کاری بنیادی طور پر ہمارے پلانٹ سائٹس کے آس پاس کے علاقوں کے ارد گرد مرکوز ہے ، جس میں پسماندہ افراد کو تعلیم ، ذریعہ معاش ، صحت کی دیکھ بھال اور کمیونٹی انفراسٹرکچر کی ترقی فراہم کرنے پر توجہ مرکوز کی گئی ہے۔ سال 2022 میں بارشوں اور سیلاب کی وجہ سے پورا ملک بالعموم اور صوبہ بلوچستان خاص طور پر بری طرح متاثر ہوا۔ حبکو ضرورت مند افراد کے لئے خیمے، ترپال، تکیے، کپڑے اور راشن بیگ فراہم کرکے حکومت کی مدد کرنے والوں میں شامل تھا۔ اس نے تباہ شدہ سڑکوں ، کاز ویز اور دریاؤں کے کناروں کی تعمیر نو کے لئے بحالی کے کام کے لئے بھاری مشینری فراہم کرکے حکومت بلوچستان کی بھی مدد کی۔

کمپنی تعلیم، ذریعہ معاش، صحت کی دیکھ بھال اور کمیونٹی کی ترقی کے اقدامات میں مصروف ہے، جس کی تفصیلات سالانہ رپورٹ کے صفحہ 62 پر فراہم کی گئی ہیں. کمپنی ایس ای سی ایم سی، ٹی ای ایل اور ٹی این پی ٹی ایل میں اپنی سرمایہ کاری کے ذریعے تھر کے سب سے پسماندہ اضلاع میں سے ایک میں سی ایس آر اقدامات میں بھی حصہ ڈالتی ہے، جو بدلے میں تھر فاؤنڈیشن کی مدد کرتی ہے۔ ٹی ای ایل اور ٹی این پی ٹی ایل نے زیر غور سال کے دوران مجموعی طور پر سی ایس آر میں 100 ملین روپے کا حصہ ڈالا۔

آڈیٹرز

ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔
کمپنی اپنے شیئر ہولڈرز، ملازمین، کاروباری شراکت داروں اور دیگر تمام اسٹیک ہولڈرز کی شکر گزار ہے جنھوں نے کمپنی پر اعتماد کیا اور ترقی اور خوشحالی کی راہ پر کمپنی کے سفر میں ان کی حمایت کی۔

بورڈ کے حکم سے

کامران کمال
چیف ایگزیکٹو آفیسر

ایم حبیب اللہ خان
چیئرمین

30 جون 2022 تک ان کے متعلقہ آڈٹ شدہ کھاتوں کی بنیاد پر پروویڈنٹ فنڈ اور گریجویٹی اسکیم کی سرمایہ کاری کی قیمت درج ذیل ہے:

فنڈ	ملین روپوں میں
پروویڈنٹ فنڈ	3
گریجویٹی فنڈ	337

خطرات کو کم کرنے کے لئے خطرے کا انتظام اور حکمت عملی

ہر کاروبار کو درپیش تمام خطرات اور غیر یقینی صورتحال کو کم کرنے کے لئے، کمپنی نے بورڈ کی طرف سے باقاعدہ طور پر منظور شدہ ایک مضبوط رسک مینجمنٹ پالیسی نافذ کی ہے. بی اے سی کو ہیٹ میپ اور رسک رجسٹر کا جائزہ لینے اور بورڈ کو باقاعدگی سے اپ ڈیٹس فراہم کرنے کی ذمہ داری سونپی گئی ہے۔ یہ نظام تمام طویل مدتی اور قلیل مدتی خطرات کو اجاگر کرنے اور بورڈ کی طرف سے ان کی تخفیف کی حکمت عملی کی توثیق کرنے میں مدد کرتا ہے۔

ا۔ آپریشنل خطرہ
آپریشنل خطرات کو کم کرنے کے لئے ضروری حکمت عملی تیار کی گئی ہے اور تمام آپریٹنگ پلانٹس کی قابل اعتمادیت کو یقینی بنانے کے لئے مسلسل خاطر خواہ سرمایہ کاری کی جارہی ہے۔ کمپنی نے حب، نارووال اور لاریب پلانٹس کی ضروری بحالی اور تزئین و آرائش کی ہے۔

ب۔ مالی خطرات
مالی رسک مینجمنٹ سالانہ رپورٹ کے صفحہ 146 پر ظاہر کیا گیا ہے ۔

صحت، حفاظت اور ماحول

حبکو اپنے ملازمین کی صحت، حفاظت اور فلاح و بہبود کے ساتھ ساتھ اس کمیونٹی اور ماحول کے تحفظ کے لئے پرعزم ہے جس میں وہ کام کرتا ہے۔
غیر معمولی اعداد و شمار کے ساتھ ایچ ایس ای کی کارکردگی بہترین رہی۔ ہب، این ای ایل اور ایل ای ایل پاور پلانٹ سائٹس پر پروسیس سیفٹی مینجمنٹ کا سیکنڈ پارٹی آڈٹ کیا گیا اور سائٹس نے 4.03 نمبر حاصل کیے ، جو پی ایس ایم بریڈلی کرو کی ایکسیلنس کیٹیگری ہے۔
مالی سال 2022-23 میں حبکو نے کیلنڈر سال 2022 کے لئے اپنی پہلی ای ایس جی (ماحولیات، سماجی اور گورننس) رپورٹ تیار کی۔

کمپنی ماحولیات پر اپنے آپریشنز کے اثرات کی مسلسل نگرانی کرتی ہے اور قابل اطلاق ماحولیاتی تحفظ کے معیارات کی تعمیل کو یقینی بناتی ہے۔
مالی سال 2022-23 کے دوران کمپنی نے آپریشنل پاور اسٹیشنوں میں 22.14 ملین افرادی گھنٹے مکمل کیے، جس میں دو بجلی کے منصوبے بھی شامل ہیں جنھوں نے سال کے دوران سی او ڈی حاصل کیا۔ کمپنی کی کل ریکارڈایبل انسیڈنٹ ریٹ (ٹی آر آئی آر) صفر رہی۔

کریڈٹ کی درجہ بندی

کریڈٹ ریٹنگ پاکستان میں اداروں کی کریڈٹ پوزیشن کا اندازہ ہے۔ پی اے سی آر اے نے 2008 سے ، جب کمپنی نے اپنی درجہ بندی کا عمل شروع کیا تھا ، کمپنی کے لئے بالترتیب اے اے + اور اے 1 + پر طویل مدتی اور قلیل مدتی ادارے کی درجہ بندی برقرار رکھی ہے۔ یہ درجہ بندی کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہے اور مالی وعدوں کی بروقت ادائیگی کے لئے بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔ این ای ایل کی طویل مدتی درجہ بندی کو اے اے کے طور پر برقرار رکھا گیا ہے - اور قلیل مدتی درجہ بندی اے 1 + ہے جو بہت اعلی کریڈٹ کوالٹی اور مالی وعدوں کی بروقت ادائیگی کے لئے بہت مضبوط صلاحیت کی نشاندہی کرتی ہے۔ یہ صلاحیت متوقع واقعات کے لئے نمایاں طور پر کمزور نہیں ہے

مالی بیانات

کمپنی کے غیر مربوط اور مربوط مالی گوشواروں کا آڈٹ میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤممس، آڈیٹرز نے بغیر کسی قابلیت کے کیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (ایس ای سی پی) کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک اور مندرجہ ذیل کے لئے کارپوریٹ گورننس کے کوڈ کی تعمیل کی تصدیق کرتے ہیں۔

ا۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات منصفانہ طور پر اس کی صورتحال، اس کے آپریشنز کے نتائج، نقد بہاؤ اور اس کی ایکویٹی میں تبدیلیوں کی عکاسی کرتے ہیں۔

ب۔ کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

ج۔ مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

د۔ آئی ایف آر ایس جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی گوشواروں کی تیاری میں ان پر عمل کیا گیا ہے اور اس سے کسی بھی روانگی کو مناسب طور پر ظاہر کیا گیا ہے۔

ر۔ کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت میں کوئی شک نہیں ہے۔

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

لاکھوں روپے میں

جون میں ختم ہونے والا مالی سال	2023	2022	2021	2020	2019	2018
ٹرن اوور	44,516	62,544	32,292	27,524	36,029	76,676
فائدہ	30,942	21,128	21,434	10,167	8,037	8,565
مال	151,823	154,008	160,007	164,521	153,728	136,617
منافع	31,132	14,917	9,080	-	3,240	8,216

غیر مستحکم	30 جون 2023 کو ختم ہونے والا سال	30 جون 2022 کو ختم ہونے والا سال
ٹرن اوور	44,516	62,544
آپریٹنگ اخراجات	18,875	39,140
*خالص منافع	30,942	21,129
*فی حصص آمدنی	23.85	16.19

رواں مالی سال کے دوران کمپنی کو 30,942 ملین روپے کا غیر مربوط خالص منافع حاصل ہوا جس کے نتیجے میں فی حصص آمدنی 23.85 روپے رہی، جس کے مقابلے میں گزشتہ سال 21,129 ملین روپے کے خالص منافع اور 16.29 روپے فی حصص آمدنی رہی۔

سالانہ رپورٹ کے صفحہ 101 پر ایکویٹی میں تبدیلیوں کے بیان میں ذخائر میں تخصیص اور نقل و حرکت کا انکشاف کیا گیا ہے۔

متعلقہ پارٹی لین دین

بورڈ آڈٹ کمیٹی نے متعلقہ پارٹی ٹرانزیکشنز کا جائزہ لیا اور بورڈ نے ان کی منظوری دی۔ یہ لین دین انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (آئی ایف آر ایس) اور کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق تھا۔ کمپنی اس طرح کے تمام لین دین کا مکمل اور مکمل ریکارڈ رکھتی ہے۔

کمپنی نے باہمی طور پر متفقہ شرائط پر مندرجہ ذیل متعلقہ پارٹی لین دین میں ان کے جواز کے ساتھ داخل کیا ہے:

متعلقہ پارٹی کا نام	لین دین کی نوعیت	جواز
حب پاور سروسز لمٹیڈ	آپریشنز اور دیکھ بھال کی خدمات (O&M Services)	حب پلانٹ کو موثر طریقے سے چلانے اور برقرار رکھنے کے لئے. مزید برآں، گروپ کمپنیوں سمیت دیگر کمپنیوں کو اسی طرح کی خدمات فراہم کرنے کے لئے وسائل تیار کرنا
حب پاور سروسز لمٹیڈ، نارووال انرجی لمٹیڈ تھر انرجی لمٹیڈ، لاریب انرجی لمٹیڈ حب پاور ہولڈنگز لمٹیڈ، تھل نووا پاور تھر (پرائیویٹ) لمٹیڈ	اخراجات اور دیگر رقوم کی واپس ادائیگی	کمپنی اور گروپ کمپنیوں کے اخراجات کو کم سے کم کرنے کے لئے متناسب بنیادوں پر مشترکہ وسائل / اخراجات کا اشتراک کرنا۔
تھر انرجی لمٹیڈ تھل نووا پاور تھر (پرائیویٹ) لمٹیڈ	انتظامی خدمات	کمپنی ٹی ای ایل اور ٹی این پی ٹی ایل کو متعلقہ پروجیکٹ معاہدوں کے تحت اپنی ذمہ داریوں کی انجام دہی میں کمپنی کے پروجیکٹ مینجمنٹ کے تجربے سے فائدہ اٹھاتے ہوئے معاونت فراہم کر رہی ہے۔

متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات سالانہ رپورٹ کے صفحہ 142 پر ظاہر کی گئی ہیں۔

حصص رکھنے کا نمونہ

کارپوریٹ گورننس کوڈ کے تحت ضروری حصص کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔ڈائریکٹرز اور کلیدی انتظامی اہلکاروں اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں تجارت کی تفصیلات سالانہ رپورٹ کے صفحہ 244 پر درج ہیں۔

بورڈ کی کمیٹیاں

بورڈ کمیٹیوں اور ان کے ممبران کو سالانہ رپورٹ کے صفحہ 23 پر ظاہر کیا جاتا ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کا معاوضہ

چیئرمین، نان ایگزیکٹیو ڈائریکٹرز اور انڈیپینڈنٹ ڈائریکٹرز صرف اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔معاوضے کی سطح مناسب ہے اور کمپنی کو کامیابی سے اور ویلیو ایڈیشن کے ساتھ چلانے کے لئے ذمہ داری اور مہارت کی سطح کے مطابق ہے 30 جون 2023ء کو ختم ہونے والے مالی سال کے مالیاتی گوشواروں کے لئے چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضوں کا انکشاف سالانہ رپورٹ کے صفحہ 141 پر کیا گیا ہے۔

ڈائریکٹرز کی تربیت

نو (9) ڈائریکٹروں میں سے ایک (1) ڈائریکٹر کو کارپوریٹ گورننس لیڈرشپ اسکلز (سی جی ایل ایس) ٹریننگ سے مستثنیٰ رکھا گیا ہے جو لسٹڈ کمپنیوں کے بورڈ میں ڈائریکٹر کی حیثیت سے اپنے تجربے کی بنیاد پر ہے۔بورڈ کے کل سات (7) ممبران سرٹیفائیڈ ڈائریکٹرز ہیں۔

داخلی مالیاتی کنٹرول کی مناسبت

ڈائریکٹرز کارپوریٹ گورننس کے اعلی معیار کی تعمیل کی تصدیق کرتے ہیں اور یہ کہ اندرونی کنٹرول ڈیزائن میں مضبوط ہیں اور مؤثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

مالی کارکردگی کا خلاصہ

زیرِ غور سال کے دوران گروپ کی مالی جھلکیاں درج ذیل ہیں:

مربوط	30 جون 2023 کو ختم ہونے والا سال	30 جون 2022 کو ختم ہونے والا سال
ٹرن اوور	114,263	97,158
آپریٹنگ اخراجات	61,485	64,056
*خالص منافع	57,554	28,472
*فی حصص آمدنی	44.37	21.95

*ہولڈنگ کمپنی کے مالکان سے منسوب

رواں مالی سال کے دوران مجموعی خالص منافع 57,554 ملین روپے رہا جس کے نتیجے میں فی حصص آمدنی 44.37 روپے رہی جس کے مقابلے میں گزشتہ سال 28,472 ملین روپے اور فی حصص آمدنی 21.95 ملین روپے تھی۔منافع میں اضافے کی بنیادی وجہ ایسوسی ایٹ چائنا پاور حب جنریشن کمپنی (پرائیویٹ) لمیٹڈ (سی پی ایچ جی سی) کے منافع کا زیادہ حصہ ہے۔

گورننس

بورڈ آف ڈائریکٹرز

بورڈ نے کمپنی کی اسٹریٹجک سمت، سالانہ کارپوریٹ منصوبوں اور اہداف، طویل مدتی سرمایہ کاری اور قرضوں کا جائزہ لیا۔بورڈ گورننس کے اعلیٰ ترین معیار کو یقینی بنانے کے لئے پرعزم ہے۔

کمپنی کے موجودہ بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہیں:

ساخت	
آزاد ڈائریکٹرز	4
دیگر نان ایگزیکٹیو ڈائریکٹرز (مرد)	2
ایگزیکٹو ڈائریکٹر	1
نان ایگزیکٹیو ڈائریکٹرز (خواتین)	2

سال کے دوران، یہاں تک کہ بورڈ آف ڈائریکٹرز کے اجلاس بھی منعقد ہوئے۔ڈائریکٹرز کی حاضری درج ذیل تھی:

نام	حاضری
جناب ایم حبیب اللہ خان	7/7
جناب علی خان	7/7
محترمہ عالیہ خان	6/7
جناب منظور احمد	7/7
جناب سعد اقبال	7/7
جناب شفیع الدین غنی خان	7/7
ڈاکٹر ندیم عنایت	3/7
جناب اعجاز سنجرانی	1/3
جناب محمد کامران کمال	7/7
محترمہ ثمینہ ممتاز زہری	3/4

ثمینہ ممتاز زہری کو حکومت بلوچستان نے 7 دسمبر 2022 کو اعجاز سنجرانی کی جگہ نامزد ڈائریکٹر مقرر کیا تھا۔

مستقبل کا نقطہ نظر

پانی کے حل

کمپنی پبلک پرائیویٹ پارٹنرشپ موڈ میں ممکنہ منصوبوں کی تلاش جاری رکھے ہوئے ہے جبکہ گھریلو صنعتی اور رہائشی ضروریات کو پورا کرنے کے لئے پانی کے حل فراہم کرنے میں مختلف مواقع تلاش کر رہی ہے۔

کراچی میں پانی کی قلت کے مسئلے کو حل کرنے کے لیے حبکو نے اپنی نوعیت کے پہلے ویسٹ واٹر ری سائیکلنگ منصوبے کا تصور تیار کیا اور حکومت سندھ (جی او ایس) کو ایک غیر مطلوبہ تجویز (یو ایس پی) پیش کی۔ اس منصوبے کا مقصد سائٹ انڈسٹریل ایریا سے سمندر میں چھوڑے جانے والے غیر علاج شدہ میونسپل پانی کو ری سائیکل کرنا اور اسے صنعتی کھپت کے لئے واپس فراہم کرنا ہے جس سے گھریلو صنعتوں کے لئے پائیدار، مستقل اور ماحول دوست حل پیدا ہوگا۔ یو ایس پی کو کے ڈبلیو ایس بی نے قبول کیا تھا اور پہلے انکار کا حق دیا گیا ہے۔ حبکو اس منصوبے کو فعال طور پر آگے بڑھا رہا ہے کیونکہ جی او ایس مسابقتی بولی کے مرحلے کی طرف بڑھ رہا ہے اور ہم امید کرتے ہیں کہ مثبت بیرونی پہلو پیدا کرتے ہوئے اپنے کاروبار اور تنوع کے مفادات کو مزید وسعت دیں گے۔

قابل تجدید توانائی کے منصوبے

اگرچہ غیر بجلی کی پیداوار میں تنوع حبکو کے توسیعی منصوبے کے لئے اہم ہے، لیکن کمپنی اس بات سے بخوبی آگاہ ہے کہ قابل تجدید توانائی (آر ای) بجلی پیدا کرنے کے اہم کاروباری مواقع پاکستان کی مجموعی توانائی کی سلامتی کے لئے اہم ہیں۔ ہم ونڈ اور شمسی توانائی کے منصوبوں کے لئے قابل عمل قومی اور تقسیم کی سطح کے منصوبوں کی نگرانی جاری رکھے ہوئے ہیں اور ایسے منصوبوں میں حصہ لینے کے لئے مکمل طور پر پرعزم ہیں جو تمام اسٹیک ہولڈرز کے لئے بامعنی شراکت اور قدر رکھتے ہیں۔

رواں سال کے دوران حبکو کو کے الیکٹرک نے دھابیجی گرڈ اسٹیشن کے قریب 200 میگاواٹ صلاحیت کے پاکستان کے پہلے ونڈ سولر ہائبرڈ منصوبے کے لیے بولی لگانے کے لیے پری کوالیفائی کرلیا ہے۔ ہم خریداری میں حصہ لینے کا ارادہ رکھتے ہیں کیونکہ یہ ضروری ریگولیٹری منظوریوں کے ذریعے آگے بڑھتا ہے۔ ہم اسے بہت سے دیگر قابل تجدید منصوبوں میں سے ایک تصور کرتے ہیں جو آنے والے مستقبل میں حبکو شروع کرے گا۔

برقی گاڑیوں کا منظرنامہ

یہ تصور کیا جاتا ہے کہ اگلے چند سالوں میں، عالمی آٹوموٹو سیکٹر توانائی کے بنیادی ذریعہ کے طور پر برقی توانائی ویکٹر کی طرف ترقی کرے گا۔ کمپنی توانائی کی نئی مصنوعات اور خدمات میں حصہ لینے کے امید افزا مواقع پر محتاط رہتی ہے جو وسیع پیمانے پر اپنانے کے قابل بنائے گی۔ ہم پوری زنجیر میں متعدد سطحوں پر مشغول ہونے کا ارادہ رکھتے ہیں اور ترقی کے ساتھ ساتھ مضبوط کاروباری مواقع کا مشاہدہ اور عمل جاری رکھیں گے۔

کمپنی مسابقتی ٹریڈنگ باہمی معاہدہ مارکیٹ (سی ٹی بی سی ایم) کی ترقی کی بھی قریب سے نگرانی کر رہی ہے۔ ہم بی 2 بی پاور مارکیٹ میں مستقبل میں ترقی کے مواقع کی پیروی جاری رکھیں گے کیونکہ وہ ترقی کرتے ہیں۔ سی ٹی بی سی ایم نقل و حمل کے شعبے کی برقیکاری کی طرف ایک اہم معاون عنصر کے طور پر بھی ترقی کر سکتا ہے۔

حبکو کی جانب سے 50:50 جوائنٹ وینچر (پرائم انٹرنیشنل آئل اینڈ گیس کمپنی لمیٹڈ) کے ذریعے ENI کے پاکستان بزنس کا حصول 29 دسمبر 2022 کو مکمل کیا گیا۔ حبکو ملک کے لئے اہم مقامی ایندھن کے ذرائع کی ترقی پر توجہ مرکوز کرنے اور پاکستان کے تیل اور گیس کے شعبے میں اپنے قدم جمانے کا ارادہ رکھتا ہے۔ پرائم کے اہم مقاصد ہمارے قومی قدرتی وسائل کا زیادہ سے زیادہ استعمال ہے جس کے تحت ملکیتی اثاثوں میں نئی توسیع اور نامیاتی ترقی دونوں کو ہدف بنایا جائے گا۔

آپریشنل جھلکیاں

زیر نظر سال کے دوران ہمارے پلانٹس اور ایسوسی ایٹس کی آپریشنل جھلکیاں درج ذیل ہیں:

پلانٹ کا نام	مالی سال 2023-22	مالی سال 2022-21
حب پلانٹ	205 GWh	1229 GWh
نارووال پلانٹ	470 GWh	868 GWh
لاریب پلانٹ	345 GWh	413 GWh
سی پی ایچ جی سی پلانٹ	1546 GWh	6,755 GWh
ٹی ای ایل پلانٹ (سی او ڈی بوقت یکم اکتوبر 2022)	1053 GWh	-
ٹی این پی ٹی ایل پلانٹ (سی او ڈی بوقت 17 فروری 2023)	758 GWh	-

ہم ایک پائیدار درآمد متبادل حکمت عملی تیار کرنے کے لئے پرعزم ہیں۔ زیر غور سال کے دوران ہمارے ٹی ای ایل اور ٹی این پی ٹی ایل پلانٹس نے تھر کوئلے کی طاقت کو بروئے کار لاتے ہوئے معیشت میں 150 ملین امریکی ڈالر کی بچت کی۔ ان پلانٹس کو میرٹ آرڈر میں اعلی درجہ دیا گیا ہے کیونکہ وہ درآمد شدہ ایندھن کے مقابلے میں بجلی کی پیداوار کی کافی کم لاگت پیش کرتے ہیں۔ دونوں پلانٹس درآمد شدہ ایندھن پر ہمارا انحصار کم کر کے سالانہ 380 ملین امریکی ڈالر کی بچت جاری رکھیں گے۔

آپریٹنگ ماتحت اداروں اور ایسوسی ایٹس سمیت کمپنی کے پاور جنریشن شیئر کا جائزہ

گزشتہ چھ سالوں کے لئے کمپنی کا پاور جنریشن شیئر درج ذیل ہے:

مالی سال	پاکستان میں بجلی کی پیداوار (GWh)	کمپنی کا حصہ (GWh)	فیصد (%)
2017-18	120,621	8,590	7.1%
2018-19	133,593	1,817	1.4%
2019-20	137,039	6,402	4.7%
2020-21	149,698	9,074	6.1%
2021-22	157,880	9,265	5.9%
2022-23	138,210	4,728*	3.4%

* کمرشل آپریشنز کے آغاز سے پہلے ٹی ای ایل اور ٹی این پی ٹی ایل کے ذریعہ پیدا کردہ 359 گیگاواٹ شامل ہیں۔

ڈائریکٹروں کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 جون، 2023 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ کو اس کے آڈٹ شدہ مالی بیانات کے ساتھ پیش کرنے پر خوش ہیں۔

کمپنی کے بارے میں

حب پاور کمپنی لمیٹڈ (حبکو) ملک کی پہلی آزاد پاور پروڈیوسر (آئی پی پی) ہے اور اب براہ راست اور بالواسطہ طور پر کام کرتی ہے اور 3,581 میگاواٹ کی مشترکہ بجلی کی پیداواری صلاحیت کے ساتھ مختلف پاور پلانٹس کی مالک اور/ یا آپریٹر ہے۔ حب پلانٹ 1292 میگاواٹ کا آر ایف او سے چلنے والا تھرمل پاور پلانٹ ہے۔
نارووال انرجی لمیٹڈ، 100% ملکیتی ماتحت ادارہ، 225 میگاواٹ کا آر ایف او سے چلنے والا، انجن پر مبنی، کمبائنڈ سائیکل پاور اسٹیشن ہے، جو پنجاب میں نارووال کے علاقے موزا پونگ میں واقع ہے۔

کمپنی پاکستان کے پہلے ہائیڈل آئی پی پی لاریب انرجی لمیٹڈ میں بھی 75 فیصد کنٹرول رکھتی ہے، جو آزاد جموں وکشمیر میں منگلا ڈیم سے 8 کلومیٹر نیچے نیو بونگ اسکیپ کے قریب 84 میگاواٹ کا ہائیڈل پاور پلانٹ ہے۔ زیر غور سال کے دوران، ایل ای ایل نے ایندھن کی لاگت کے بغیر قومی گرڈ میں 345 گیگاواٹ صاف توانائی کا حصہ ڈالا، جس سے ملک کے لئے ~29 ملین امریکی ڈالر کی بچت ہوئی۔

تھر انرجی لمیٹڈ (ٹی ای ایل) کے پاس تھر بلاک ٹو، سندھ میں 330 میگاواٹ کا مائن ماؤتھ لیگنائٹ سے چلنے والا پاور پلانٹ ہے جس نے یکم اکتوبر 2022 کو کمرشل آپریشنز کی تاریخ (سی او ڈی) حاصل کی۔ کمپنی فوجی فرٹیلائزر کمپنی لمیٹڈ (ایف ایف سی ایل) اور سی ایم ای سی ٹی ای ایل پاور انویسٹمنٹ لمیٹڈ (سی ایم ای سی دبئ) کے ساتھ شراکت میں ٹی ای ایل کے 60 فیصد حصص رکھتی ہے۔

کمپنی نے اپنی ترقی کے اقدامات کے لئے مکمل ملکیت والے ماتحت ادارے قائم کیے ہیں۔ حب پاور ہولڈنگز لمیٹڈ (ایچ پی ایچ ایل) کو مستقبل کے ترقی کے منصوبوں میں سرمایہ کاری کے لئے شامل کیا گیا ہے۔ چائنا پاور حب جنریشن کمپنی لمیٹڈ (سی پی ایچ جی سی) چائنا پاور انٹرنیشنل ہولڈنگز (سی پی آئی ایچ) کے ساتھ ہمارا مشترکہ منصوبہ ہے جس میں 1320 میگاواٹ درآمد شدہ کوئلے پر مبنی پاور پلانٹ اور حب میں واقع ایک مربوط کوئلہ جیٹی شامل ہے۔ ایچ پی ایچ ایل تھر بلاک ٹو، سندھ میں 330 میگاواٹ کے مائن ماؤتھ لیگنائٹ سے چلنے والے پاور پلانٹ تھل نووا پاور تھر پرائیویٹ لمیٹڈ (ٹی این پی ٹی ایل) میں 38.3 فیصد حصص اور مینجمنٹ کنٹرول بھی رکھتا ہے، جس نے 17 فروری 2023 کو کمرشل آپریشنز ڈیٹ (سی او ڈی) حاصل کی۔

حب پاور سروسز لمیٹڈ (ایچ پی ایس ایل) ہمارے موجودہ پاور اثاثوں کے او اینڈ ایم کا انتظام کرتی ہے اور تھر میں ہمارے دیسی کوئلے سے چلنے والے پلانٹس کے او اینڈ ایم کو کامیابی کے ساتھ اپنے قبضے میں لے چکی ہے۔ ایچ پی ایس ایل اس وقت حب، نارووال، لاریب، ٹی ای ایل اور ٹی این پی ٹی ایل پلانٹس چلا رہا ہے۔ ایچ پی ایچ ایل ایک مشترکہ منصوبے کے ذریعے سی پی ایچ جی سی پلانٹ چلا رہا ہے۔

کمپنی سندھ اینگرو کول مائننگ کمپنی لمیٹڈ (ایس ای سی ایم سی) میں بھی 8 فیصد حصص رکھتی ہے، جو حبکو، اینگرو، تھل لمیٹڈ، ایچ بی ایل، سی ایم ای سی اور حکومت سندھ کا مشترکہ منصوبہ ہے، جس نے تھر میں کوئلے کی کان تیار کی ہے، جو دنیا میں کوئلے کا ساتواں سب سے بڑا ذخیرہ ہے۔ ایس ای سی ایم سی نے 10 جولائی 2019 کو منصوبے کے پہلے مرحلے اور 1 اکتوبر 2022 کو دوسرے مرحلے کے لیے کمرشل آپریشنز حاصل کیے۔ کان کنی کی صلاحیت اس وقت 7.6 ملین ٹن سالانہ ہے جس کے دوسرے مرحلے سے تھر میں ہمارے 330 میگاواٹ کے دو پاور پلانٹس کام کر رہے ہیں۔

Independent Auditor's Review Report

To the members of The Hub Power Company Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of The Hub Power Company Limited for the year ended June 30, 2023 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, 2023.

Chartered Accountants
Karachi

Date: September 20, 2023

UDIN: CR202310069iDYs24z7c

Statement of Compliance

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

For the year ended June 30, 2023

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	Names
Independent Directors	Mr. Manzoor Ahmed Mr. Saad Iqbal Mr. Shafiuddin Ghani Khan Dr. Nadeem Inayat
Non-executive Directors	Mr. M. Habibullah Khan Mr. Aly Khan
Executive Director	Mr. Muhammad Kamran Kamal
Non-executive Female Director	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 as 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 rowers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and 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 ofAct and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board remained fully complaint with the provision with regard to their directors' training program. More than 50% of the directors on the Board have attended the Directors' Training program in prior years.

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

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

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

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

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, 2023;

b) Board Compensation Committee: one (1) meeting has been convened during the financial year ended June 30, 2023;

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 Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

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

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

M. Habibullah Khan
Chairman

Karachi
Date: September 12, 2023

Statement of Compliance with the Shariah Governance Regulations 2018 & Sukuk (Privately Placed) Regulations 2017

For the year ended June 30, 2023

REANDA

HZ

1. Scope of our Work

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2018 (the Regulations) and Sukuk (Privately Placed) Regulations, 2017 for assessing compliance of The Hub Power Company Limited's (the Company) financial arrangements, contracts and transactions, in relation to the Sukuk-3 amounting to Rs. 7,000 million, Sukuk-5 amounting to Rs. 5,000 million and Sukuk-11 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, 2023. This engagement was conducted by a multidisciplinary team including assurance practitioner and independent Shariah Scholar.

2. Applicable Criteria

The Criteria for the assurance engagement, against which the Statement of Compliance with the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 for the year ended June 30, 2023 (the Statement) (underlying subject matter information) is assessed comprises of compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Regulations. Our engagement was carried out as required under Regulation 21 of Chapter VI of the Regulations in the light of the following:

a) rules, regulations and directives issued by the SECP;

b) pronouncements of the Shariah Advisory Board;

c) Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the SECP, if any;

d) requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP, if any; and

e) approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

3. Responsibility of the Company's Management

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

4. Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

5. Responsibility of Independent Assurance Provider

Our responsibility in connection with this engagement is to express our conclusion on the Statement based on our independent assurance engagement, performed in accordance with International Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements other than audits or reviews of historical financial information', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the annexed Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including an assessment of the risks of material non-compliance with the Criteria. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Criteria.

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

6. Conclusion

Based on our reasonable assurance engagement, in our opinion, the Statement reflects, in all material respects, the status of the Company's compliance with the features and Shariah requirements of the Sukuk in accordance with the requirements of the Shariah Governance Regulations, 2018 and Sukuk (Privately Placed) Regulations, 2017 and is free from material misstatement.

7. Restriction on use and distribution

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

Reanda Haroon Zakaria & Co

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: September 12, 2023

Statement of Compliance with the Shariah Governance Regulations 2018 & Sukuk (Privately Placed) Regulations 2017

This Statement of Compliance (the Statement) for the year ended June 30, 2023, is being presented to comply with the requirements under the Shariah Governance Regulations, 2018 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 Certificates 3rd Issue amounting to Rs. 7,000 million dated August 22, 2019, Sukuk Certificates 5th Issue amounting to Rs. 5,000 million dated March 19, 2020, and Sukuk Certificates 11th Issue amounting to Rs. 6,000 million (collectively referred to as "the Sukuk") for the year ended June 30, 2023, 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 personne responsible to ensure the company's compliance with the Sukuk related features and applicable Shariah governance law requirements, are properly trained and systems are properly updated.

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

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

Kamran Kamal
Chief Executive Officer

Dated: July 11, 2023

Shariah Compliance Review

Shari'ah Review Report

for HUBCO Sukuk based on

Musharakah (Shirkat ul Aqd)

Unsecured, Privately Placed, Short Term Sukuk Issue of PKR 6 Billion

For the period ended on 30th June 2023

This was the overall 1st 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 2023 in accordance with the provisions of **Shariah Governance Regulations, 2018 & 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 will be derived from the profit generated through Musharaka Business which is not paid yet. Therefore, no purification of income is required on part of participants during the period.

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

Alhamd Shariah Advisory Services (Pvt.) Ltd.

Mufti Uzair Bilwani
Executive Director

Dated: July 11, 2023

Shariah Compliance Reports

Annual Shari'ah Review Report

for Hubco Sukuk based on
Diminishing Musharakah (Sale & Lease Back)
Rated, Secured, Privately Placed Sukuk Issue of PKR 7 Billion
For the period ended on 30th June 2023

This was the overall 10th 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 2023 in accordance with the provisions of **Shariah Governance Regulations, 2018 & 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 2nd & 3rd buyout took place during the period as mentioned in the Purchase Undertaking as Scheduled and the principal amount was paid to the participants.

Based on our review, the Security is Shariah Compliant.

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

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

Mufti Ibrahim Essa
Chief Executive Officer

Mufti Uzair Bilwani
Executive Director

Dated: July 11, 2023

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 2023

This was the overall 10th 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 2023 in accordance with the provisions of **Shariah Governance Regulations, 2018 & 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 First & Second buyout took place as mentioned in the Revised Purchase Undertaking as Scheduled and the principal amount was paid to the participants.

Based on our review, the Security is Shariah Compliant.

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

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

Mufti Ibrahim Essa
Chief Executive Officer

Mufti Uzair Bilwani
Executive Director

Dated: July 11, 2023

Corporate Governance

AGM Issues and Responses

The 31st Annual General Meeting of the Company was held on October 05, 2022. During the AGM, queries and clarifications were sought on the Company's financial statements, which were resolved to the satisfaction of the shareholders. Apart from the said queries, no significant issues or concerns were raised by the shareholders.

Stakeholders' Engagement

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

Frequency Of Engagements

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

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

Code of Business Ethics

As we strive to improve our performance in a fast-changing, competitive world, we endeavor to always remain true to our Code of Business Ethics. They are a bedrock of our success, in tough times and good times, governing how the Company conducts its affairs. The code of ethics describes the behavior HUBCO expects of its employees and what our employees can expect from the Company. The code is more than a set of rules. It underlines the core principles that the Company expects its employees to live by, such as honesty, integrity and respect for people. The conduct of employees is evaluated on how our employees continue to live by these core principles both in intention and spirit.

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

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

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

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

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

The Alhamd Shariah Advisory Services Private Limited provides Shariah Advisory for Long Term Sukuks, and professional staff trainings for a remuneration of Pak Rupees Two Hundred Fifty Thousand, exclusive of SRB taxes per year. The Alhamd Shariah Advisory Services Private Limited provides Shariah Advisory for Short Term Sukuks of Rs. 6,000 million for a remuneration of Pak Rupees Three Hundred Thousand including SRB taxes Raenda Haroon Zakaria & Company is our Shariah External Auditor for these sukuks and their remuneration is fixed at Pak Rupees One Hundred Fifty 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.

Business Continulty Planning

HUBCO is well-prepared for crisis management, with rigorous planning in place for all our operations running smoothly during crises, be it natural disasters, equipment failures or political issues. We have specific action plans for each scenario, ensuring minimal disruption and quick restoration. HUBCO is ready to initiate BCP protocols to ensure business continuity

Anti-corruption Measures

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

CEO's Performance Review

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

Role of Chairman

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

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

Role of Chief Executive

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

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

Calender of Corporate Events

Actual Dates for The Financial Year 2022-23

Event	Date
Board Approval of Financial Statements for First Quarter ended September 30, 2022	**October 27, 2022**
Board Approval of Financial Statements for Second Quarter ended December 31, 2022	**February 27, 2023**
Board Approval of Financial Statements for Third Quarter ended March 31, 2023	**April 27, 2023**
Board Approval of Financial Statements for Fourth Quarter and year ended June 30, 2023	**September 12, 2023**

Tentative Dates for The Financial Year 2023-24

Event	Date
Board Approval of Financial Statements for First Quarter ended September 30, 2023	**Last week of October 2023**
Board Approval of Financial Statements for Second Quarter ended December 31, 2023	**Third week of February 2024**
Board Approval of Financial Statements for Third Quarter ended March 31, 2024	**Last week of April 2024**
Board Approval of Financial Statements for Fourth Quarter and year ended June 30, 2024	**Last week of August 2024**

Calendar of Major Events

Interim Dividends disbursed to shareholders on October 26, 2022, March 28, 2023, May 23, 2023

Thar Energy Limited (TEL) successfully started Commercial Operations on October 1, 2022

O&M takeover of TEL Plant by Hub Power Services Limited (HPSL) on December 1, 2022

Transaction closure of ENI acquisition by Prime International Oil & Gas Company Limited on December 30, 2022

ThalNova Power Thar (Private) Limited (TNPTL) successfully started Commercial Operations on February 17, 2023

O&M takeover of TNPTL Plant by HPSL on February 17, 2023

Achieved Project Completion Date (PCD) for CPHGC on February 23, 2023

Sustainability & Diversity

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

Empowering Women

Corporate Social Responsibility

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

Education:

1. A network of 6 Primary and 2 Secondary schools of TCF schools in the Hub community is fully operational with more than 1550 students currently enrolled.
2. CPHGC has sponsored a TCF School in Wali Mohammad Goth where currently more than 150 students are enrolled.
3. HUBCO sponsored the attendance of 10 students of Lasbela University for "Young Leadership Program" organized by the School of Leadership Karachi.
4. The TCF school at Narowal continues provding education to the local villages with 199 students enrolled in the current acadmic session.
5. LEL sponsored Internship to 08 students of Mirpur university of science and technology.
6. Scholarship awarded to 14 students of Mirpur university of science and technology.

Health:

1. HUBCO CSR Medical Team supported Health Department of District Government and provided services for Hepatitis B vaccine doses to more than 2400 members of local community in surrounding villages.
2. Through the mobile clinic and basic health units, continued provision of health care made to 28 villages around Hub plant. Over 36,000 patients were provided free consultation and medicines through this facility during the current year.
3. HUBCO Sponsored a free Skin Medical Camp at Hub. 4,387 patients were provided with free consultation and free medicines in the camp.
4. HUBCO and IUCN have entered into an agreement under which HUBCO is sponsoring Mangroves plantation on 75,000 hectares of land near Somiani, Balochistan.
5. Vails of Rabies Vaccine was donated to Health Department District Hub.
6. Narowal Energy Limited continued the management and operations of its two dispensaries in the neighboring villages. Where 12,000 patients are benefitted from the facility every year.

HUBCO

Infrastructure:

1. Through water tankers, HUBCO provides clean drinking water to the neighboring villages, several government schools, and Government Jam Ghulam Qadir Hospital Hub.
2. To promote a healthy environment 170 trees are planted in TCF NEL Campus.
3. On the request of civil defense department their office has been renovated by NEL.
4. NEL sponsored Rashan bags containing (Rice, Floor, Oil, Sugar etc) to flood affected community.

Livelihood:

1. A regular two-year apprenticeship training program is maintained at the Hub plant and has so far produced 224 graduates from the local Balochistan community.
2. In the year 2022 the whole country in General and Balochistan Province in particular was badly affected due to rains and floods. HUBCO was amongst the pioneers in responding and assisted the Government by providing Tents, Tarpaulin, Pillows, cloths and Ration Bags for the needy people. It also supported Government of Balochistan by providing Heavy Machinery for Rehabilitation work to rebuild the damaged roads, causeways and river banks.
3. Through Vocational training Centre, more than 120 females have been trained in dressmaking through vocational training centres at HUB and NEL.
4. LEL sponsored scholorships for paramedical students of College of Medical Technology.

Human Resources

Employee Skill Development and Growth

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

Building a more efficient and robust organization

Post centralization of our major business support functions such as Finance, HR, Commercial and others, the day-to-day tasks can now be performed with more ease and collaboration. HUBCO continues its strong emphasis and commitment in training & development of employees for creating and improving efficacy of the organization.

Employee Engagement

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

Diverse Endeavors

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

Acquisition of Eni's Pakistan Business by HUBCO through a 50:50 joint venture (Prime International Oil and Gas Co.) was completed on December 30, 2022. Through Prime, HUBCO has embarked on a mission to further develop critical indigenous fuel sources for the country and work towards optimum utilization of our natural resources through both new expansions and organic growth in owned assets. In continuation of this strategy and to re-energize its exploration portfolio, in June 2023 Prime was provisionally awarded S W Miano III Block, as a result of the bid round carried out by the Directorate General Petroleum Concessions (DGPC) and subject to completion of approval formalities from regulatory authorities. Prime has been operating in the region for more than 35 years and there are several Gas Processing facilities nearby. Prime has and will continue to evaluate other new business opportunities in order to explore and exploit the full potential of country's indigenous fuel resources.

Water solutions remain close to HUBCO's diversification strategy and efforts. HUBCO aims to provide a reliable and consistent supply of industrial grade water to the SITE Industrial Area, enabling a conducive business environment for local industry and creating both direct and indirect employment opportunities. The success of this project will pave the way for other wastewater recycling projects in Karachi and the rest of Pakistan. We firmly believe that water being a critical industrial input will further augment Pakistan's environmental standing as a responsible resource manager.

While efforts towards non-power generation business is strong, HUBCO will continue to explore opportunities in renewable energy, including participation in both the National, Distribution level and Competitive Trading Bilateral Contract Market CTBCM projects in renewable energy. These projects are critical for Pakistan's energy independence and local developers are ideally placed to reduce reliance on import of traditional fossil fuels. Furthermore, as the economics for renewable energy projects become increasingly competitive, Pakistan will only stand to gain as it harnesses its vast RE resources. HUBCO will continue to pursue affordable, reliable projects.

HUBCO is also closely evaluating the electrification potential of the Country's transport sector. As the EV space evolves in Pakistan, potential electrification opportunities will undoubtedly require reliable and readily available energy infrastructure. We anticipate that as Electric Vehicles will continue to become cost competitive over time, providing Pakistan the opportunity to replicate successful electrification opportunities currently observed globally. Positive impacts that Competitive Trading Bilateral Contract Market (CTBCM) may bring to the energy distribution for the transport sector of Pakistan are also being considered which may become a critical factor for deployment of the supporting infrastructure.

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

Prime: 50:50 JV between HPHL and EBO Group acquired ENI's Upstream Operations and Renewable Assets in Pakistan

Awards and Achievements

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

- HUBCO was the joint winner of South Asia's "Best Presented Annual Report 2020" in the Power & Energy category by the South Asian Federation of Accountants (SAFA), one of the highest-ranking accounting bodies in the South Asian Association for Regional Cooperation (SAARC).
- HUBCO received Merit Certificate for the best corporate and sustainability report-2021 by ICAP and ICMAP.
- HUBCO won Joint Bronze award for the Best Presented Annual Report 2021 by SAFA.
- HUBCO bagged Corporate Excellency award by Management Association of Pakistan for the 5th consecutive year in 2022.
- HUBCO was the recipient of the prestigious top 25 companies award-2021 by Pakistan Stock Exchange.
- HUBCO was awarded NEPRA's CSR Stalwart Award in recognition of its efforts to support and uplift the local communities in 2022.
- HUBCO won at the CSR Summit 2023 for its contribution in the areas of education, health, and community development.
- Awarded for CSR at the 15th Annual Corporate Social Responsibility Awards 2023, organized by the National Forum for Environment and Health (NFEH).
- Secured top position in the 'Foundation of Process Safety' category of 9th HSE Awards by The Professional Network Organization.

Financial Performance

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

TEL AND TN: Two mine-mouth Coal-fired Power Plants in Thar, with a power generation capacity of 330MW each.

HUBCO Financial Ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross Profit margin	%	57.60	37.42	63.16	65.01	32.37	12.78
Net Profit margin	%	69.51	33.78	66.37	36.94	22.17	11.17
Operating cost to turnover	%	42.40	62.58	36.84	34.99	67.63	87.22
Fuel cost to turnover	%	20.40	51.29	11.22	16.30	49.61	79.22
EBITDA Margin to Sales	%	95.88	49.84	93.77	80.31	41.89	16.91
Operating Leverage Ratio	Times	(1.37)	0.03	2.35	(2.17)	(0.38)	(3.39)
Return on Equity	%	50.34	36.30	43.92	27.13	30.86	43.57
Return on Capital Employed	%	45.61	31.86	33.79	30.28	29.42	35.71
Liquidity Ratios							
Current Ratio	Times	1.04	1.19	1.24	1.09	0.92	0.96
Quick / Acid Test Ratio	Times	1.00	1.15	1.18	1.00	0.85	0.89
Cash to Current Liabilities	Times	0.014	0.006	0.004	0.006	0.073	0.004
Cash Flow from Operations to Sales	%	71.07	33.60	22.24	1.51	0.32	9.05
Working capital	Rs. in million	2,979	13,329	18,029	8,237	(7,906)	(3,666)
Activity / Turnover Ratios							
No. of Days in Inventory	Days	39	22	140	207	76	23
Inventory Turnover	Times	9.24	16.88	2.61	1.77	4.78	15.78
No. of Days in Receivables	Days	484	394	832	939	750	372
Receivables Turnover	Times	0.75	0.93	0.44	0.39	0.49	0.98
No. of Days in Payables	Days	965	336	N/A	3,002	1,392	403
Payables Turnover	Times	0.38	1.09	0.00	0.12	0.26	0.91
Operating Cycle	Days	(442)	80	N/A	(1,856)	(566)	(8)
Total Asset Turnover	Times	0.29	0.40	0.20	0.17	0.24	0.56
Fixed Assets Turnover	Times	5.91	6.74	3.15	2.27	2.65	4.98
Working Capital Turnover	Times	14.94	4.69	1.79	3.34	(4.58)	(20.92)
Investment / Market Ratios							
Earnings Per Share	Rs.	23.85	16.29	16.52	7.84	6.70	7.15
Weighted Average No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,297	1,199	1,198
Price Earning Ratio	Times	2.92	4.18	4.82	9.25	11.75	12.89
Price to Book Ratio	Times	1.47	1.44	1.88	2.20	2.93	5.57
Dividend Yield	%	34.49	9.53	15.06	0.00	0.00	8.03
Dividend Payout Ratio	Times	1.01	0.40	0.73	0.00	0.00	1.03
Dividend Cover Ratio	Times	0.99	2.51	1.38	0.00	0.00	0.97
Cash Dividend Per Share - Interim	Rs.	24.00	6.50	7.00	0.00	0.00	4.60
Cash Dividend per share - Final	Rs.	-	0.00	5.00	0.00	0.00	2.80
Cash Dividend per share - Total	Rs.	24.00	6.50	12.00	0.00	0.00	7.40
Market Value Per Share							
Year end	Rs.	69.58	68.17	79.67	72.50	78.75	92.16
High	Rs.	79.03	81.96	91.32	103.21	98.13	125.88
Low	Rs.	57.75	63.03	70.31	57.40	68.84	89.90
Breakup Value /(Net assets/share)	Rs.	47.38	47.40	42.34	32.90	26.90	16.55
Capital Structure Ratios							
Financial Leverage Ratio	Times	0.39	0.52	0.64	0.82	0.72	0.74
Weighted Average Cost of Debt	%	15.99	10.87	9.08	14.55	9.85	6.99
Debt to Equity Ratio	Ratio	28:72	34:66	39:61	45:55	42:58	42:58
Interest Cover Ratio	Times	4.70	4.47	4.91	2.14	2.67	4.90
No. of Ordinary Shares	No. in million	1,297	1,297	1,297	1,297	1,157	1,157

Dupont Analysis

Ratios	2023	2022	Comments
Tax Burden/Efficiency (Net Income/PBT)	96.33	92.98	Increased due to change of super tax rate from 4% to 10%.
Interest Burden/Efficiency (PBT/EBIT)	78.73	77.62	Increased mainly due to increase in finance cost pertaining to long term and short term borrowings during the year due to higher KIBOR rate.
Operating Income Margin (EBIT/Sales)	91.65	46.81	Increased mainly due to higher dividend income from subsidiaries and associates during the year.
Asset Turnover (Sales/Assets)	0.29	0.41	Decreased mainly due to lower turnover during the year.
Leverage Ratio (Assets/Equity)	2.47	2.50	Declined due to lower equity balance due to higher dividend paid during the year.
Return on Equity (Net Income/Equity)	50.34	36.30	Increased mainly due to higher dividend income from subsidiaries and associates.

Horizontal and Vertical Analysis of Statement of Profit and Loss

Horizontal Analysis	2023 Rs.(Millions)	23 Vs. 22 %	2022 Rs.(Millions)	22 Vs. 21 %
Turnover	44,516	-28.82%	62,544	93.68
Operating costs	(18,875)	-51.78%	(39,140)	228.99
Gross Profit	25,641	9.56%	23,404	14.75
Other income	16,026	136.83%	6,767	(26.45)
General and administration expenses	(767)	37.14%	(559)	(29.15)
Finance costs	(8,680)	32.48%	(6,552)	13.51
Other operating expenses	(100)	-70.38%	(338)	(27)
Taxation	(1,178)	-26.08%	(1,594)	39.70
Profit after tax from continuing operations	30,942	46.45%	21,128	(1.42)
Profit after tax from discontinued operations	-	-	-	-
Profit for the year	30,942	46.45%	21,128	(1.42)

Vertical Analysis	2023 Rs.(Millions)	% of turnover	2022 Rs.(Millions)	% of turnover
Turnover	44,516	100.00	62,544	100.00
Operating costs	(18,875)	-42.40%	(39,140)	(62.58)
Gross Profit	25,641	57.60%	23,404	37.42
Other income	16,026	36.00%	6,767	10.82
General and administration expenses	(767)	-1.72%	(559)	(0.89)
Finance costs	(8,680)	-19.50%	(6,552)	(10.48)
Other operating expenses	(100)	-0.22%	(338)	(0.54)
Taxation	(1,178)	-2.65%	(1,594)	(2.55)
Profit after tax from continuing operations	30,942	69.51%	21,128	33.78
Profit after tax from discontinued operations	-	-	-	-
Profit for the year	30,942	69.51%	21,128	33.78

Horizontal Analysis	2021 Rs.(Millions)	21 Vs. 20 %	2020 Rs.(Millions)	20 Vs. 19 %	2019 Rs.(Millions)	19 Vs. 18 %	2018 Rs.(Millions)	18 Vs. 17 %
Turnover	32,292	17.32	27,524	(24.07)	36,249	(52.72)	76,676	(2.44)
Operating costs	(11,897)	23.54	(9,630)	(60.72)	(24,516)	(63.34)	(66,873)	(3.46)
Gross Profit	20,395	13.98	17,894	52.51	11,733	19.69	9,803	5.22
Other income	9,200	190.96	3,162	26.08	2,508	12.52	2,229	43.16
General and administration expenses	(789)	4.23	(757)	(13.19)	(872)	(3.11)	(900)	46.34
Finance costs	(5,772)	(38.56)	(9,395)	89.38	(4,961)	121	(2,248)	26.01
Other operating expenses	(460)	197	(155)	17	(133)	21	(110)	43
Taxation	(1,141)	96.05	(582)	144.54	(238)	13.88	(209)	46.77
Profit after tax from continuing operations	21,433	110.81	10,167	26.50	8,037	(6.16)	8,565	3.74
Profit after tax from discontinued operations	-	-	-	-	-	-	-	(100)
Profit for the year	21,433	110.81	10,167	26.50	8,037	(6.16)	8,565	(10.78)

Vertical Analysis	2021 Rs.(Millions)	% of turnover	2020 Rs.(Millions)	% of turnover	2019 Rs.(Millions)	% of turnover	2018 Rs.(Millions)	% of turnover
Turnover	32,292	100.00	27,524	100.00	36,249	100.00	76,676	100.00
Operating costs	(11,897)	(36.84)	(9,630)	(34.99)	(24,516)	(67.63)	(66,873)	(87.22)
Gross Profit	20,395	63.16	17,894	65.01	11,733	32.37	9,803	12.78
Other income	9,200	28.49	3,162	11.49	2,508	6.92	2,229	2.91
General and administration expenses	(789)	(2.44)	(757)	(2.75)	(872)	(2.41)	(900)	(1.17)
Finance costs	(5,772)	(17.87)	(9,395)	(34.13)	(4,961)	(13.69)	(2,248)	(2.93)
Other operating expenses	(460)	(1.42)	(155)	(0.56)	(133)	(0.37)	(110)	(0.14)
Taxation	(1,141)	(3.53)	(582)	(2.11)	(238)	(0.66)	(209)	(0.27)
Profit after tax from continuing operations	21,433	66.37	10,167	36.94	8,037	22.17	8,565	11.17
Profit after tax from discontinued operations	-	-	-	-	-	-	-	(100)
Profit for the year	21,433	66.37	10,167	36.94	8,037	22.17	8,565	11.17

Statement of Financial Position Horizontal Analysis

	2023 (Rs. Millions)	23 Vs. 22 %	2022 (Rs. Millions)	22 Vs. 21 %	2021 (Rs. Millions)	21 Vs. 20 %	2020 (Rs. Millions)
ASSETS							
NON-CURRENT ASSETS							
Fixed Assets							
Property, Plant and equipments	6,760	(18.69)	8,314	(18.94)	10,257	(15.55)	12,146
Intangibles	1	(50.00)	2	(66.67)	6	(76.92)	26
Long term investments	62,825	4.15	60,320	5.28	57295	1.32	56,549
Long term loan to subsidiary	3,846	158.29	1,489	100,00	-	-	-
Long term deposits and prepayments	13	44.44	9	(59.09)	22	-	22
	73,445	**4.72**	**70,134**	**3.78**	**67,580**	**(1.69)**	**68,743**
CURRENT ASSETS							
Stores, spares and consumables	850	(16.34)	1,016	(26.27)	1,378	(19.98)	1,722
Stock-in-trade	2,253	23.05	1,831	(34.75)	2,806	(55.59)	6,319
Trade debts	55,084	(12.45)	62,919	(12.86)	72,206	(3.77)	75,031
Loan and advances	50	6.38	47	(93.15)	686	328.75	160
Prepayments and other receivables	19,114	8.15	17,673	17.42	15,051	25.06	12,035
Cash and bank balances	1,027	164.69	388	28.90	301	(41.10)	511
	78,378	**(6.55)**	**83,874**	**(9.25)**	**92,428**	**(3.50)**	**95,778**
Non-current asset held for sale	-	-	-	-	-	-	-
TOTAL ASSETS	**151,823**	**(1.42)**	**154,008**	**(3.75)**	**160,008**	**(2.74)**	**164,521**
EQUITY AND LIABILITIES							
SHARE CAPTIAL AND RESERVE							
Share Capital							
Authorised	17,000	-	17,000	-	17,000	-	17,000
Issued, subscribed and paid-up	12,972	-	12,972	-	12,972	-	12,972
Capital Reserve							
Share Premium	5,600	-	5,600	-	5,600	-	5,600
Revenue Reserve							
Unappropriated profit	42,884	(0.07)	42,916	18.05	36,353	50.79	24,108
TOTAL EQUITY	**61,456**	**(0.05)**	**61,488**	**11.95**	**54,925**	**28.69**	**42,680**
NON-CURRENT LIABILITIES							
Long term loans	14,796	(32.08)	21,786	(28.38)	30,420	(10.55)	34,006
Long term lease liabilities	173	(8.47)	189	(28.41)	264	(10.20)	294
CURRENT LIABILITIES							
Trade and other payables	38,381	15.87	33,123	(20.79)	41,817	(25.30)	55,981
Unclaimed dividend	212	(4.93)	223	(2.19)	228	9.62	208
Unpaid dividend	129	12.17	115	150.00	46	4.55	44
Interest/mark-up accrued	1,304	53.23	851	34.65	632	(21.88)	809
Short term borrowings	26,419	0.95	26,170	(3.32)	27,069	(9.51)	29,914
Current maturity of long term loans	8,937	(11.08)	10,051	119.60	4,577	714.41	562
Current maturity of long term lease liabilities	16	33.33	12	(60.00)	30	30.43	23
	75,398	**6.88**	**70,545**	**(5.18)**	**74,399**	**(15.01)**	**87,541**
TOTAL EQUITY AND LIABILITIES	**151,823**	**(1.42)**	**154,008**	**(3.75)**	**160,008**	**(2.74)**	**164,521**

	20 Vs. 19 %	2019 (Rs. Millions)	19 Vs. 18 %	2018 (Rs. Millions)	18 Vs. 17 %	2017 (Rs. Millions)	17 Vs. 16 %	2016 (Rs. Millions)	16 Vs. 15 %	2015 (Rs. Millions)
ASSETS										
NON-CURRENT ASSETS										
Fixed Assets										
Property, Plant and equipments	(11.13)	13,667	(11.26)	15,401	(10.78)	17,262	(52.82)	36,587	(5.75)	38,818
Intangibles	(50.00)	52	(5.45)	55	22.22	45	2.27	44	1.366.67	3
Long term investments	16.95	48,355	133.84	20,679	85.06	11,174	90.16	5,876	19.48	4,918
Long term loan to subsidiary	-	-	-	-	-	-	-	-	-	-
Long term deposits and prepayments	-	22	4.76	21	(84.21)	133	533.33	21	10.53	19
	10.70	**62,096**	**71.74**	**36,156**	**26.36**	**28,614**	**(32.72)**	**42,528**	**(2.81)**	**43,758**
CURRENT ASSETS										
Stores, spares and consumables	(6.97)	1,851	(5.32)	1,955	(0.26)	1,960	(20.33)	2,460	16.53	2,111
Stock-in-trade	38.09	4,576	(19.55)	5,688	104.16	2,786	8.70	2,563	(26.14)	3,470
Trade debts	12.61	66,629	(19.42)	82,683	12.24	73,663	(5.25)	77,747	6.97	72,683
Loan and advances	(78.14)	732	713.33	90	(37.06)	143	(42.11)	247	128.70	108
Prepayments and other receivables	14.27	10,532	9.50	9,618	45.93	6,591	27.21	5,181	55.35	3,335
Cash and bank balances	(93.01)	7,312	1,612.41	427	(65.09)	1,223	(62.71)	3,280	577.69	484
	4.52	**91,632**	**(8.79)**	**100,461**	**16.32**	**86,366**	**(5.59)**	**91,478**	**11.30**	**82,191**
Non-current asset held for sale	-	-	-	-	(100.00)	4	100.00	-	-	-
TOTAL ASSETS	**7.02**	**153,728**	**12.52**	**136,617**	**18.81**	**114,984**	**(14.19)**	**134,006**	**6.40**	**125,949**
EQUITY AND LIABILITIES										
SHARE CAPTIAL AND RESERVE										
Share Capital										
Authorised	-	17,000	-	17,000	41.67	12,000	-	12,000	-	12,000
Issued, subscribed and paid-up	-	12,972	12.10	11,572	-	11,572	-	11,572	-	11,572
Capital Reserve										
Share Premium	-	5,600	100.00	-	-	-	-	-	-	-
Revenue Reserve										
Unappropriated profit	76.09	13,691	65.83	8,256	4.32	7,914	(50.56)	16,007	(20.22)	20,063
TOTAL EQUITY	**32.29**	**32,263**	**62.71**	**19,828**	**1.76**	**19,486**	**(29.34)**	**27,579**	**(12.82)**	**31,635**
NON-CURRENT LIABILITIES										
Long term loans	55.09	21,927	73.17	12,662	133.10	5,432	(68.60)	17,301	(6.07)	18,419
Long term lease liabilities	100	-	-	-	-	-	-	-	-	-
CURRENT LIABILITIES										
Trade and other payables	(0.52)	56,273	(29.50)	79,821	20.54	66,222	0.34	65,997	10.19	59,895
Unclaimed dividend	9.47	190	35.71	140	8.53	129	4.88	123	19.42	103
Unpaid dividend	(45.00)	80	(67.61)	247	(75.83)	1,022	(52.92)	2,171	3,847.27	55
Interest/mark-up accrued	42.43	568	259.49	158	(38.52)	257	(50.10)	515	(32.50)	763
Short term borrowings	(27.24)	41,112	88.80	21,776	8.39	20,091	21.47	16,540	50.87	10,963
Current maturity of long term loans	(57.26)	1,315	(33.75)	1,985	(15.35)	2,345	(37.96)	3,780	(8.16)	4,116
Current maturity of long term lease liabilities	100									
	(12.05)	**99,538**	**(4.41)**	**104,127**	**15.61**	**90,066**	**1.05**	**89,126**	**17.43**	**75,895**
TOTAL EQUITY AND LIABILITIES	**7.02**	**153,728**	**12.52**	**136,617**	**18.81**	**114,984**	**(14.19)**	**134,006**	**6.40**	**125,949**

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Statement of Financial Position Vertical Analysis

	2023 (Rs. Millions)	%	2022 (Rs. Millions)	%	2021 (Rs. Millions)	%	2020 (Rs. Millions)
ASSETS							
NON-CURRENT ASSETS							
Fixed Assets							
Property, Plant and equipments	6,760	4.45	8,314	5.40	10,257	6.41	12,146
Intangibles	1	0.00	2	0.00	6	0.00	26
Long term investments	62,825	41.38	60,320	39.17	57,295	35.81	56,549
Long term loan to subsidiary	3,846	2.53	1,489	0.97	-	-	-
Long term deposits and prepayments	13	0.01	9	0.01	22	0.01	22
	73,445	**48.38**	**70,134**	**45.54**	**67,580**	**42.24**	**68,743**
CURRENT ASSETS							
Stores, spares and consumables	850	0.56	1,016	0.66	1,378	0.86	1,722
Stock-in-trade	2,253	1.48	1,831	1.19	2,806	1.75	6,319
Trade debts	55,084	36.28	62,919	40.85	72,206	45.13	75,031
Loan and advances	50	0.03	47	0.03	686	0.43	160
Prepayments and other receivables	19,114	12.59	17,673	11.48	15,051	9.41	12,035
Cash and bank balances	1,027	0.68	388	0.25	301	0.19	511
	78,378	**51.62**	**83,874**	**54.46**	**92,428**	**57.76**	**95,778**
Non-current asset held for sale	-	-	-	-	-	-	-
TOTAL ASSETS	**151,823**	**100.00**	**154,008**	**100.00**	**160,008**	**100.00**	**164,521**
EQUITY AND LIABILITIES							
SHARE CAPTIAL AND RESERVE							
Share Capital							
Authorised	17,000	-	17,000	-	17,000	-	17,000
Issued, subscribed and paid-up	12,972	8.54	12,972	8.42	12,972	8.11	12,972
Capital Reserve							
Share Premium	5,600	3.69	5,600	3.64	5,600	3.50	5,600
Revenue Reserve							
Unappropriated profit	42,884	28.25	42,916	27.87	36,353	22.72	24,108
TOTAL EQUITY	**61,456**	**40.48**	**61,488**	**39.93**	**54,925**	**34.33**	**42,680**
NON-CURRENT LIABILITIES							
Long term loans	14,796	9.75	21,786	14.15	30,420	19.01	34,006
Long term lease liabilities	173	0.11	189	0.12	264	0.16	294
CURRENT LIABILITIES							
Trade and other payables	38,381	25.28	33,123	21.51	41,817	26.13	55,981
Unclaimed dividend	212	0.14	223	0.14	228	0.14	208
Unpaid dividend	129	0.08	115	0.07	46	0.03	44
Interest/mark-up accrued	1,304	0.86	851	0.55	632	0.39	809
Short term borrowings	26,419	17.40	26,170	16.99	27,069	16.92	29,914
Current maturity of long term loans	8,937	5.89	10,051	6.53	4,577	2.86	562
Current maturity of long term lease liabilities	16	0.01	12	0.01	30	0.02	23
	75,398	**49.66**	**70,545**	**45.81**	**74,399**	**46.50**	**87,541**
TOTAL EQUITY AND LIABILITIES	**151,823**	**100.00**	**154,008**	**100.00**	**160,008**	**100.00**	**164,521**

	%	2019 (Rs. Millions)	%	2018 (Rs. Millions)	%	2017 (Rs. Millions)	%	2016 (Rs. Millions)	%	2015 (Rs. Millions)
ASSETS										
NON-CURRENT ASSETS										
Fixed Assets										
Property, Plant and equipments	7.38	13,667	8.89	15,401	11.27	17,262	15.01	36,587	27.30	38,818
Intangibles	0.02	52	0.03	55	0.04	45	0.04	44	0.03	3
Long term investments	34.37	48,355	31.45	20,679	15.14	11,174	9.72	5,876	4.38	4,918
Long term loan to subsidiary	-	-	-	-	-	-	-	-	-	-
Long term deposits and prepayments	0.01	22	0.01	21	0.02	133	0.12	21	0.02	19
	41.78	**62,096**	**40.39**	**36,156**	**26.47**	**28,614**	**24.89**	**42,528**	**31.74**	**43,758**
CURRENT ASSETS										
Stores, spares and consumables	1.05	1,851	1.20	1,955	1.43	1,960	1.70	2,460	1.84	2,111
Stock-in-trade	3.84	4,576	2.98	5,688	4.16	2,786	2.42	2,563	1.91	3,470
Trade debts	45.61	66,629	43.34	82,683	60.52	73,663	64.06	77,747	58.02	72,683
Loan and advances	0.10	732	0.48	90	0.07	143	0.12	247	0.18	108
Prepayments and other receivables	7.32	10,532	6.85	9,618	7.04	6,591	5.73	5,181	3.87	3,335
Cash and bank balances	0.31	7,312	4.76	427	0.31	1,223	1.06	3,280	2.45	484
	58.22	**91,632**	**59.61**	**100,461**	**73.53**	**86,366**	**75.11**	**91,478**	**68.26**	**82,191**
Non-current asset held for sale	-	-	-	-	-	4	-	-	-	-
TOTAL ASSETS	**100.00**	**153,728**	**100.00**	**136,617**	**100.00**	**114,984**	**100.00**	**134,006**	**100.00**	**125,949**
EQUITY AND LIABILITIES										
SHARE CAPTIAL AND RESERVE										
Share Capital										
Authorised	-	17,000	-	17,000	-	12,000	-	12,000	-	12,000
Issued, subscribed and paid-up	7.88	12,972	8.44	11,572	8.47	11,572	10.06	11,572	8.64	11,572
Capital Reserve										
Share Premium	3.40	5,600	3.64	-	-	-	-	-	-	-
Revenue Reserve										
Unappropriated profit	14.65	13,691	8.91	8,256	6.04	7,914	6.88	16,007	11.94	20,063
TOTAL EQUITY	**25.94**	**32,263**	**20.99**	**19,828**	**14.51**	**19,486**	**16.95**	**27,579**	**20.58**	**31,635**
NON-CURRENT LIABILITIES										
Long term loans	20.67	21,927	14.26	12,662	9.27	5,432	4.72	17,301	12.91	18,419
Long term lease liabilities	0.18	-	-	-	-	-	-	-	-	
CURRENT LIABILITIES										
Trade and other payables	34.03	56,273	36.61	79,821	58.43	66,222	57.59	65,997	49.25	59,895
Unclaimed dividend	0.13	190	0.12	140	0.10	129	0.11	123	0.09	103
Unpaid dividend	0.03	80	0.05	247	0.18	1,022	0.89	2,171	1.62	55
Interest/mark-up accrued	0.49	568	0.37	158	0.12	257	0.22	515	0.38	763
Short term borrowings	18.18	41,112	26.74	21,776	15.94	20,091	17.47	16,540	12.34	10,963
Current maturity of long term loans	0.34	1,315	0.86	1,985	1.45	2,345	2.04	3,780	2.82	4,116
Current maturity of long term lease liabilities	0.01	-	-	-	-	-	-	-	-	-
	53.21	**99,538**	**64.75**	**104,127**	**76.22**	**90,066**	**78.33**	**89,126**	**66.51**	**75,895**
TOTAL EQUITY AND LIABILITIES	**100.00**	**153,728**	**100.00**	**136,617**	**100.00**	**114,984**	**100.00**	**134,006**	**100.00**	**125,949**

Six Years Statement of Profit & Loss

	2023 (Rs. Millions)	2022 (Rs. Millions)	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)
Turnover	44,516	62,544	32,292	27,524	36,249	76,676
Operating costs	(18,875)	(39,140)	(11,897)	(9,630)	(24,516)	(66,873)
Gross Profit	25,641	23,404	20,395	17,894	11,733	9,803
Other income	16,026	6,767	9,200	3,162	2,508	2,229
General and administration expenses	(767)	(559)	(789)	(757)	(872)	(900)
Finance costs	(8,680)	(6,552)	(5,772)	(9,395)	(4,961)	(2,248)
Other operating expenses	(100)	(338)	(460)	(155)	(133)	(110)
Taxation	(1,178)	(1,594)	(1,141)	(582)	(238)	(209)
Profit after tax from continuing operations	30,942	21,128	21,433	10,167	8,037	8,565
Profit after tax from discontinued operations	-	-	-	-	-	-
Profit for the year	30,942	21,128	21,433	10,167	8,037	8,565
Basic and diluted earnings per share (Rupees)	23.85	16.29	16.52	7.84	6.70	7.15
Weighted Average No. of Ordinary Shares	1,297	1,297	1,297	1,297	1,199	1,198

	2023 (Rs. Millions)	2022 (Rs. Millions)	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)
EBITDA						
Profit after tax for the year (from continuing operations)	30,942	21,128	21,433	10,167	8,037	8,565
Finance costs	8,680	6,552	5,772	9,395	4,961	2,248
Depreciation	1,882	1,890	1,914	1,931	1,914	1,910
Amortization	1	6	20	30	35	37
Taxation	1,178	1,594	1,141	582	238	209
EBITDA	42,683	31,170	30,280	22,105	15,185	12,969

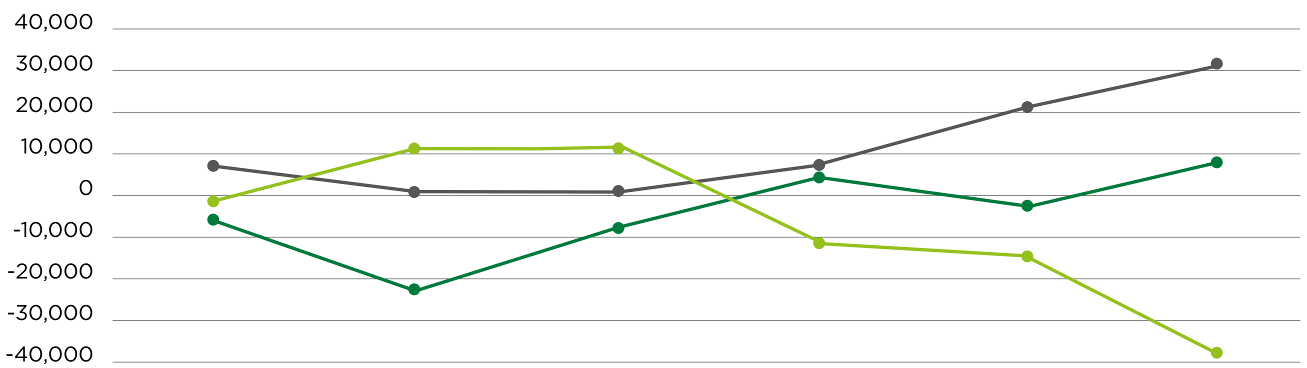
	2023 (Rs. Millions)	2022 (Rs. Millions)	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)
EBIT						
Profit after tax for the year (from continuing operations)	30,942	21,128	21,433	10,167	8,037	8,565
Finance costs	8,680	6,552	5,772	9,395	4,961	2,248
Taxation	1,178	1,594	1,141	582	238	209
EBIT	40,800	29,274	28,346	20,144	13,236	11,022

Six Years Statement of Financial Position

	2023 (Rs. Millions)	2022 (Rs. Millions)	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)
ASSETS						
NON-CURRENT ASSETS						
Fixed Assets						
Property, plant and equipment	6,760	8,314	10,257	12,146	13,667	15,401
Intangibles	1	2	6	26	52	55
Long term investments	62,825	60,320	57,295	56,549	48,355	20,679
Long term loan to subsidiary	3,846	1,489	-	-	-	-
Long term deposits	13	9	22	22	22	21
	73,445	70,134	67,580	68,743	62,096	36,156
CURRENT ASSETS						
Stores, spares and consumables	850	1,016	1,378	1,722	1,851	1,955
Stock-in-trade	2,253	1,831	2,806	6,319	4,576	5,688
Trade debts	55,084	62,919	72,206	75,031	66,256	82,683
Loans and advances	50	47	686	160	732	90
Prepayments and other receivables	19,113	17,673	15,051	12,035	10,905	9,618
Cash and bank balances	1,027	388	301	511	7,312	427
	78,378	83,874	92,428	95,778	91,632	100,461
Non-current asset classified as held for sale	-	-	-	-	-	-
TOTAL ASSETS	151,823	154,008	160,008	164,521	153,728	136,617
EQUITY AND LIABILITIES						
SHARE CAPTIAL 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	11,572
Capital Reserve						
Share premium	5,600	5,600	5,600	5,600	5,600	-
Revenue Reserve						
Unappropriated profit	42,884	42,916	36,353	24,108	13,691	8,256
TOTAL EQUITY	61,456	61,488	54,925	42,680	32,263	19,828
NON-CURRENT LIABILITIES						
Long term loans	14,796	21,786	30,420	34,006	21,927	12,662
Long term lease liabilities	173	189	264	294	-	-
	14,969	21,975	30,684	34,300	21,927	12,662
CURRENT LIABILITIES						
Trade and other payables	38,381	33,123	41,817	55,981	56,273	79,821
Unclaimed dividend	212	223	228	208	190	140
Unpaid dividend	129	115	46	44	80	247
Interest / mark-up accrued	1,304	851	632	809	568	158
Short term borrowings	26,420	26,170	27,069	29,914	41,112	21,776
Current maturity of long term loans	8,937	10,051	4,577	562	1,315	1,985
Current maturity of long term lease liabilities	16	12	30	23	-	-
	75,399	70,545	74,399	87,541	99,538	104,127
COMMITMENTS AND CONTINGENCIES						
TOTAL EQUITY AND LIABILITIES	151,823	154,008	160,008	164,521	153,728	136,617

Summary of Six Years Cashflow at a Glance

	2023 (Rs. Millions)	2022 (Rs. Millions)	2021 (Rs. Millions)	2020 (Rs. Millions)	2019 (Rs. Millions)	2018 (Rs. Millions)
Opening	(21,281)	(26,768)	(29,402)	(33,799)	(21,349)	(18,867)
Net Cashflow generated from / (used in) operating activities	31,638	21,015	7,180	415	117	6,939
Net Cashflow generated from / (used in) investing activities	8,097	(1,889)	4,223	(7,221)	(24,720)	(7,305)
Net Cashflow used in financing activities	(37,846)	(13,638)	(8,769)	11,203	12,153	(2,116)
Closing	(19,392)	(21,281)	(26,768)	(29,402)	(33,799)	(21,349)



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 28.82% 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 51.77% compared to the last year is mainly due to lower fuel cost due to lower generation

The increase in other income was mainly due to net effect of higher dividend income from subsidiaries and associates and lower income from management services.

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

The current year net profit increased by 46.45% compared to the last year resulting in increase in earnings per share from Rs. 16.29 to Rs. 23.85 mainly due to higher dividend income from subsidiaries and associates, lower income from management services.

COMMENTS ON UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

During the year, the Company has made additional investments in TEL Rs. 2,316 million and unrealized gain on SECMC of Rs. 188 million.

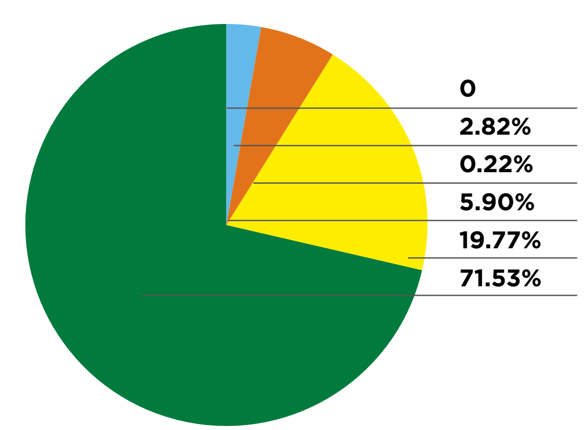
To finance investments in growth projects, the Company has obtained additional long term loan amounting to Rs. 2,269 million whereas long term loan of Rs. 10,448 million was repaid during the year.

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

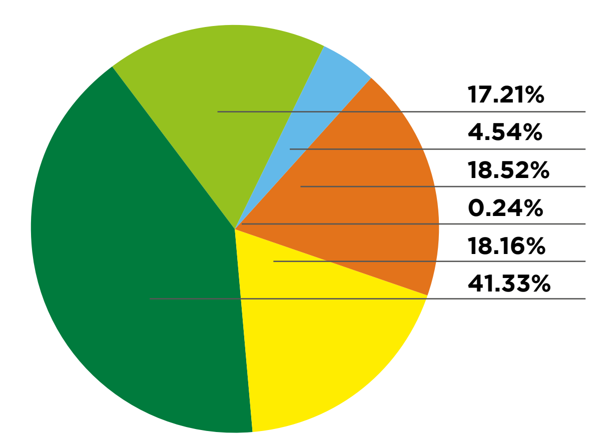
Statement of Value Addition

	2023 (Rs. Millions)	%	2022 (Rs. Millions)	%
Wealth Created				
Total Revenue inclusive of sales tax and other income	62,177	142.86	75,237	208.46
Less: Operating cost & other general expenses	(18,653)	(42.86)	(39,146)	(108.46)
	43,524	100.00	**36,091**	100.00
Wealth Distributed				
To employees				
Salaries, wages and other benefits	1,238	2.84	1,637	4.54
To government				
Sales tax	1,389	2.75	5,090	14.10
Income tax	1,178	2.71	1,594	4.42
To society				
Donation / Corporate Social Responsibility	96	0.22	88	0.24
To providers of finance as financial charges	8,680	19.94	6,552	18.16
Dividend to Shareholders	31,132	71.53	14,917	41.33
Wealth Retained	(190)	(0.00)	6,212	17.21
	43,524	100.00	**36,091**	100.00

Wealth Distribution 2023



Wealth Distribution 2022



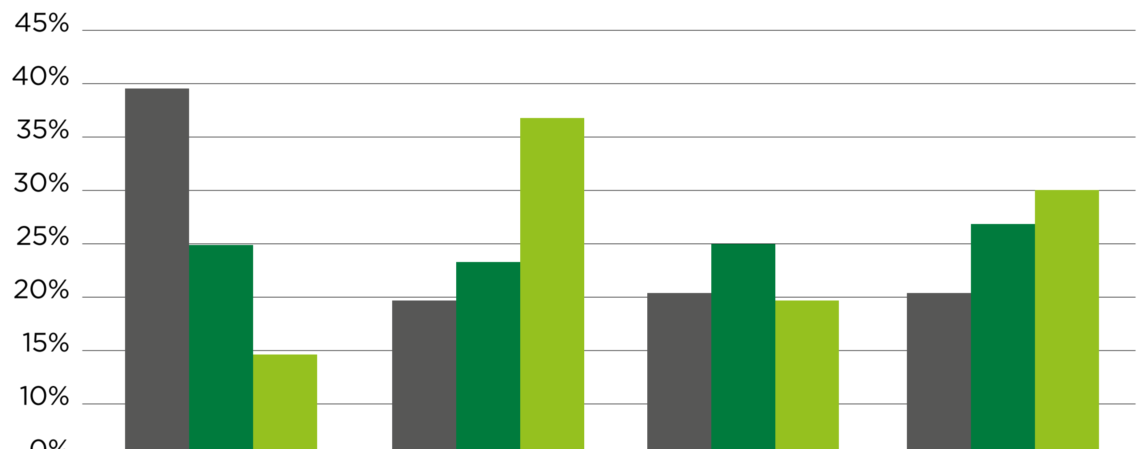
To Employess | To Government
To Society | To Providers of finance
Wealth Retained | Dividend to shareholders

To Employess | To Government
To Society | To Providers of finance
Wealth Retained | Dividend to shareholders

Quarterly Financial Analysis

	Jul - Sep 2022 Rs. '000	%	Oct - Dec 2022 Rs. '000	%	Jan - Mar 2023 Rs. '000	%	Apr - Jun 2023 Rs. '000	%	Jul - Jun 2023 Rs. '000	%
Net Sales	17,416,700	39%	8,414,773	19%	9,238,772	21%	9,445,964	21%	44,516,209	100%
Gross Profit	6,383,391	25%	6,023,299	23%	6,428,296	25%	6,806,088	27%	25,641,074	100%
Profit for the period	4,451,836	14%	11,311,339	37%	5,909,988	19%	9,268,544	30%	30,941,707	100%

Quarterly Analysis 2022-23



	Q1	Q2	Q3	Q4
Net Sales	39%	19%	21%	21%
Gross Profit	25%	23%	25%	27%
Profit fot the period	14%	37%	19%	30%

HUBCO

Cash Flow Statement - Direct Method

For the year ended June 30, 2023

	2023 (Rs. '000s)	2022 (Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	53,740,702	76,920,416
Paid to suppliers / service provider - net	(12,989,201)	(49,024,329)
Paid to employees	(933,897)	(830,150)
Interest income received	27,332	224
Interest / mark-up paid	(7,684,889)	(5,784,348)
Staff gratuity paid	(19,500)	(3,000)
Taxes paid	(502,594)	(264,040)
Net cash inflow from operating activities	31,637,953	21,014,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(330,454)	(16,650)
Sale proceeds from disposal of Fixed Assets	13,507	41,308
Long term investment made	(2,316,350)	(2,688,568)
Long term loan to subsidiary - net	(2,356,701)	(1,488,819)
Dividend received from subsidiaries	13,092,011	2,249,696
Long-term deposits and prepayments	(4,800)	13,558
Net cash outflow from investing activities	8,097,213	(1,889,475)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(31,129,039)	(14,853,162)
Proceeds from privately placed Sukuk	6,000,000	4,500,000
Repayment of privately placed Sukuk	(4,500,000)	-
Proceeds from long term loans	2,268,562	1,485,679
Repayment of long term loans	(10,447,795)	(4,728,236)
Repayment of long term lease liabilities	(37,944)	(42,478)
Net cash outflow from financing activities	(37,846,216)	(13,638,197)
Net decrease in cash and cash equivalents	1,888,950	5,487,101
Cash and cash equivalents at the beginning of the year	(21,281,476)	(26,768,577)
Cash and cash equivalents at the end of the year	(19,392,526)	(21,281,476)

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.

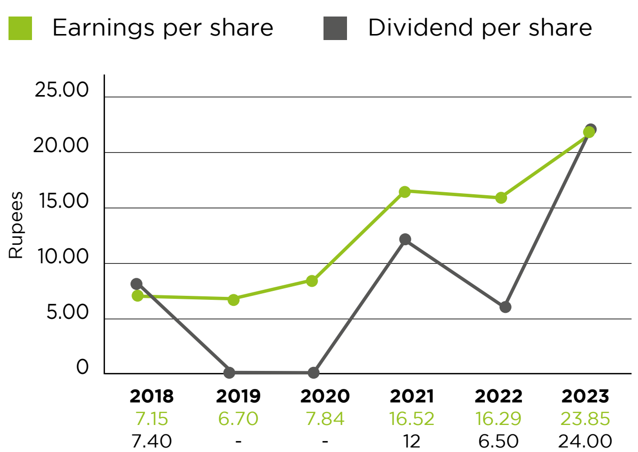
Powers of the Board of Directors and the Management of the Company have been defined with special reference to, and in compliance with the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, guidelines and frameworks issued by professional bodies and best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

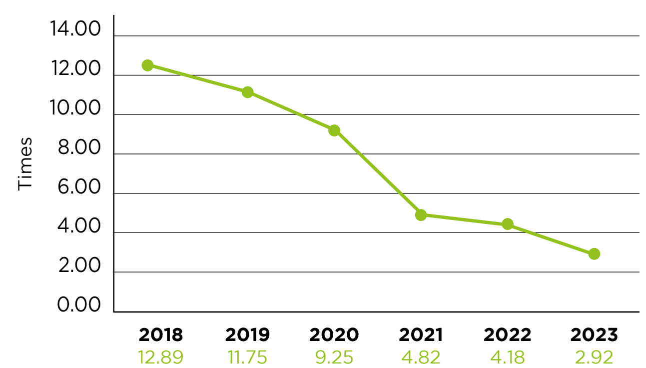
Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formalized processes keeping in view defined materiality levels.

Graphical Presentation

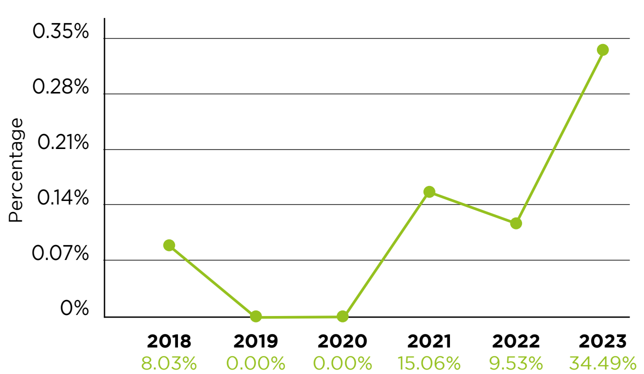
EPS vs Dividend per share



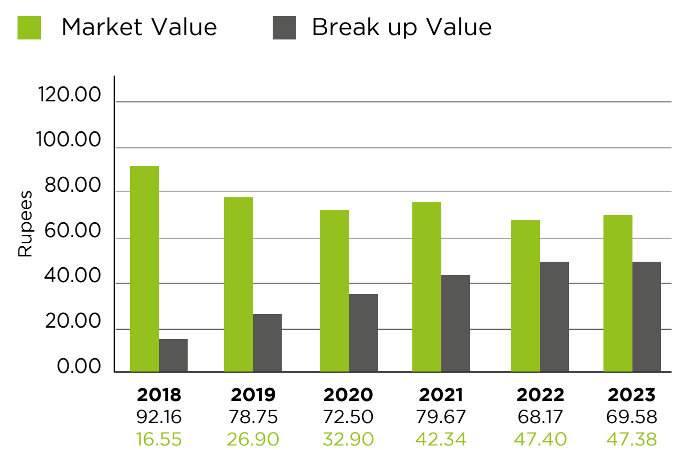
PE Ratio



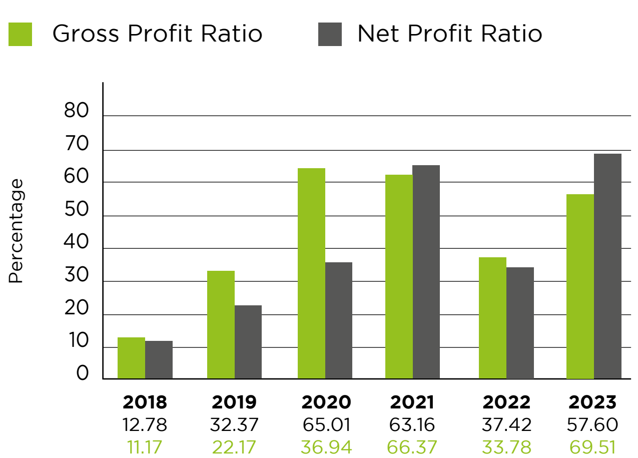
Dividend Yield



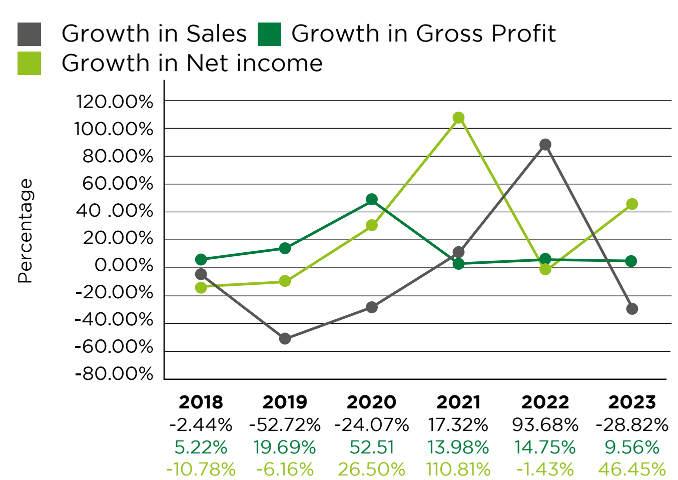
Market Value vs Break up Value



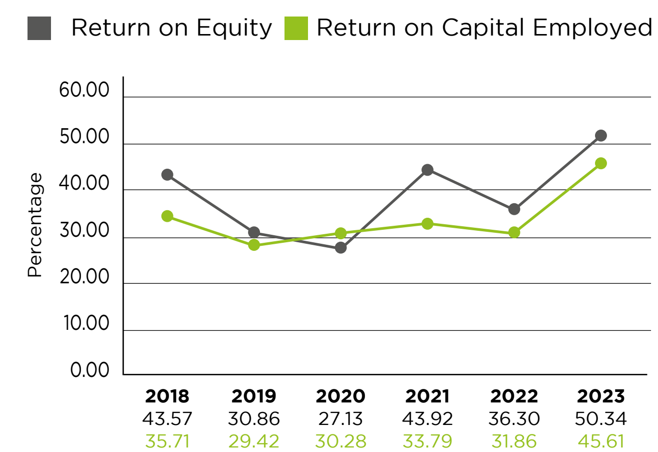
GP % vs NP %



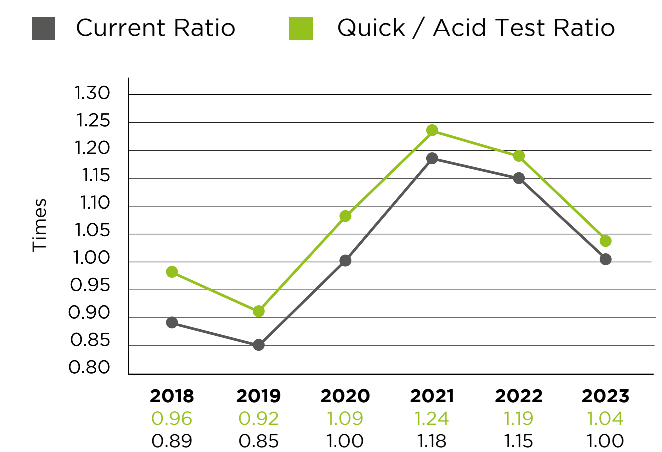
Growth of Turnover and Profitability



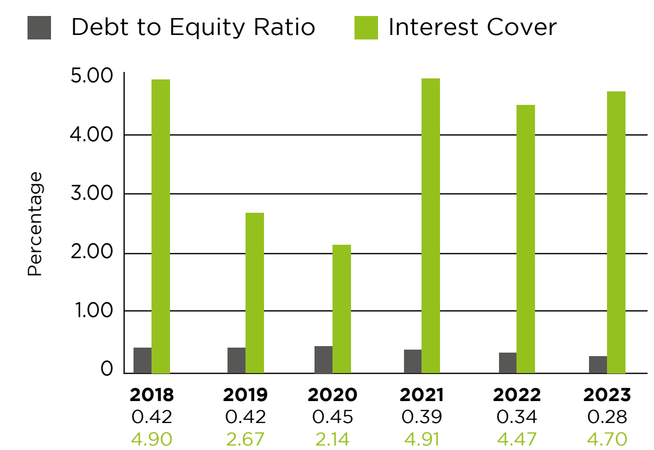
Profitability Ratio



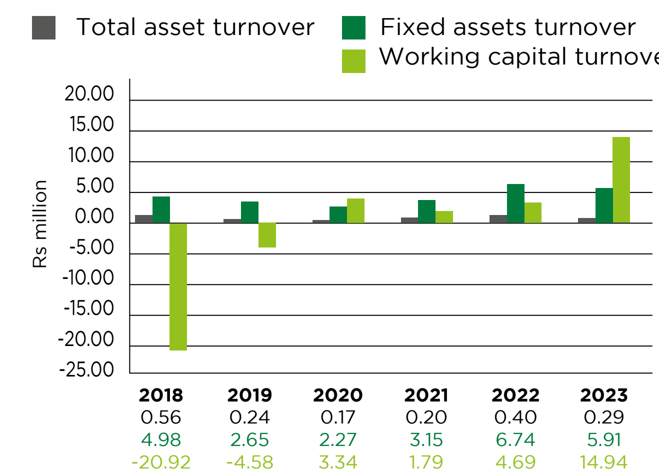
Current Ratio vs Quick / Acid Test Ratio



Debt Management



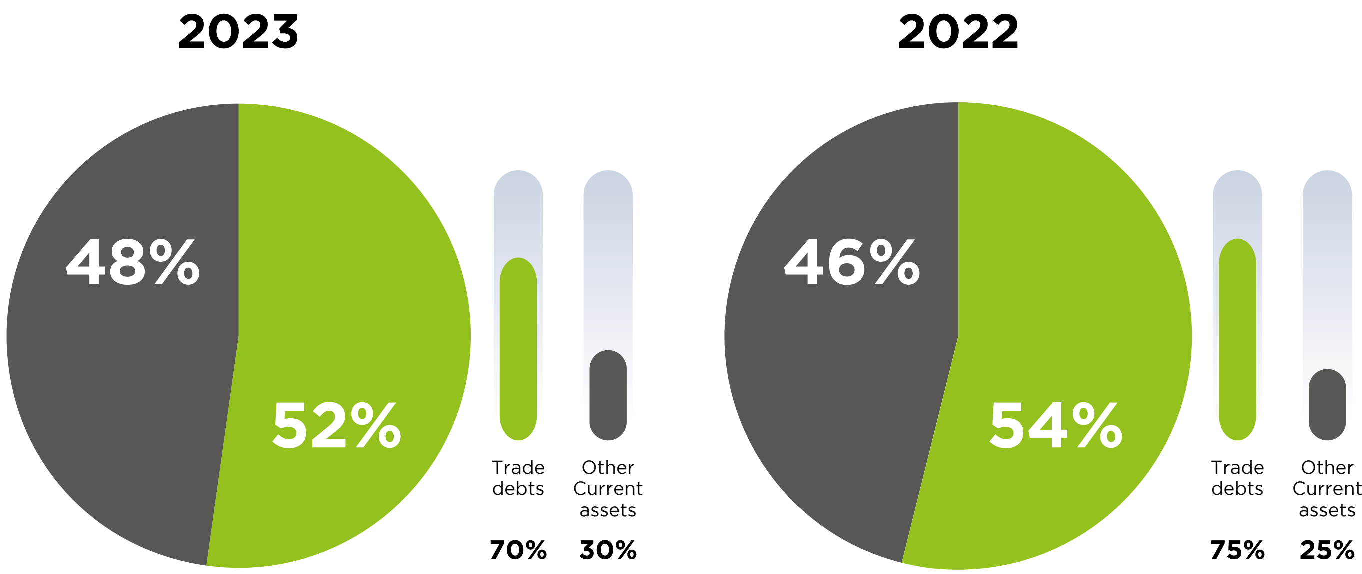
Turnover Ratio



Graphical Presentation

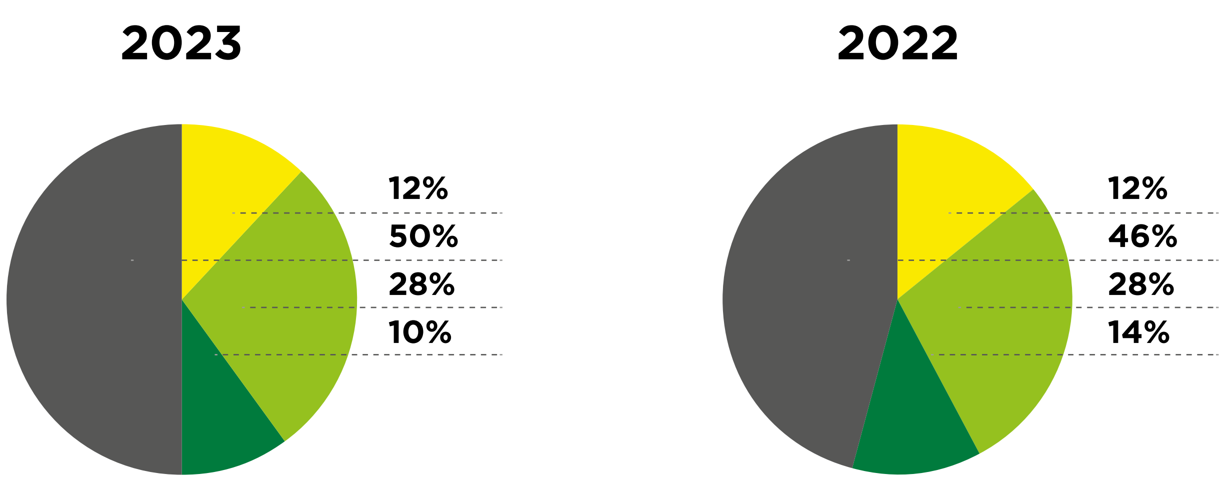
Composition of Total Assets

Non Current Assets   Current Assets



Capital Structure

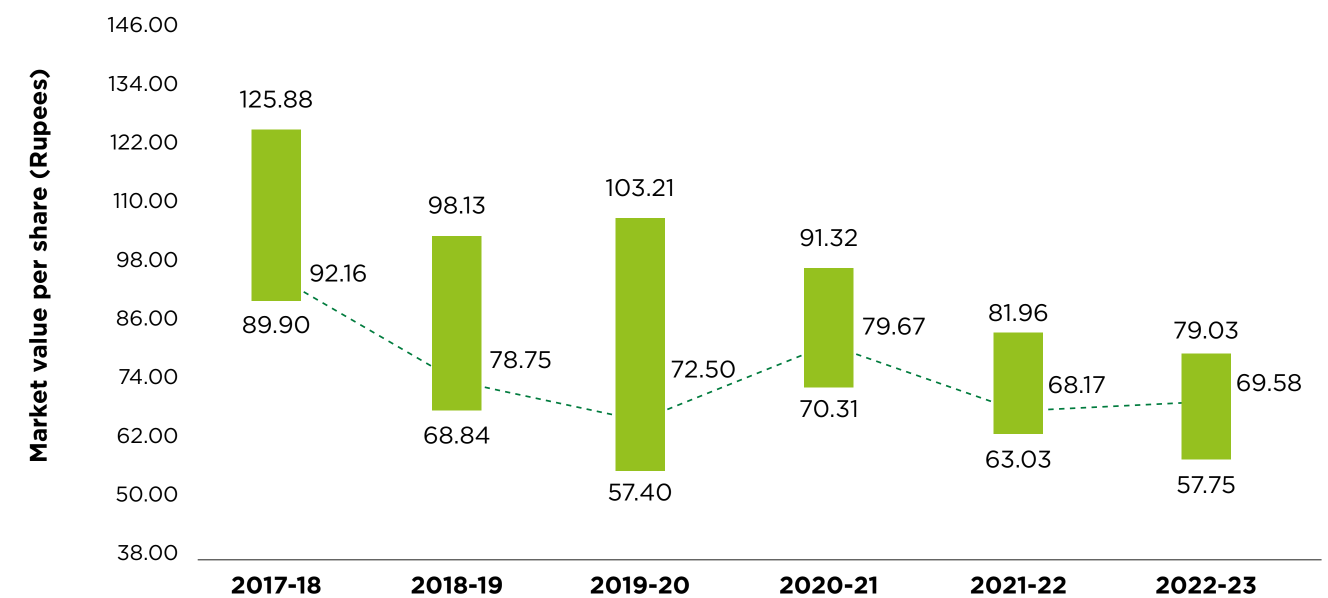
Current Liabilities   Retained earning   Paid up Share capital   Non current liabilities



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 2022-23, Company's share price has touched the peak of Rs. 79.03 while the lowest recorded price was Rs. 57.75 with a closing price of Rs. 69.58 at the end of the year.

Share Price Sensitivity



High	125.88	98.13	103.21	91.32	81.96	79.03
Closing	92.16	78.75	72.50	79.67	68.17	69.58
Low	89.90	68.84	57.40	70.31	63.03	57.75

Unconsolidated Financial Statements

For The Year Ended June 30, 2023

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed unconsolidated financial statements of The Hub Power Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Contingent Liabilities** [Refer notes 28.4 to 28.8 to the unconsolidated financial statements] The Company has significant contingent liabilities in respect of Income Tax, Sales Tax, Federal Excise Duty (FED), Workers Profit Participation Fund (WPPF) and First Fill claim matters, which are pending adjudication at various appellate forums and at arbitration. These are based on a range of issues such as disallowance of certain expenses for income tax purposes, apportionment of input sales tax claims, applicability of FED on services, applicability of WPPF on the operations of the Company and demand / claim by Central Power Purchasing Agency Guarantee Limited (CPPA-G). Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.	Our audit procedures, amongst others, included the following: i) obtained an understanding of the Company's process and controls over litigations through meetings with management and read the minutes of the meetings of Board of Directors and Board Audit Committee; ii) obtained and assessed details of the pending tax, FED, WPPF and First Fill claim matters and discussed the same with the Company's management; iii) 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 judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of the related disclosures made in the unconsolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
(ii)	**Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G)**	
	[Refer notes 3.17 and 18 to the unconsolidated financial statements] The Company under the Power Purchase Agreement (PPA) supplies electricity to the sole customer i.e., CPPA-G and recognises revenue based on the output delivered and Capacity available. Continuous delays by CPPA-G in settlement of invoices raised by the Company under the PPA have resulted in accumulation of trade debts aggregating to Rs. 55,084 million as at June 30, 2023 including overdue trade debts of Rs. 48,471 million. Due to delays in recovery, the Company has financed its operations through short and long term financing arrangements and by delaying the settlement of trade and other payables.	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting framework applicable on the Company; ii) checked that the invoices raised by the Company during the year are in accordance with the requirements of the PPA; iii) circularised confirmation of trade debts / receivables to CPPA-G; iv) checked the receipts from CPPA-G by tracing the amount from the bank statements; v) made inquiries with the management of the Company and read minutes of the meetings of the

S. No.	Key audit matters	How the matter was addressed in our audit
	In view of the significant delays in settlement of receivables, materiality of these trade receivables and the potential impairment charge and the consequential impact on the liquidity and operations of the Company, we have considered this to be an area of higher assessed risk and a key audit matter.	Board of Directors and Board Audit Committee to ascertain actions taken by them for the recoverability of these receivables; 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; and vii) assessed adequacy of the related disclosures made in the unconsolidated financial statements, with regards to applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Chartered Accountants
Karachi
Date: September 22, 2023

UDIN: AR202310069tF3KDup1I

HUBCO

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Turnover	5	44,516,209	62,543,736
Operating costs	6	(18,875,135)	(39,139,609)
GROSS PROFIT		25,641,074	23,404,127
General and administration expenses	7	(766,632)	(558,722)
Other income	8	16,025,976	6,767,073
Other operating expenses	9	(100,130)	(337,672)
PROFIT FROM OPERATIONS		40,800,288	29,274,806
Finance costs	10	(8,680,337)	(6,552,430)
PROFIT BEFORE TAXATION		32,119,951	22,722,376
Taxation	11	(1,178,244)	(1,594,121)
PROFIT FOR THE YEAR		30,941,707	21,128,255
Basic and diluted earnings per share (Rupees)	36	23.85	16.29

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Profit for the year		**30,941,707**	21,128,255
Other comprehensive (loss) / income for the year:			
Items that will not be reclassified to profit or loss in subsequent periods			
(Loss) / Gain on remeasurement of post employment benefit obligation	25.3	**(31,101)**	16,582
Gain on revaluation of equity investment at fair value through other comprehensive income	37	**188,282**	336,129
		157,181	352,711
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,098,888**	21,480,966

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, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	12	**6,760,475**	8,313,972
Intangibles	13	**984**	2,335
Long term investments	14	**62,824,637**	60,320,004
Long term loan to subsidiary	15	**3,845,520**	1,488,819
Long term deposits		**13,309**	8,509
		73,444,925	70,133,639
CURRENT ASSETS			
Stores, spares and consumables	16	**850,082**	1,015,606
Stock-in-trade	17	**2,253,157**	1,831,392
Trade debts	18	**55,083,775**	62,919,266
Loans and advances	19	**49,639**	47,151
Prepayments and other receivables	20	**19,113,493**	17,672,969
Cash and bank balances	21	**1,027,440**	388,464
		78,377,586	83,874,848
TOTAL ASSETS		**151,822,511**	154,008,487
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		**42,883,762**	42,916,580
		61,455,306	61,488,124
NON-CURRENT LIABILITIES			
Long term loans	23	**14,796,137**	21,785,632
Long term lease liabilities	24	**172,553**	188,691
		14,968,690	21,974,323
CURRENT LIABILITIES			
Trade and other payables	25	**38,380,736**	33,123,182
Unclaimed dividend		**211,784**	223,090
Unpaid dividend		**128,810**	114,837
Interest / mark-up accrued	26	**1,303,649**	850,810
Short term borrowings	27	**26,419,966**	26,169,940
Current maturity of long term loans	23	**8,937,432**	10,051,655
Current maturity of long term lease liabilities	24	**16,138**	12,526
		75,398,515	70,546,040
TOTAL EQUITY AND LIABILITIES		**151,822,511**	154,008,487
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, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		32,119,951	22,722,376
Adjustments for:			
Depreciation		1,882,168	1,890,482
Amortisation		1,351	5,534
Dividend income from subsidiaries and associate		(13,571,880)	(2,440,930)
Reversal of provision for WPPF		(826,579)	-
Gain on disposal of fixed assets		(11,724)	(38,776)
Gain on retirement of lease		-	(14,902)
Provision against slow moving stores, spares and consumables		239,891	328,587
Write off stores, spares and consumables		(564)	-
Staff gratuity		29,454	29,244
Interest income		(27,332)	(65)
Interest / mark-up expense		8,137,728	6,003,431
Mark-up on lease liabilities		25,418	29,375
Amortisation of transaction costs		75,515	82,370
Operating profit before working capital changes		28,073,397	28,596,726
Working capital changes	34	11,744,207	(1,530,789)
Cash generated from operations		39,817,604	27,065,937
Interest income received		27,332	224
Interest / mark-up paid		(7,684,889)	(5,784,348)
Staff gratuity paid		(19,500)	(3,000)
Taxes paid		(502,594)	(264,040)
Net cash generated from operating activities		31,637,953	21,014,773
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from subsidiaries and associate		13,092,011	2,249,696
Fixed capital expenditure		(330,454)	(16,650)
Proceeds from disposal of fixed assets		13,507	41,308
Long term investments made		(2,316,350)	(2,688,568)
Long term loan to subsidiary - net		(2,356,701)	(1,488,819)
Long term deposits		(4,800)	13,558
Net cash generated from / (used in) investing activities		8,097,213	(1,889,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(31,129,039)	(14,853,162)
Proceeds from privately placed Sukuk		6,000,000	4,500,000
Repayment of privately placed Sukuk		(4,500,000)	-
Proceeds from long term loans		2,268,562	1,485,679
Repayment of long term loans		(10,447,795)	(4,728,236)
Repayment of long term lease liabilities		(37,944)	(42,478)
Net cash used in financing activities		(37,846,216)	(13,638,197)
Net increase in cash and cash equivalents		1,888,950	5,487,101
Cash and cash equivalents at the beginning of the year		(21,281,476)	(26,768,577)
Cash and cash equivalents at the end of the year	35	(19,392,526)	(21,281,476)

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

HUBCO

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(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		42,916,580	36,352,890
Profit for the year		30,941,707	21,128,255
Other comprehensive income for the year		157,181	352,711
Total comprehensive income for the year		31,098,888	21,480,966
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2021-22 @ Rs. Nil (2020-21 @ Rs. 5.00) per share		-	(6,485,772)
First interim dividend for the fiscal year 2022-23 @ Rs. 15.50 (2021-22 @ Rs. 6.50) per share		(20,105,893)	(8,431,504)
Second interim dividend for the fiscal year 2022-23 @ Rs. 5.75 (2021-22 @ Rs. Nil) per share		(7,458,638)	-
Third interim dividend for the fiscal year 2022-23 @ Rs. 2.75 (2021-22 @ Rs. Nil) per share		(3,567,175)	-
		(31,131,706)	(14,917,276)
Balance at the end of the year		42,883,762	42,916,580
TOTAL EQUITY		61,455,306	61,488,124

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. THE COMPANY AND ITS OPERATIONS

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

Head Office:

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

Hub Plant:

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

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

Subsidiaries

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

Associates

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

Joint Venture

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

Further information of subsidiaries, associates and joint 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. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

2.3 Accounting convention

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Operating fixed assets and depreciation

Owned

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

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

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

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

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

Right-of-use assets

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

3.1.2 Capital work-in-progress

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.2 Intangible assets and amortisation

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

3.3 Investments

Subsidiaries

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

Others

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

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

3.4 Impairment of non-current assets

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

3.5 Stores, spares and consumables

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

3.6 Stock-in-trade

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

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

3.9 Staff retirement benefits

Defined benefit plan

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

Defined contribution plan

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

3.10 Revenue recognition

3.10.1 Sale of electricity

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)], the sole customer of the Company, is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA(G), as amended from time to time. The payment is due 14 days and 30 days after the acknowledgement of the output delivered invoice and capacity available invoice, respectively. PPA with CPPA(G) is a contract over a period of 30 years starting from 1997. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

3.10.2 Dividend income

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

3.10.3 Management services income

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

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

3.10.4 Interest income

Interest income is recorded on accrual basis.

3.11 Functional and presentation currency

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

3.12 Foreign currency transactions and translation

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.13 Taxation

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

3.14 Dividend distribution

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

3.15 Financial instruments

3.15.1 Trade debts and other receivables

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

3.15.2 Cash and cash equivalents

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

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

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

3.18 Borrowing costs

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

3.19 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.

3.20 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;
i) Recognition of lease liabilities and right of use assets; and
j) Recognition of income from management services.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		Note	2023 (Rs. '000s)	2022 (Rs. '000s)
5.	**TURNOVER**			
	Capacity Purchase Price (CPP		28,526,580	25,536,924
	Energy Purchase Price (EPP)		9,723,265	35,260,281
	Late Payment Interest (LPI)		6,943,429	5,108,814
	Startup Charges (SC)		136,106	396,278
	Part Load Adjustment Charges (PLAC)		575,831	1,331,529
			45,905,211	67,633,826
	Less: Sales tax on EPP		(1,389,002)	(5,090,090)
			44,516,209	62,543,736
6.	**OPERATING COSTS**			
	Fuel cost		9,081,290	32,078,696
	Late payment interest to fuel supplier		3,616,066	1,911,973
	Stores and spares		481,654	514,598
	Operations and maintenance	6.1	109,494	127,822
	Salaries, benefits and other allowances	6.2 & 6.3	584,285	524,965
	Insurance		1,508,157	946,352
	Depreciation	12.4	1,828,103	1,847,481
	Amortisation	13.1	642	4,347
	Repairs, maintenance and other costs		1,665,444	1,183,375
			18,875,135	39,139,609

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, 2023, number of seconded employees were 141 (2022: 135).

6.3 This includes a sum of Rs. 42 million (2022: Rs. 50 million) in respect of staff retirement benefits. The retirement benefit plans of the seconded employees are maintained by HPSL.

		Note	2023 (Rs. '000s)	2022 (Rs. '000s)
7.	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries, benefits and other allowances	7.1 & 6.2	408,173	276,704
	Travel and transportation		20,593	9,332
	Fuel and power		7,920	7,479
	Repairs and maintenance		18,021	29,709
	Legal and professional charges		110,113	54,836
	Office running costs		21,778	20,047
	Insurance		13,539	8,984
	Fee and subscription		14,074	11,395
	Training and development		3,633	6,169
	Auditors' remuneration	7.2	6,033	5,794
	Donations	7.3	32,306	37,190
	Corporate social responsibility		64,017	50,883
	Printing and stationery		4,795	2,755
	Depreciation	12.4	35,994	32,473
	Amortisation	13.1	588	883
	Miscellaneous		5,055	4,089
			766,632	558,722

7.1 This includes a sum of Rs. 38 million (2022: Rs. 41 million) in respect of staff retirement benefits.

		Note	2023 (Rs. '000s)	2022 (Rs. '000s)
7.2	**Auditors' remuneration**			
	Statutory audit		3,225	3,121
	Half yearly review		993	961
	Other services		1,498	1,423
	Out-of-pocket expenses		317	289
			6,033	5,794

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. 32 million (2022: Rs. 35 million).

NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		27,332	65
Non-financial assets			
Gain on disposal of fixed assets - net		11,724	53,678
Dividend income from LEL		2,670,368	2,200,930
Dividend income from HPSL		465,000	240,000
Dividend income from NEL		9,981,193	-
Dividend income from SECMC		455,319	-
Income from management services	8.1	1,588,461	4,272,400
Reversal of provision for WPPF on dividend income		826,579	-
		15,998,644	6,767,008
		16,025,976	6,767,073

8.1 Income from management services

	Note	2023	2022
Services income		3,419,668	6,591,672
Cost of services	8.1.1	(1,831,207)	(2,319,272)
		1,588,461	4,272,400

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

8.1.1 This includes a sum of Rs. 9 million (2022: Rs. 11 million) in respect of staff retirement benefits.

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
9. OTHER OPERATING EXPENSES			
Workers' profit participation fund	9.1	79,423	335,665
Exchange loss		20,707	2,007
		100,130	337,672

9.1 Workers' profit participation fund

	Note	2023	2022
Provision for Workers' profit participation fund	28.4	890,046	1,152,900
Workers' profit participation fund recoverable from CPPA(G)		(810,623)	(817,235)
		79,423	335,665

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
10. FINANCE COSTS			
Interest / mark-up on long term loans		4,545,611	3,405,575
Mark-up on long term lease liabilities		25,418	29,375
Mark-up on short term borrowings		3,592,117	2,597,856
Amortisation of transaction costs	23	75,515	82,370
Other finance costs		441,676	437,254
		8,680,337	6,552,430
11. TAXATION			
Current			
- For the year	11.1	1,178,244	1,594,121

11.1 Relationship between tax expense and accounting profit

	2023	2022
Profit before taxation	32,119,951	22,722,376
Tax calculated at the rate of 29% (2022: 29%)	9,314,786	6,589,489
Effect of reduced rate of tax on dividend income	(637,874)	(473,200)
Effect of exempt income	(7,964,339)	(4,772,752)
Effect of super tax at the rate of 10% (2022: 4%)	465,671	250,584
	1,178,244	1,594,121

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	2023	2022
		(Rs. '000s)	(Rs. '000s)
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	12.1	6,493,278	8,313,972
Capital work-in-progress (CWIP)	12.5	267,197	-
		6,760,475	8,313,972

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12.1 Operating fixed assets

	Freehold land	Building on freehold land	Right of use asset	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Total
					(Rs. '000s)				
Cost:									
As at June 30, 2021	13,909	433,922	336,484	862	50,860,188	98,866	218,822	34,495	51,997,548
Additions / transfers from CWIP	-	-	-	-	14,382	-	368	649	15,399
Disposals	-	(864)	(114,593)	(862)	(10,633)	(67,438)	(1,832)	(4,834)	(201,056)
As at June 30, 2022	13,909	433,058	221,891	-	50,863,937	31,428	217,358	30,310	51,811,891
Additions	-	-	-	-	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
Accumulated depreciation:									
As at June 30, 2021	-	345,180	87,350	770	40,993,979	95,778	192,796	25,727	41,741,580
Charge for the year	-	27,199	29,351	17	1,815,255	804	15,383	2,473	1,890,482
Disposals	-	(706)	(50,212)	(787)	(9,955)	(66,213)	(1,832)	(4,438)	(134,143)
As at June 30, 2022	-	371,673	66,489	-	42,799,279	30,369	206,347	23,762	43,497,919
Charge for the year	-	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
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
Net book value as at June 30, 2022	13,909	61,385	155,402	-	8,064,658	1,059	11,011	6,548	8,313,972
Depreciation rate per annum (%)	-	3.33 to 25	10 to 20	3.33	3.33 to 50	20	25	20	
Cost of fully depreciated assets as at June 30, 2023	-	117,170	-	-	744,680	31,428	182,044	25,621	1,100,943
Cost of fully depreciated assets as at June 30, 2022	-	79,285	-	-	700,070	30,682	181,492	22,207	1,013,736

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	2023 (Rs. '000s)	2022 (Rs. '000s)
12.4 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	1,828,103	1,847,481
General and administration expenses	7	35,994	32,473
Other income - cost of management services		18,071	10,528
		1,882,168	1,890,482
12.5 Capital work-in-progress			
Opening balance		-	676
Additions during the year		267,197	300
Transfers during the year		-	(976)
Closing balance		267,197	-

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	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
13. INTANGIBLES - Computer software			
Cost			
Opening balance		158,225	158,890
Additions		-	1,927
Write off		-	(2,592)
		158,225	158,225
Accumulated amortisation			
Opening balance		(155,890)	(152,948)
Charge for the year	13.1	(1,351)	(5,534)
Write off		-	2,592
		(157,241)	(155,890)
Net book value		984	2,335
Amortisation rate per annum (%)		33.33	33.33
Cost of fully amortised intangibles		156,296	152,921

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
13.1 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	642	4,347
General and administration expenses	7	588	883
Other income - cost of management services		121	304
		1,351	5,534
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	9,657,465
		59,565,522	57,249,171
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	14.6	3,259,115	3,070,833
		62,824,637	60,320,004

14.1 Laraib Energy Limited (LEL)

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

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

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

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

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

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

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

Pursuant to the SSA in connection with the investment in LEL, the Company entered into a facility agreement with a bank and provided a 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 2024) currently the SBLC is valid till November 2023. 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 arears. The principal will be payable in four equal semi-annual installments commencing from May 2024. In addition to security provided by HPHL's assets, the Sukuk Certificates are also secured by:

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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;

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, 2023, 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 Completion Guarantee Agreement dated October 24, 2017 between the Company, China Power Holding Limited, HPHL, CPIPIL, CPHGC and CPHGC's lenders, the Company is required to provide a SBLC for an aggregate amount of USD 150 million to guarantee an investment in the form of equity or subordinated debt (either directly or through HPHL) to satisfy the funding shortfall, if any, in CPHGC; (a) to achieve completion of the Project to the satisfaction of the lenders; and (b) repay all principal, interest, fees or any other amounts that may fall due by CPHGC under the finance documents to the finance parties. The Company issued this SBLC by entering into an agreement with local banks by providing security against all present and future assets of the Company other than current assets. If the SBLC is not renewed 15 days prior to its expiry, CPHGC has the right to call upon the SBLC.

On February 23, 2023, CPHGC's coal-fired power plant has been declared "Project Complete" by CPHGC's lenders. The declaration of Project Completion Date (PCD) releases the Company from its obligation to maintain a USD 150 million SBLC.

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

14.3.2 ThalNova Power Thar (Private) Limited (TNPTL)

'TNPTL is a private limited company, incorporated in Pakistan on April 18, 2016. The principal activities of TNPTL are to develop, own, operate and maintain a 1 x 330 MW mine-mouth coal fired power plant (the Project) 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, 2023, HPHL has injected USD 51.755 million (Rs. 8,885 million) in TNPTL out of total equity commitment of USD 52.074 million based on the current estimated project cost. Subsequent to the year end, 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), TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in RCOD, TNPTL requested CPPA(G) for extension in RCOD in view of the delayed COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with Sindh Engro Coal Mining Company Limited (SECMC). CPPA(G) granted an extension in the RCOD of TNPTL till June 30, 2022, subject to payment of undisputed High Voltage Direct Current (HVDC) charges under certain conditions upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Despatch Company Limited (NTDC), from the COD of HVDC line under certain conditions.

Although CPPA(G) has raised an invoice for payment of HVDC charges, TNPTL challenged the determination of the invoice, and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is not furnished, there is no obligation on TNPTL to make payment and therefore there is currently no exposure on TNPTL in this regard. Further, TNPTL has also requested CPPA(G) for further extension of RCOD by 232 days, hence, there is no exposure of PPA LDs as on June 30, 2023.

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

Company's commitment to TNPTL

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

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

(i) 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 TNTPL 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. On January 09, 2020, the Company, through HPHL, issued equity SBLC amounting to Rs. 2,425 million (equivalent to remaining USD million) to the lenders of TNPTL which was valid till January 07, 2024 by placing cash security as lien. However, on April 20, 2023 the SBLC was reduced to Nil.

(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;

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(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 Project Completion Date (“PCD”), and (c) Commercial Operation Date (“COD”) undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or July 31, 2026. On January 08, 2020, the Company issued Cost Overrun SBLC amounting to USD 19.68 million to the lenders of TNPTL which is valid till December 31, 2024. The facility is secured by way of pari passu charge over all present and future assets of the Company other than current assets;

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

(vii) 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;

(viii) 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;

(ix) 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

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

14.3.3 Prime International Oil & Gas Company Limited (Prime)

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

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

HPHL paid an initial contribution in Prime amounting to Rs. 525 million on March 08, 2021, enabling Prime to make payment of deposit to ENI entities, fulfilling condition (i) above. This initial contribution included a 50% contribution of the EBO Group (Rs. 262.4 million), which was refunded to HPHL on June 08, 2021. Furthermore, under the SHA, HPHL invested Rs. 18.08 million in Prime on March 17, 2021, followed by Rs. 319 million investments to meet transaction-related expenses for ENI entities' acquisition. The transaction has been approved by Competition Commission of Pakistan as required under the relevant SPAs and during the year, Prime received the approval from Directorate General Petroleum Concession (DGPC) on the ENI acquisition on November 14, 2022. After the approval of DGPC, Prime and ENI started to complete the remaining formalities under the SPAs and the transaction was finally completed entirely on December 29, 2022 when the change of control of upstream entities was transferred from ENI to Prime.

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.

14.4 Narowal Energy Limited (NEL)

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

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

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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), 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 in the RCOD of TEL till November 23, 2021, subject to payment of undisputed High Voltage Direct Current (HVDC) charges upto USD 1.9 million per month, if charged to CPPA(G) by National Transmission and Despatch Company Limited (NTDC), from the COD of HVDC line under certain conditions. CPPA(G) has raised invoices for payment of HVDC charges, however, TEL has challenged the determination of the invoices and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is furnished, there is no obligation on TEL to make payment and therefore currently there is no exposure on TEL in this regard.

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

TEL 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) make investments in TEL up to an amount not exceeding USD 78 million (or PKR equivalent) by way of a subscription of shares. Such investment shall be made within a period up till December 2022. Amount of equity investment was enhanced by USD 1 million (or PKR equivalent) in the AGM held on October 5, 2022. Such investment shall be for a period up till December 2024, or such period until the Company liabilities / obligations as a sponsor remain undischarged, whichever is later. Total investment made in TEL is USD 78.87 million (or PKR equivalent). The equity commitment stands completed in February 2023;

(ii) arrange and provide a SBLC to the Lenders of TEL or TEL to cover for the equity investment of (and up to an amount not exceeding) USD 78 million (or PKR equivalent) to guarantee the subscription of equity. Such SBLC shall be for a period up till November 2022. On November 11, 2019, the Company issued Equity SBLC amounting to Rs. 3,767 million (equivalent to remaining USD million) to the lenders of TEL which is valid till November 10, 2022. The SBLC was subsequently reduced to Rs. 2,281 million. On October 25, 2022 the SBLC was reduced to Nil. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 23.1.1 of these unconsolidated financial statements;

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

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

(v) execute the Share Pledge Agreement with lenders of TEL , whenever such shares are acquired directly timely 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;

(vi) 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 Project Completion Date ("PCD"), and (c) COD undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or December 2025. On November 15, 2019, the Company issued Cost Overrun SBLC amounting of USD 30.420 million to the lenders of TEL. The facility is secured by way of pari passu charge over all present and future assets of the Company, other than current assets and other securities;

(vii) 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;

(viii) 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;

(ix) 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; and

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

14.6 Sindh Engro Coal Mining Company Limited (SECMC)

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

Pursuant to Share Holder's Agreement, the Company agreed to invest the equivalent of USD 20 million at or soon after Financial Close of SECMC or at such later time or times as required by the Financing Agreements of SECMC at a share price of Rs. 14.82 per share. As at June 30, 2023 the Company has injected USD 15.506 million (Rs. 1,909 million) [2022: 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. Subsequent to the year end, the Thar Coal Energy Board (TCEB) approved a tariff of Block II.

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

- Sponsor Support Guarantee to cover cost overruns for an amount not exceeding USD 5 million (in equivalent Pak Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The shareholders during the 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. Confirmation from intercreditor agent is awaited for the reduced amount.

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

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

On February 26, 2016, the sponsors, including the Company, entered into a SSA with Habib Bank Limited as a condition precedent for the availability of loan facilities to SECMC. Pursuant to the terms and conditions set forth in the SSA, the Company has provided Sponsor Equity Contribution Letter of Credit in the form of an Irrevocable 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 3.89 million.

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

	Note	2023	2022
		(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	1,488,819

15.1 The Company has provided HPHL an unsecured loan facility for an amount of up to Rs. 5,000 million (2022: Rs. 3,000 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. The maximum aggregate amount outstanding at any time during the year was Rs. 3,846 million (2022: Rs.1,489 million).

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
16. STORES, SPARES AND CONSUMABLES			
In hand		2,092,543	2,018,740
Provision against slow moving stores, spares and consumables	16.1	(1,242,461)	(1,003,134)
		850,082	1,015,606
16.1 Movement in provision against slow moving stores, spares and consumables			
Opening balance		1,003,134	674,547
Provision for the year		239,891	328,587
Write off during the year		(564)	-
Closing balance		1,242,461	1,003,134
17. STOCK-IN-TRADE			
Furnace oil		2,198,952	1,802,542
Diesel		54,205	28,850
		2,253,157	1,831,392
18. TRADE DEBTS			
Considered good - Secured			
Capacity Purchase Price (CPP)		26,527,204	19,954,040
Energy Purchase Price (EPP)		5,903,156	20,245,797
Late Payment Interest (LPI)	18.1 & 28.8	22,028,084	21,679,494
Startup Charges (SC)		138,835	294,168
Part Load Adjustment Charges (PLAC)		486,496	745,767
	18.2	55,083,775	62,919,266

18.1 This includes Rs. 4,216 million (2022: Rs. 3,558 million) related to LPI which is not yet billed by the Company.

18.2 This includes an amount of Rs. 48,471 million (2022: Rs. 55,405 million) receivable from CPPA(G) which is overdue but not impaired because the trade debts are secured by a guarantee from the GOP under the Implementation Agreement (IA). The delay in payments from CPPA(G) carries mark-up at SBP Reverse Repo rate plus 2% per annum compounded semi-annually for all overdue amounts except Late Payment Interest invoices.

The aging of these receivables is as follows:

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Not yet due	18.1	6,612,722	7,514,505
Up to 6 months		17,521,191	34,453,665
6 months to 1 year		19,425,204	9,422,456
1 year to 2 years		-	2,730
Over 2 years		11,524,658	11,525,910
		55,083,775	62,919,266

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	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
19. LOANS AND ADVANCES			
Considered good - non interest bearing			
Loans - unsecured			
Executives		-	1,049
Employees		-	62
		-	1,111
Advances - unsecured			
Executives		-	386
Employees		811	254
Suppliers		48,828	45,400
		49,639	46,040
		49,639	47,151

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
20. PREPAYMENTS AND OTHER RECEIVABLES			
Prepayments		20,740	65,563
Other receivables			
Income tax - Contractor tax refundable	20.1	372,469	372,469
Sales tax		7,629,713	7,744,056
Staff gratuity	25.3	-	9872
Receivable from HPSL	20.2	169,434	-
Receivable from LEL	20.2	1,416,225	876,687
Receivable from HPHL	20.2	200,181	30,472
Receivable from NEL	20.2	34,994	-
Receivable from TEL	20.2	200,187	36,946
Receivable from TNPTL	20.2	99,572	8,679
Receivable from TEL against services agreement	20.2	2,427,028	1,676,460
Receivable from TNPTL against services agreement	20.2	2,441,416	3,553,948
Receivable from CPHO	20.2	10,972	-
Workers' profit participation fund recoverable from CPPA(G	28.4	4,088,878	3,278,255
Hub Power Services Limited - Pension Fund		-	512
Miscellaneous		1,684	19,050
		19,092,753	17,607,406
		19,113,493	17,672,969

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.

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20.2 The amounts receivable from subsidiaries, associate 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	2023	2022
		(Rs. '000s)	(Rs. '000s)
LEL		1,416,225	876,687
HPSL		169,434	21,869
HPHL		231,075	440,511
NEL		34,994	28,878
TEL		3,660,431	3,911,969
TNPTL		4,203,732	3,562,627
CPHO		10,972	-

21. CASH AND BANK BALANCES

	Note	2023	2022
Saving accounts at bank	21.1 & 21.2	584,087	388,099
Bank placement	21.3	443,328	-
Cash at bank		1,027,415	388,099
Cash in hand		25	365
		1,027,440	388,464

21.1 Saving accounts carry mark-up rate of 19.5% (2022: 12.25%) per annum.

21.2 This includes Rs. 341 million (2022: Rs. 338 million) restricted for dividend payable.

21.3 This represents cash margin with bank as security for TEL Cost Over Run SBLC.

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

2023	2022		2023	2022
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised :		
1,700,000,000	1,700,000,000	Ordinary shares of Rs.10/- each	17,000,000	17,000,000
		Issued, subscribed and paid-up: Ordinary shares of Rs.10/- each		
958,773,317	958,773,317	For cash	9,587,733	9,587,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,297,154,387	1,297,154,387		12,971,544	12,971,544

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 264,149,502 (2022: 261,040,482) shares in the Company as at year end.

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23. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2022	Drawn	Repaid	Current portion	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	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)	-	-
Transaction costs		(127,287)	-	-	30,886	75,515	(20,886)
Total		31,837,287	2,268,562	(10,447,795)	(8,937,432)	75,515	14,796,137

From Banks / Financial Institutions	Note	As at July 01, 2021	Drawn	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2022
		(Rs. '000s)					
Hub plant							
Salary Refinance Scheme - SBP		474,000	-	(316,000)	(158,000)	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	23.1.1	17,233,131	1,485,679	(2,076,156)	(3,101,055)	-	13,541,599
Islamic finance facility	23.1.2	5,500,000	-	(586,080)	(852,131)	-	4,061,789
Long Term Sukuk certificates I	23.1.3	7,000,000	-	(1,750,000)	(3,500,000)	-	1,750,000
Long Term Sukuk certificates II	23.1.4	5,000,000	-	-	(2,500,000)	-	2,500,000
		34,733,131	1,485,679	(4,412,236)	(9,953,186)	-	21,853,388
Transaction costs		(209,657)	-	-	59,531	82,370	(67,756)
Total		34,997,474	1,485,679	(4,728,236)	(10,051,655)	82,370	21,785,632

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 (2022: 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. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

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

(c) subordinate charge over all present and future movable fixed assets of the Company (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. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

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

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

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	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
24. LONG TERM LEASE LIABILITIES			
Opening balance		201,217	293,603
Finance cost charge during the year		25,418	29,375
Payments made during the year		(37,944)	(42,478)
Retirement of lease		-	(79,283)
		188,691	201,217
Less: Current maturity of lease liabilities		(16,138)	(12,526)
Long-term lease liabilities		172,553	188,691
25. TRADE AND OTHER PAYABLES			
Creditors			
Trade - PSO	25.1	27,528,611	22,741,534
Others		599	1,033
		27,529,210	22,742,567
Accrued liabilities			
Finance costs		43,575	40,853
Miscellaneous		1,480,671	1,106,855
		1,524,246	1,147,708
Advances received against management services - unsecured		-	791,980
Unearned income	25.2	2,361,656	2,128,369
Payable to HPSL		-	13,497
Payable to NEL		-	128,341
Other payables			
Workers' profit participation fund	28.4	5,116,152	5,052,686
Provision for taxation		1,653,557	977,907
Staff gratuity	25.3	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		17,239	38,103
Withholding tax		32,368	59,196
Miscellaneous		104,642	42,828
		6,965,624	6,170,720
		38,380,736	33,123,182

25.1 This represents payable to Pakistan State Oil Company Limited (PSO), out of which overdue amount is Rs. 22,795 million (2022: Rs. 19,419 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.

	2023	2022
25.3 STAFF GRATUITY	31,183	(9,872)

Actuarial valuation was carried out as at June 30, 2023. 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.

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Reconciliation of the net liability / (asset) recognised in the statement of financial position		
Present value of defined benefit obligation	273,933	316,564
Fair value of plan assets	(242,750)	(326,436)
Net liability / (asset) recognised in the statement of financial position	31,183	(9,872)
Reconciliation of the movements during the year in the net (asset) / liability recognised in the statement of financial position		
Opening net asset	(9,872)	(19,534)
Expense recognised	29,454	29,244
Remeasurement gain/(loss) recognised in Other Comprehensive Income (OCI)	31,101	(16,582)
Contributions made to the fund during the year	(19,500)	(3,000)
Closing net asset	31,183	(9,872)
Expense recognised		
Current service cost	29,966	30,374
Net interest	(512)	(1,130)
Expense recognised	29,454	29,244
Re-measurements recognised in OCI during the year		
Remeasurement gain on defined benefit obligations	10,115	(25,780)
Remeasurement loss on plan assets	20,986	9,198
	31,101	(16,582)
The movement in the defined benefit obligations are as follows		
Present value of defined benefit obligation at opening	316,564	335,263
Current service cost	29,966	30,374
Interest cost	40,843	30,222
Benefits paid	(123,555)	(53,515)
Remeasurement gain recognised in OCI	10,115	(25,780)
Present value of defined benefit obligation at closing	273,933	316,564

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	2023	2022
	(Rs. '000s)	(Rs. '000s)
The movement in fair value of plan assets		
Fair value of plan assets at opening	326,436	354,797
Expected return on plan assets	41,355	31,352
Contributions made	19,500	3,000
Benefits paid	(123,555)	(53,515)
Remeasurement loss recognised in OCI	(20,986)	(9,198)
Fair value of plan assets at closing	242,750	326,436
Actual return on plan assets	20,369	22,154

Plan assets comprise of following:

	2023	2023	2022	2022
	%	(Rs. '000s)	%	(Rs. '000s)
Pakistan Investment Bonds	59.39%	144,181	74.67%	243,766
Term Finance Certificate	6.66%	16,160	4.89%	15,958
Treasury Bills	13.01%	31,590	-	-
Quoted shares	14.88%	36,123	19.05%	62,175
Cash and cash equivalents	6.06%	14,696	1.39%	4,537
	100.00%	242,750	100.00%	326,436

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Contribution expected to be paid to the plan during the next year	42,496	29,954

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

	2023	2022
- Valuation discount rate per annum	16.25%	13.25%
- Expected rate of return on plan assets per annum	16.25%	13.25%
- Expected rate of increase in salary level per annum	16.25%	13.25%
- Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years
Retirement benefit plan	42,968	92,104	396,533

Historical information of retirement benefit plan:

	2023	2022	2021	2020	2019
	(Rs. '000s)				
As at June 30					
Present value of defined benefit obligation	273,933	316,564	335,262	310,449	262,337
Fair value of plan assets	(242,750)	(326,436)	(354,796)	(317,124)	(220,796)
Deficit / (Surplus)	31,183	(9,872)	(19,534)	(6,675)	41,541

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation - decrease / (increase)		
- Discount rate +0.5%	10,749	10,311
- Discount rate -0.5%	(11,487)	(10,966)
- Salary increases +0.5%	(12,049)	(11,638)
- Salary increases -0.5%	11,361	11,032

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

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

Investment risks:

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

Longevity risks:

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

Salary increase risk:

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

Withdrawal risk:

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

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			2023	2022
			(Rs. '000s)	(Rs. '000s)
26.	**INTEREST / MARK-UP ACCRUED**			
	Interest / mark-up accrued on long term loans		209,964	302,916
	Mark-up accrued on short term borrowings		1,093,685	547,894
			1,303,649	850,810
27.	**SHORT TERM BORROWINGS**			
	Secured			
	Running finance	27.1 & 27.2	19,624,496	15,047,629
	Unsecured			
	Privately placed sukuks		-	4,500,000
	Privately placed Sukuks	27.3	6,000,000	-
	Short term loan - HPSL	27.4	-	283,053
	Short term loan - NEL	27.5	795,470	6,339,258
			6,795,470	11,122,311
			26,419,966	26,169,940

27.1 The facilities for running finance available from various banks / financial institutions amounted to Rs. 25,800 million (2022: Rs. 21,050 million) at mark-up ranging between 0.40% to 1.75% (2022: 0.70% 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 8, 2023 to March 31, 2024. Any late payment by the Company is subject to an additional payment of 2% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the Company for the Hub plant pari passu with the existing charge.

27.2 The Company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2022: Rs. 6,150 million) at a mark-up ranging between 0.30% to 0.75% (2022: 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 November 30, 2023 to December 31, 2023. Any late payment by the Company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 27.1.

27.3 On May 18, 2023, the Company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 6,000 million at a mark-up of 0.30% (Bases Rate) per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 17, 2023. If the monetary policy rate is increased by 50 bps or above during the Sukuk tenor, the Base Rate shall be revised accordingly within two (2) Business Days after the date of effectiveness of the first monetary policy or in case of a downward movement in the policy rate, the mechanism specified above shall be followed. On July 5, 2023 the Base Rate has been revised. Any late payment by the Company is subject to mark-up at a rate of 3.00% per annum over six month KIBOR.

27.4 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 500 million (2022: 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. 375 million (2022: Rs. 388 million).

27.5 The Company has arranged an unsecured short term loan facility for an amount of up to Rs. 20,000 million (2022: 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. 12,495 million (2022: Rs. 6,339 million).

28. COMMITMENTS AND CONTINGENCIES

28.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 257 million (2022: Rs. 402 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, Labour, Manpower, and Overseas Pakistanis Division and, in view of the fact that any payment made by the Company to the Fund is a pass-through item under the PPA and against the CPPA(G) as a pro forma party in the matter.

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

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

As of June 30, 2023, the total financial exposure relating to the above case is Rs. 37,742 million (Rs. 3,136 million being the 5% of the profit and Rs. 34,606 million interest component and penalty on delayed payment). No provision has been made in these unconsolidated financial statements as any payment made by the Company is a pass-through item under the PPA.

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

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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).

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

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

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters have become a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act has been fractured into provisional legislation and the Fund created by the Company in 2007 became dysfunctional and was unable to carry out its objectives. Therefore, the Company recommended to the Trustees of the Fund that the same be dissolved. The Fund was dissolved on June 27, 2019, and the 5% WPPF allocated by the Company since July 1, 2015, and the interest earned on that allocated amount (Rs. 1,524 million allocated by the Company and Rs. 258 million interests earned by the Fund on the allocated amount) was transferred back to the Company. These funds are being utilized by the Company till a final decision of the Honorable SCP. The trust creation and registration process is under review as the subject is still pending a final decision in the SCP Case. The Board has directed the management to proceed with the registration of the trust once a final decision is rendered so that there is a clear way forward for the formation / payments related to WPPF.

28.5 (i) Under the IA with GOP and under the tax laws, the Company's interest income was exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 139 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company's appeal before the Commissioner of Inland Revenue Appeals ("CIR-A") and the Appellate Tribunal Inland Revenue ("ATIR") were rejected. Against the order of the ATIR the Company filed appeals before the Honorable Islamabad High Court ("IHC") which were also decided against the Company. Against the decision of the IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 438 million.

(ii) FBR also imposed 2% Workers Welfare Fund ("WWF") for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The Company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the Company filed appeals before the IHC which held that the orders on WWF were void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC, the Company filed appeals before the SCP which are pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 19 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(iii) Under the IA with GOP and under the tax laws, the Company's interest income was exempt from income tax. However, during March 2014, FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR, the Company filed appeal before the IHC which was also decided against the Company. Against the decision of the IHC, the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 7 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the Company before the CIR-A and thereafter with the ATIR were decided against the Company. Against the order of the ATIR, the Company filed appeal before the IHC which held that the order on WWF was void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC the Company filed appeal before the SCP which is pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 228 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(v) Under the IA with GOP and under the tax laws, the Company's interest income was exempt from income tax. However, during March 2015, FBR issued tax demand for the tax year 2013 amounting to Rs. 4 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The Company filed appeal before the CIR-A who deleted the tax demand. Against the order of CIR-A, FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 9 million.

(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The Company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, FBR filed appeal before the ATIR which is pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 404 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).

(vii) Under the IA with GOP and under the tax laws, the Company's interest income was exempt from income tax. However, in June 2020, FBR issued a tax demand of Rs. 27 million relating to fiscal year ended June 2014 on the ground that interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% WWF on this interest income. The CIR-A decided the issue of tax on interest income against the Company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which is pending adjudication. On application the ATIR has granted stay till final decision. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 42 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.

28.6 (i) In November 2012, FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the Company had claimed input tax in excess of what was allowed under the law. After dismissal of the Company's appeal at the CIR-A level, the Company filed appeal with the ATIR which decided the case in its favour. Against the judgment of the ATIR, FBR filed appeal with the IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 27,557 million.

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(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, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 9,760 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, 2023, 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 filed with IHC which is pending adjudication. The Company's maximum exposure as at June 30, 2023 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, 2023, 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, 2023 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 38 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 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, 2023 is approximately Rs. 7,161 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 the ATIR has directed FBR to issue 15 days' notice prior to recovery. The Company's maximum exposure as at June 30, 2023 is approximately Rs. 1,862 million.

The matter stated above in respect of claiming excess input tax has already been decided by the Honorable Lahore High Court ("LHC") in favor of other IPPs in similar cases. Against this decision FBR has filed appeals in the SCP.

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

28.7 (i) Under the IA with the GOP and under the tax law, the Company is exempt from the levy of minimum tax. In June 2012, FBR issued demand notices amounting to Rs. 435 million relating to the tax years 2006 to 2008 & 2010 to 2011. After the Company's appeals were rejected by the CIR-A, further appeals were filed with the ATIR, which has decided the appeals in favour of the Company. Against ATIR orders, FBR has filed appeals in the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 1,111 million.

(ii) Under the Operation & Maintenance Agreement ("O&MA") with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In January 2015, FBR passed an order amounting to Rs. 1,034 million relating to the tax years 2010 to 2013 for the recovery of Federal Excise Duty ("FED"). FBR viewed services under O&MA as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. After dismissal of the Company's appeal at the CIR-A & the ATIR, the Company filed appeals with the IHC which are pending adjudication. The Company's maximum exposure as at June 30, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 2,678 million.

(iii) Under the O&MA with the ex-operator for the Hub plant, the Company used to pay fixed and variable fees to the operator. In December 2017, FBR issued a Show Cause Notice for the recovery of FED amounting to Rs. 911 million relating to the tax years 2014 to 2017. FBR viewed services under O&MA as a franchise agreement and not a service agreement and decided that payments made thereon were in nature of technical fees which were subject to FED. The Company filed a Writ Petition in the IHC which 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, 2023 is approximately Rs. 911 million.

(iv) Payment to PSO under the Fuel Supply Agreement ("FSA") including payment of Late Payment Interest ("LPI") are exempt from withholding of income tax under the provisions of the tax law. During 2014, FBR issued show cause notices to recover tax amount 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, 2023 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 396 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 25 million.

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(vii) In October 2022, FBR issued an order amounting to Rs. 992 million ("Order") (Company: Rs. 963 million) 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. Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs 983 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 which is pending adjudication. The Company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 3 million.

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

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

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

In 2015, CPPA(G) through back-to-back arrangements with WAPDA succeeded all the rights and obligations of WAPDA under the existing Power Purchase Agreement. On November 1, 2017, CPPA(G) wrote to the Company requesting a meeting to discuss the payment of First Fill amounting to Rs. 802 million, along with late payment interest. On November 10, 2017, the Company wrote to CPPA(G) that the Company is under no obligation for any payment with regards to the First Fill and considered the matter closed. On June 13, 2018, CPPA(G) communicated CPPAG's decision to the Company to adjust the amount of Rs. 802 million together with interest thereon aggregating to Rs. 11,525 million against the Company's outstanding LPI invoices.

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

In light of CPPA(G)'s continuous violation of the orders of the Honorable SHC and in order to protect its interests, the Company filed Suit No. 95 of 2021, wherein the SHC 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 has commenced and is on-going.

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Chief Executive			
Managerial remuneration		61,199	37,500
Bonus		16,265	18,038
Other benefits		7,568	3,224
		85,032	58,762
Number of persons		1	1
Directors			
Fees	29.1	7,900	8,000
Number of persons	29.3	8	8
Executives			
Managerial remuneration		263,589	238,911
Bonus		58,197	76,370
House rent		118,615	107,510
Utilities		26,359	23,891
Retirement benefits		54,290	48,911
Other benefits		313,955	271,155
		835,005	766,748
Number of persons		93	103
Total			
Managerial remuneration / Fees		332,688	284,411
Bonus		74,462	94,408
House rent		118,615	107,510
Utilities		26,359	23,891
Retirement benefits		54,290	48,911
Other benefits		321,523	274,379
		927,937	833,510
Number of persons		102	112

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. 68 million (2022: Rs. 78 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

30. RELATED PARTY TRANSACTIONS

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

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Subsidiaries			
Laraib Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		141,988	129,267
Receipts against reimbursement of expenses from subsidiary		82,319	166,937
Dividend received		2,190,499	2,009,696
Hub Power Holdings Limited			
Reimbursable expenses incurred on behalf of subsidiary		11,095	13,042
Receipts against reimbursement of expenses from subsidiary		-	68,501
Receipts against reimbursement of expenses from subsidiary		68,501	54,216
Interest income on loan to subsidiary		427,439	33,432
Receipts against interest on loan to subsidiary		268,825	4,627
Hub Power Services Limited			
Reimbursable expenses incurred on behalf of subsidiary		191,308	50,491
Receipts against reimbursement of expenses from subsidiary		-	9,735
Reimbursable expenses incurred by subsidiary		15,267	36,897
Payments against reimbursement of expenses to subsidiary		-	6,044
Amount paid for O&M services rendered		103,914	165,312
Dividend received		465,000	240,000
Interest expense on loan from subsidiary		22,750	25,086
Payments against interest on loan from subsidiary		29,640	17,359
Narowal Energy Limited			
Reimbursable expenses incurred on behalf of subsidiary		68,525	47,198
Receipts against reimbursement of expenses from subsidiary		-	35,487
Interest income on loan to subsidiary		456,873	233,053
Payment against interest on loan from subsidiary		551,683	93,425
Receipts against interest on loan to subsidiary		-	1,831
Dividend received		9,980,993	-

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Thar Energy Limited			
Investment in subsidiary		2,316,352	2,491,548
Reimbursable expenses incurred on behalf of subsidiary		461,349	687,609
Receipts against reimbursement of expenses from subsidiary		34,263	91,625
Services rendered to subsidiary		1,307,977	2,471,171
Amount received against services rendered to subsidiary		821,254	4,912,948
Other related parties			
Amount received against services rendered to TNPTL		3,687,309	475,256
Services rendered to TNPTL		2,111,691	4,120,501
Reimbursable expenses incurred on behalf of TNPTL		553,979	447,239
Receipts against reimbursement of expenses from TNPTL		-	237,596
Remuneration to key management personnel			
Salaries, benefits and other allowances		157,224	113,053
Retirement benefits		7,595	4,154
	30.1 & 30.3	164,819	117,207
Directors' fee	29.1	7,900	8,000
Contribution to staff retirement benefit plans of the Company		22,322	15,923
Contribution to staff retirement benefit plans of HPSL		23,113	20,621
Contribution to staff retirement benefit plans of TEL		1,225	1,218
Contribution to staff retirement benefit plans of LEL		787	613

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. 68 million (2022: Rs. 24 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

31. RELATED PARTIES AND ASSOCIATED COMPANIES / UNDERTAKINGS

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

Particulars	Relationship	% equity interest
Laraib Energy Limited	Subsidiary	74.95%
Hub Power Services Limited	Subsidiary	100%
Hub Power Holdings Limited	Subsidiary	100%
Narowal Energy Limited	Subsidiary	100%
Thar Energy Limited	Subsidiary	60%
Thalnova Power Thar (Private) Limited	Associate	38.3% via HPHL
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
Fauji Fertilizer Company Limited	Common Directorship/ Interested person	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
Bank Al-Habib Limited	Interested Persons	-
Bank Alfalah Limited	Interested Persons	-
Meezan Bank Limited	Interested Persons	-
Habib Bank Limited	Interested Persons	-
Standard Chartered Bank Limited	Interested Persons	-
United Bank Limited	Interested Persons	-
MCB Bank Limited	Interested Persons	-
Faysal Bank limited	Interested Persons	-
Allied Bank Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
Mr. Muhammad Saqib	Key Management Personnel	-
Mr. Kamran Kamal	Key Management Personnel	-
Ms. Faiza Kapdia Raffay	Key Management Personnel	-
Mr. Abdul Nasir	Ex Chief Financial Officer	-
Mr. Nadeem Inayat	Director	-
Ms. Samina Mumtaz Zehri	Director	-
Mr. Habibullah Khan	Director/Chairman	-
Mr. Manzoor Ahmed	Director	-
Mr. Shafiuddin Ghani Khan	Director	-
Mr. Saad Iqbal	Director	-
Mr. Muhammad Ejaz Sanjrani	Ex-Director	-
Ms. Aleeya Khan	Director	-
Mr. Aly Khan	Director	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Provident Fund	Retirement benefit fund	-
Hub Power Services Limited - Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Pension Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
Thar Energy Limited - Employees' Provident Fund	Retirement benefit fund	-

32. PROVIDENT FUND TRUST

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

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)

33. PLANT CAPACITY AND PRODUCTION

HUB PLANT

	2023	2022
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	205 GWh	1229 GWh
Load Factor	1.95%	11.69%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,730 GWh (2022: 9,694 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

34. WORKING CAPITAL CHANGES

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Decrease / (increase) in current assets			
Stores, spares and consumables		(73,803)	33,592
Stock-in-trade		(421,765)	974,484
Trade debts		7,835,491	9,286,590
Loans, advances, prepayments and other receivables		(973,016)	(2,153,814)
		6,366,907	8,140,852
Increase / (decrease) in current liabilities			
Trade and other payables		5,377,300	(9,671,641)
		11,744,207	(1,530,789)

35. CASH AND CASH EQUIVALENTS

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Cash and bank balances	21	1,027,440	388,464
Short term borrowings		(20,419,966)	(21,669,940)
		(19,392,526)	(21,281,476)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		2023 (Rs. '000s)	2022 (Rs. '000s)
36.	**BASIC AND DILUTED EARNINGS PER SHARE**		
36.1	Basic		
	Profit for the year (Rupees in thousands)	**30,941,707**	21,128,255
	Weighted average number of ordinary shares outstanding during the year	**1,297,154,387**	1,297,154,387
	Basic earnings per share (Rupees)	**23.85**	16.29

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. 14 million (2022: Rs. 10 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Company include Rs. 100 million (2022: Rs. 213 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	2023 (Rs. '000s)	2022 (Rs. '000s)
Fixed rate instruments at carrying amount:			
Financial assets			
Bank balances		**1,027,415**	388,099
Financial liabilities			
Long term loan		**-**	158,000
Variable rate instruments at carrying amount:			
Financial assets			
Long term loan to subsidiary		**3,845,520**	1,488,819
Trade debts		**30,900,794**	37,283,248
Total		**34,746,314**	38,772,067
Financial liabilities			
Long term loans		**23,733,569**	31,679,287
Long term lease liabilities		**188,691**	201,217
Trade and other payables		**18,167,597**	11,273,671
Short term borrowings		**26,419,966**	26,169,940
Total		**68,509,823**	69,324,115

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

In order to finance investments in CPHGC (via HPHL), TNPTL (via HPHL), CPHO (via HPHL), TEL and SECMC, the Company entered into long term financing arrangements (refer note 23). The Company has to manage the related finance cost from its own sources which exposes the Company to the risk of change in KIBOR. As at June 30, 2023, 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. 237 million (2022: Rs. 318 million).

NOTES TO THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2023

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:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Long term loan to subsidiary	3,845,520	1,488,819
Deposits	13,309	8,509
Trade debts	55,083,775	62,919,266
Loans and other receivables	11,090,571	9,481,608
Bank balances	1,027,415	388,099
Total	71,060,590	74,286,301

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	Ratings Long term
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AAA
Habib Bank Limited	JCR-VIS	A-1+	AAA
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
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
Faysal Bank Limited	PACRA	A1+	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	AA-

(c) Liquidity risk

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

The Company maintains running finance facilities (refer note 27) to meet the short term funding requirements due to delay in payments by CPPA(G). The delay in payments by CPPA(G) is mainly offset by the delay in payments to PSO or by borrowing under running finance facilities.

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

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

(ii) long term loans obtained for funding in TEL / CPHGC / CPHO / TNPTL / SECMC (refer note 23.1) 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)				
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	64,939,129	5,663,948	20,113,841	62,231	90,779,149
2021-22					
Long term loans	7,120,127	6,648,965	215,022	-	40,441,124
Long term lease liabilities	18,307	18,754	232,206	62,230	314,313
Trade and other payables	24,905,024	-	-	-	24,905,024
Unclaimed dividend	223,090	-	-	-	223,090
Unpaid dividend	114,837	-	-	-	114,837
Short term borrowings	26,717,834	-	-	-	26,717,834
Total	59,099,219	6,667,719	26,887,054	62,230	92,716,222

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Fair value estimation

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

Fair value of financial instruments

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

The fair value of investment in SECMC (unquoted shares) have been estimated using a valuation model. The valuation requires management to make certain assumptions about the model inputs, including forecasted dividends, the discount rate and market risk. The probabilities of the various estimates within the range are assessed and are used in management's estimate in order to determine the fair value of investment in SECMC. The fair value as at June 30, 2023 has been determined at Rs. 3,259 million (2022: Rs. 3,071 million) resulting in unrealized gain of Rs. 188 million (2022: unrealized gain of Rs. 336 million).

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	----------------------- (Rs. '000s)	-----------------------		
June 2023				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	3,259,115	3,259,115
June 2022				
Assets (Investment in SECMC)				
- At fair value through other comprehensive income	-	-	3,070,833	3,070,833

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:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	**3,259,115**	3,070,833
Financial assets - at amortised cost		
Long term loan to subsidiary	**3,845,520**	1,488,819
Deposits	**13,309**	8,509
Trade debts	**55,083,775**	62,919,266
Loans and other receivables	**11,090,571**	94,816,08
Cash and bank balances	**1,027,440**	388,464
Total	**71,060,615**	74,286,666
Financial Liabilities - at amortised cost		
Long term loans	**23,943,533**	32,140,203
Long term lease liabilities	**188,691**	201,217
Trade and other payables	**29,217,003**	24,905,024
Unclaimed dividend	**211,784**	223,090
Unpaid dividend	**128,810**	114,837
Short term borrowings	**27,513,651**	26,717,834
Total	**81,203,472**	84,302,205

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

39.1 No amendments to accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and not adopted in 2023.

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, 2022. 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.

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, 2023

40. SHARIAH COMPLIANCE DISCLOSURE

	2023			2022		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	(Rs. '000s)			(Rs. '000s)		
Turnover						
Revenue	**6,943,429**	**38,961,782**	**45,905,211**	5,108,814	62,525,012	67,633,826
Other income						
Interest income	**27,332**	**-**	**27,332**	65	-	65
Gain on disposal of asset	**11,724**	**-**	**11,724**	53,678	-	53,678
Dividend income	**-**	**13,571,880**	**13,571,880**	-	2,440,930	2,440,930
Income from management services	**-**	**1,588,461**	**1,588,461**	-	4,272,400	4,272,400
Reversal of WPPF	**-**	**826,579**	**826,579**	-	-	-
Finance cost						
Long term loans	**2,578,337**	**1,967,274**	**4,545,611**	1,624,742	1,780,833	3,405,575
Long term lease liabilities	**25,418**	**-**	**25,418**	29,375	-	29,375
Short term borrowings	**2,575,142**	**1,016,975**	**3,592,117**	1,814,062	783,794	2,597,856
Other finance costs	**441,676**	**75,515**	**517,191**	437,254	82,370	519,624
Assets						
Long term loan to subsidiary	**3,845,520**	**-**	**3,845,520**	1,488,819	-	-
Bank balances	**1,027,415**	**-**	**1,027,415**	388,099	-	388,099
Liabilities						
Long term loans	**15,421,780**	**8,311,789**	**23,733,569**	16,673,367	15,163,920	31,837,287
Accrued mark-up	**677,586**	**626,063**	**1,303,649**	718,104	132,706	850,810
Short term borrowings	**14,212,046**	**12,207,920**	**26,419,966**	16,795,101	9,374,839	26,169,940

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41. NUMBER OF EMPLOYEES

Total number of employees as at year end were 281 (2022: 371) and the average number of employees during the year were 324 (2022: 376). 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, 2023 of Rs. 6.00 per share, amounting to Rs. 7,782.926 million, at their meeting held on September 12, 2023 for approval of the members at the Annual General Meeting to be held on October 16, 2023. 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 September 12, 2023 in accordance with the resolution of the Board of Directors.

45. GENERAL

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

Consolidated Financial Statements

For The Year Ended June 30, 2023

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A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the annexed consolidated financial statements of The Hub Power Company Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Contingent Liabilities** [Refer notes 32.4 to 32.8, 32.9.2 to 32.9.9 and 32.10 to the consolidated financial statements] The Group has significant contingent liabilities in respect of Income Tax, Sales Tax, Federal Excise Duty (FED), Workers Profit Participation Fund (WPPF) and First Fill claim matters, which are pending adjudication at various appellate forums and at arbitration. These are based on a range of issues such as disallowance of certain expenses for income tax purposes, apportionment of input sales tax claims, applicability of FED on services, applicability of WPPF on the operations of the Group and demand / claim by Central Power Purchasing Agency Guarantee Limited (CPPA-G). Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to the significance of the amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we have considered contingent liabilities as a key audit matter.	Our audit procedures, amongst others, included the following: i) obtained an understanding of the Group's process and controls over litigations through meetings with management and read the minutes of Board of Directors and Board Audit Committees; ii) obtained and assessed details of the pending tax, FED, WPPF and First Fill claim matters and discussed the same with the Group's management; iii) 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 judgments, appeal or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; and vi) assessed the adequacy of the related disclosures made in the consolidated financial statements in this respect with regard to the applicable accounting and reporting standards.
(ii)	**Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G) and National Transmission and Dispatch Company Limited (NTDC)**	
	[Refer notes 3.6 and 20 to the consolidated financial statements] The Group under the Power Purchase Agreements (PPAs) is required to sell the electricity to CPPA-G and NTDC, and recognises revenue based on the output delivered and Capacity available. Continuous delays by CPPA-G and NTDC in settlement of invoices raised by the Group companies under the PPAs, have resulted in buildup of trade debts aggregating to Rs. 86,751 million as at June 30, 2023 including overdue trade debts of Rs. 65,847 million. 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.	Our audit procedures, amongst others, included the following: i) assessed whether the revenue and related trade debts / receivables have been recognised in accordance with the accounting framework applicable on the Group; ii) checked that the invoices raised by the Group companies during the year are in accordance with the requirements of PPAs; iii) circularised confirmation of trade debts / receivables to CPPA-G and NTDC; iv) checked the receipts from CPPA-G and NTDC by tracing the amount from the bank statements;

S. No.	Key audit matters	How the matter was addressed in our audit
	In view of the significant delays in settlement of receivables, materiality of these trade receivables and the potential impairment charge and the consequential impact on the liquidity and operations of the Group, we have considered this to be an area of higher assessed risk and a key audit matter.	v) made inquiries with the management of the Group and read minutes of the meetings of the Board of Directors and Board Audit Committees to ascertain actions taken by them for the recoverability of these receivables; vi) checked Implementation Agreements and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised thereagainst as per the applicable accounting framework; and vii) assessed adequacy of the related disclosures made in the consolidated financial statements, with regards 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 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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants
Karachi
Date: September 22, 2023

UDIN: AR202310069rNfUALZWu

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Turnover	5	114,263,041	97,158,401
Operating costs	6	(61,484,961)	(64,055,721)
GROSS PROFIT		52,778,080	33,102,680
General and administration expenses	7	(1,368,334)	(1,028,552)
Other income	8	3,585,499	2,124,367
Insurance claim against alternator damage and consequent loss of revenue	9	509,664	-
Other operating expenses	10	(79,423)	(398,052)
PROFIT FROM OPERATIONS		55,425,486	33,800,443
Finance costs	11	(19,323,473)	(7,927,791)
Share of profit from associates and joint venture - net	12	34,316,400	9,232,486
PROFIT BEFORE TAXATION		70,418,413	35,105,138
Taxation	13	(8,411,271)	(5,526,411)
PROFIT FOR THE YEAR		62,007,142	29,578,727
Attributable to:			
- Owners of the holding company		57,554,099	28,472,066
- Non-controlling interests		4,453,043	1,106,661
		62,007,142	29,578,727
Basic and diluted earnings per share attributable to owners of the holding company (Rupees)	41	44.37	21.95

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Profit for the year		62,007,142	29,578,727
Other comprehensive income / (loss) for the year:			
Items that will not be reclassified to profit or loss in subsequent periods			
(Loss) / gain on remeasurement of post employment benefit obligation - net of tax		(45,530)	33,620
Share of foreign currency translation reserve of joint venture - net of tax		785,050	-
Gain on revaluation of equity investment at fair value through other comprehensive income	42	188,282	336,129
		927,802	369,749
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		62,934,944	29,948,476
Attributable to:			
- Owners of the holding company		58,481,647	28,841,283
- Non-controlling interests		4,453,297	1,107,193
		62,934,944	29,948,476

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

M. HABIBULLAH KHAN	**KAMRAN KAMAL**	**MUHAMMAD SAQIB**
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023	2022
ASSETS		(Rs. '000s)	(Rs. '000s)
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	14	138,977,458	108,670,143
Intangibles	15	1,519,727	1,418,156
Long term investments	16	119,315,106	80,247,699
Long term deposits and others	16	23,058	21,421
		259,835,349	190,357,419
CURRENT ASSETS			
Stores, spares and consumables	18	4,302,195	1,943,242
Stock-in-trade	19	3,223,473	4,813,726
Trade debts	20	86,751,480	84,749,156
Contract asset	21	14,817,054	-
Loans and advances	22	193,246	235,528
Prepayments and other receivables	23	20,889,084	19,060,398
Short term investments		-	6,465,204
Cash and bank balances	24	15,553,672	7,527,907
		145,730,204	124,795,161
TOTAL ASSETS		405,565,553	315,152,580
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		123,492,680	96,162,151
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		142,064,224	114,733,695
NON-CONTROLLING INTERESTS		15,971,894	10,768,499
		158,036,118	125,502,194
NON-CURRENT LIABILITIES			
Long term loans	26	104,945,305	91,575,169
Long term lease liabilities	27	1,064,463	1,466,049
Deferred taxation	28	17,915,726	10,849,008
		123,925,494	103,890,226
CURRENT LIABILITIES			
Trade and other payables	29	59,519,062	43,971,090
Unclaimed dividend		211,784	223,090
Unpaid dividend		601,632	405,346
Interest / mark-up accrued	30	6,824,158	3,107,238
Short term borrowings	31	32,142,495	24,172,516
Current maturity of long term loans	26	23,372,311	13,206,073
Current maturity of long term lease liabilities	27	932,499	674,807
		123,603,941	85,760,160
TOTAL EQUITY AND LIABILITIES		405,565,553	315,152,580
COMMITMENTS AND CONTINGENCIES	32		

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

M. HABIBULLAH KHAN	**KAMRAN KAMAL**	**MUHAMMAD SAQIB**
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF
CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		(Rs. '000s)	(Rs. '000s)
Profit before taxation		70,418,413	35,105,138
Adjustments for:			
Depreciation		7,310,193	4,665,597
Amortisation		36,678	6,795
Gain on disposal of fixed assets - net		(13,532)	(53,103)
Reversal of provision for WPPF		(826,579)	-
Gain on retirement of lease		-	(14,902)
Provision against slow moving stores, spares and consumables		283,009	354,105
Staff gratuity		86,899	59,373
Interest income		(576,043)	(280,384)
Interest / mark-up expense		18,044,369	7,371,723
Amortisation of transaction costs		572,760	137,124
Share of profit from associates and joint venture - net		(34,316,400)	(9,232,486)
Unrealized profit on management services to an associate		264,800	882,434
Operating profit before working capital changes		61,284,567	39,001,414
Working capital changes	39	1,648,427	1,484,201
Cash generated from operations		62,932,994	40,485,615
Interest income received		586,736	271,935
Interest / mark-up paid		(16,313,979)	(6,543,353)
Staff gratuity paid		(35,286)	(38,797)
Taxes paid		(703,580)	(354,239)
Net cash generated from operating activities		46,466,885	33,821,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(14,390,175)	(50,570,340)
Proceeds from disposal of fixed assets		15,991	57,863
Long term investments made		(2,894,290)	(1,264,156)
Long term deposits, prepayments and others		(1,637)	8,681
Net cash used in investing activities		(17,270,111)	(51,767,952)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the holding company		(31,129,039)	(14,853,154)
Dividends paid to non-controlling interests		(710,146)	(671,663)
Proceeds from long term loans - net		16,172,443	56,205,376
Repayment of long term loans		(14,399,880)	(12,816,749)
Proceeds from advance received against issue of shares to non-controlling interests		1,648,603	1,562,709
Proceeds from privately placed Sukuk		6,000,000	4,500,000
Repayment of privately placed Sukuk		(4,500,000)	-
Proceeds from short-term borrowings		1,499,244	-
Repayment of long term lease liabilities		(704,354)	(559,666)
Share issuance cost		(18,615)	(12,734)
Net cash (used in) / generated from financing activities		(26,141,744)	33,354,119
Net increase in cash and cash equivalents		3,055,030	15,407,328
Cash and cash equivalents at the beginning of the year		(12,144,609)	(27,551,937)
Cash and cash equivalents at the end of the year	40	(9,089,579)	(12,144,609)

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
ISSUED CAPITAL			
Balance at the beginning and end of the year	25	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		96,162,151	82,255,366
Profit for the year		57,554,099	28,472,066
Other comprehensive income / (loss) for the year		927,548	369,217
Total comprehensive income for the year		58,481,647	28,841,283
Transactions with owners in their capacity as owners			
Final dividend for the fiscal year 2021-22 @ Rs. Nil (2020-21 @ Rs. 5.00) per share		-	(6,485,772)
First interim dividend for the fiscal year 2022-23 @ Rs. 15.50 (2021-22 @ Rs. 6.50) per share		(20,105,893)	(8,431,504)
Second interim dividend for the fiscal year 2022-23 @ Rs. 5.75 (2021-22 @ Rs. Nil) per share		(7,458,638)	-
Third interim dividend for the fiscal year 2022-23 @ Rs. 2.75 (2021-22 @ Rs. Nil) per share		(3,567,175)	-
		(31,131,706)	(14,917,276)
Share issuance cost		(19,412)	(17,222)
Balance at the end of the year		123,492,680	96,162,151
ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		142,064,224	114,733,695
NON-CONTROLLING INTERESTS (NCI)			
Balance at the beginning of the year		10,768,499	8,839,259
Profit for the year		4,453,043	1,106,661
Other comprehensive income for the year		254	532
Total comprehensive income for the year		4,453,297	1,107,193
Dividends to NCI		(892,459)	(735,568)
Investments made		1,648,603	1,562,709
Share issuance cost		(6,046)	(5,094)
Balance at the end of the year		15,971,894	10,768,499
TOTAL EQUITY		158,036,118	125,502,194

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

M. HABIBULLAH KHAN	KAMRAN KAMAL	MUHAMMAD SAQIB
Chairman	Chief Executive	Chief Financial Officer

NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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%; and
- Thar Energy Limited (TEL) - Holding of 60%.

Associates:

- China Power Hub Generation Company (Private) Limited (CPHGC) - legal ownership interest of 47.5% via HPHL; and
- ThalNova Power Thar (Private) Limited (TNPTL) - Holding of 38.3% via HPHL

Joint Ventures:

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

Head Offices:

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

  The registered office of LEL is situated at Office No. 12, 2nd Floor, Executive Complex, G-8 Markaz, Islamabad.

Plants:

- Hub Plant is situated at Mouza Kund, Post Office Gaddani, District Lasbela, Balochistan;
- Narowal Plant is situated at Mouza Aroud Afghana, Muridkey Narowal Road, Narowal;
- 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 an Standby Letter of Credit (SBLC) of USD 23 million to LEL's lenders for cost overruns and debt repayment. The SBLC amount has been reduced to USD 9.487 million. The SBLC is required to be maintained till the last repayment of debt (scheduled in November 2024). Any default in payment by the holding company is subject to a mark-up of six month KIBOR plus a margin of 4%. This SBLC is secured by way of second ranking / subordinated charge over all present and future undertaking and assets of the holding company other than: (i) assets relating to the Narowal plant; (ii) Commercial Facility Disbursement Account; (iii) any shares of NEL; and (iv) present and future shares acquired in LEL including bonus shares and right shares.

Hub Power Services Limited (HPSL)

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

During the year, HPSL has also entered into a Management Services Agreement (MSA) with CPHO for the provision of consultancy, advisory and other additional services pertaining to O&M of CPHGC's plant until May 31, 2024.

Hub Power Holdings Limited (HPHL)

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

Narowal Energy Limited (NEL)

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

Thar Energy Limited (TEL)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

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

As mentioned in the PPA, any delay in the achievement of COD beyond RCOD would also result in liquidated damages amounting to USD 0.75 million per month. CPPA(G) has raised invoices for said liquidated damages for the period November 23, 2021 to September 30, 2022 amounting to USD 7.7 million (Rs. 1,570 million). Accordingly, TEL has recorded payable for the said amount.

Holding company's commitments for TEL - Sponsors' support

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

i. make investments in TEL up to an amount not exceeding USD 78 million (or PKR equivalent) by way of a subscription of shares. Such investment shall be made within a period up till December 2022. Amount of equity investment was enhanced by USD 1 million (or PKR equivalent) in the AGM held on October 5, 2022. Such investment shall be for a period up till December 2024, or such period until the holding company liabilities / obligations as a sponsor remain undischarged, whichever is later. Total investment made in TEL is USD 78.87 million (or PKR equivalent). The equity commitment stands completed in February 2023;

ii. arrange and provide a SBLC to the Lenders of TEL or TEL to cover for the equity investment of (and up to an amount not exceeding) USD 78 million (or PKR equivalent) to guarantee the subscription of equity. Such SBLC shall be for a period up till November 2022. On November 11, 2019, the holding company issued Equity SBLC amounting to Rs. 3,767 million (equivalent to remaining USD million) to the lenders of TEL which is valid till November 10, 2022. The SBLC was subsequently reduced to Rs. 2,281 million. On October 25, 2022 the SBLC was reduced to Nil. This SBLC was issued as a sublimit of the financing arrangement as mentioned in note 26.2.1 of these consolidated financial statements;

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

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

v. execute the Share Pledge Agreement with lenders of TEL , whenever such shares are acquired directly timely 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;

vi. 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 Project Completion Date ("PCD"), and (c) COD undertakings. Such investment shall be for a period up till the earlier of Project Completion Date or December 2025. On November 15, 2019, the holding company issued Cost Overrun SBLC amounting 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;

vii. 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;

viii. 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;

ix. 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; and

x. 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Changes in accounting standards and interpretations

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

2.3 Accounting convention

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

All business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination (including contingent liabilities) are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair values of the holding company's share of identifiable net assets acquired is recorded as goodwill.

The consolidated financial statements of the Group include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies.

The assets and liabilities of the subsidiaries have been consolidated on a line-by-line basis and the carrying value of investment held by the holding company is eliminated against the subsidiaries' share capital and pre-acquisition reserves in the consolidated financial statements. Material intra-group balances and transactions are eliminated.

A change in the ownership interest of the subsidiaries, without a change of control, is accounted for as an equity transaction.

The subsidiary companies are consolidated from the date on which more than 50% voting rights are transferred to the holding company or power to govern the financial and operating policies of the subsidiaries are established and are excluded from consolidation from the date of disposal or cessation of control.

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to the holding company.

Associates and joint venture

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

The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognizes the same in statement of profit or loss.

3.2 Property, plant and equipment

(a) Operating fixed assets and depreciation

Owned

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets at the rates disclosed in note 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 holding company's share of net assets of the associate and joint venture. The consolidated statement of profit or loss reflects the Group's share of the results of the operations of the associate and joint venture.

If the ownership interest in associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated profit 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 consolidated other comprehensive income and accumulated in retained earnings.

3.5 Impairment of non-current assets

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

3.6 Impairment of financial assets

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

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

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

3.7 Stores, spares and consumables

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

3.8 Stock-in-trade

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.

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 consolidated statement of changes in equity. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction, net of tax.

3.10 Provisions

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

3.11 Staff retirement benefits

Defined benefit plans

The holding company, TEL and HPSL operate funded defined benefit gratuity plans, covering eligible employees who have completed minimum service requirement with respective company. The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

Defined contribution plans

LEL operates a funded defined contribution gratuity plan for the benefit of its employees. Monthly contributions are paid by LEL to the fund at the rate of 8.33% of basic salary.

The holding company, LEL, TEL and HPSL operate recognised contributory provident funds covering all employees who are eligible for the plan. Equal monthly contributions are made by the companies and the employees in accordance with the respective funds' rules.

In addition to above, HPSL also operates a defined contribution pension fund for employees who are eligible for the plan. HPSL is required to contribute 10% of the basic pay of the employees on monthly basis. The HPSL's contributions are recognised as employee benefit expense when they are due.

3.12 Revenue recognition

3.12.1 Sale of electricity

Revenue from the sale of electricity to the Central Power Purchasing Agency (Guarantee) Limited [CPPA(G)] is recorded based upon the output delivered and capacity available at rates as specified under the Power Purchase Agreement (PPA) with CPPA(G), as amended from time to time. The payment is due 14 days and 30 days after the acknowledgement of the output delivered invoice and capacity available invoice, respectively. PPA with CPPA(G) is a contract over a period of 30 years starting from 1997. Late payment interest, as per the PPA, on receivables from CPPA(G) is recorded on accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

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.

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 recognized 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.

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.

3.13 Functional and presentation currency

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

3.14 Foreign currency transactions and translation

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

In partial modification of S.R.O. 24(I)/2012 dated January 16, 2012, the SECP, vide S.R.O. 986(I)/2019 dated September 02, 2019, has granted exemption from the requirements of International Accounting Standard (IAS) 21 to the extent of 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. 19,845 million and the property, plant and equipment as at June 30, 2023 would have been lower by Rs. 23,972 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.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2023

3.18 Financial instruments

(a) Trade debts and other receivables

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, payorders in hand, cash with banks on savings, call and term deposit accounts and short term borrowings 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 - at fair value through profit or loss

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

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

(e) Trade and other payables

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

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for 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 holding company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the respective right-of-use asset, or is recorded in profit or loss if the carrying amount of that right-of-use asset has been reduced to zero.

4. USE OF ESTIMATES AND JUDGEMENTS

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

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

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

a) Determining the residual values and useful lives of property, plant and equipment and intangibles;

b) Distinguishing between capital spares, servicing equipment and stores and spares;

c) Provisions;

d) Recognition of taxation;

e) Recognition of provision for staff retirement benefits;

f) Impairment of goodwill, trade debts and other receivables;

g) Commitments and contingencies;

h) Determining the fair value of equity instruments designated as FVTOCI;

i) Recognition of lease liabilities and right of use assets;

j) Recognition of income from management services; and

k) Capitalisation of certain expenses as capital work-in-progress.

	2023	2022
	(Rs. '000s)	(Rs. '000s)
5. TURNOVER		
Capacity Purchase Price (CPP)	61,617,047	36,187,168
Energy Purchase Price (EPP)	48,199,413	60,397,600
Late Payment Interest (LPI)	10,220,540	7,562,831
Startup Charges (SC)	136,106	396,278
Part Load Adjustment Charges (PLAC)	575,831	1,331,529
	120,748,937	105,875,406
Less: Sales tax on EPP	(6,485,896)	(8,717,005)
	114,263,041	97,158,401

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
6. OPERATING COSTS			
Fuel cost		40,505,844	52,177,451
Late payment interest to fuel suppliers		3,755,202	1,911,973
Salaries, benefits and other allowances	6.1	1,361,071	938,816
Water use charges		660,050	170,184
Ash disposal		206,538	-
Stores and spares		1,017,393	1,093,799
Insurance		3,208,183	1,448,503
Depreciation	14.3	7,219,510	4,583,862
Amortisation	15.2	35,055	5,089
Repairs, maintenance and other costs		3,516,115	1,726,044
		61,484,961	64,055,721

6.1 This includes Rs. 131 million (2022: Rs. 108 million) in respect of staff retirement benefits.

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
7. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, benefits and other allowances	7.1	693,328	449,480
Travel and transportation		79,383	17,004
Fuel and power		9,657	8,834
Property, vehicles and equipment rentals		8,112	9,244
Office running cost		92,457	43,729
Repairs and maintenance		31,356	39,772
Legal and professional charges		152,960	127,368
Insurance		16,445	13,878
Fee and subscription		16,389	12,707
Training and development		3,633	6,169
Auditors' remuneration	7.2	11,580	12,675
Donations	7.3	84,336	137,390
Corporate social responsibility		77,906	64,498
Printing and stationery		5,447	5,017
Depreciation	14.3	69,811	65,968
Amortisation	15.2	1,502	1,637
Miscellaneous		14,032	13,182
		1,368,334	1,028,552

7.1 This includes Rs. 45 million (2022: Rs. 47 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:

	2023 (Rs. '000s)	2022 (Rs. '000s)
Statutory audits	7,315	6,316
Half yearly reviews	993	961
Other services	2,514	4,747
Out-of-pocket expenses	758	651
	11,580	12,675

7.3 During the year, the holding company and TEL made donation to The Citizens Foundation amounting to Rs. 32 million (2022: Rs. 35 million) and Thar Foundation amounting to Rs. 50 million (2022: Rs. 100 million), respectively. No directors or their spouses had any interest in any donee, to which donations were made, except for the Chief Executive Officer of TEL who is a Director in Thar Foundation.

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
8. OTHER INCOME			
Financial assets			
Interest income		576,043	280,384
Non-financial assets			
Gain on disposal of fixed assets - net		13,532	68,005
Dividend income from SECMC		455,319	-
Income from management services	8.1	459,386	1,421,597
Reversal of WPPF expense on dividend income		826,579	-
Income from O&M and other services	8.2	687,102	47,224
Exchange gain - net		565,994	305,560
Others		1,544	1,597
		3,009,456	1,843,983
		3,585,499	2,124,367

8.1 Income from management services

	Note	2023	2022
Services income	35.2	1,545,223	1,568,394
Cost of services		(1,085,837)	(146,797)
		459,386	1,421,597

8.2 Income from O&M and other services

	2023	2022
Services income	1,545,223	78,943
Cost of services	(1,085,837)	(31,719)
	459,386	47,224

8.2.1 This includes income from TNPTL, CPHGC and CPHO under their respective service agreements on mutually agreed terms and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

9. INSURANCE CLAIM AGAINST ALTERNTOR DAMAGE AND CONSEQUENT LOSS OF REVENUE

During the year ended June 30, 2022, alternators of two engines at NEL developed a fault having 38 MW capacity. Two new alternators were procured as replacement and were resynchronised in February 2023.

The replacement amount and loss of business profit due to business interruption are covered under NEL's insurance policy. During the year ended, the insurer has partially disbursed an amount of USD 1.783 million (Rs. 509.664 million) in lieu of alternators replacement and loss of revenue due to business interruption under the insurance policy.

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
10. OTHER OPERATING EXPENSES			
Workers' profit participation fund	10.1	79,423	335,665
Impairment loss		-	62,387
		79,423	398,052
10.1 Workers' profit participation fund			
Provision for Workers' profit participation fund	32.4	1,520,976	1,353,157
Workers' profit participation fund recoverable from CPPA(G)		(1,441,553)	(1,017,492)
		79,423	335,665
11. FINANCE COSTS			
Interest / mark-up on long term loans		14,302,134	4,304,287
Mark-up on short term borrowings		3,558,852	2,939,036
Mark-up on long term lease liabilities		183,383	128,400
Amortisation of transaction cost		572,760	137,124
Other finance costs		706,344	418,944
		19,323,473	7,927,791
12. SHARE OF PROFIT FROM ASSOCIATES AND JOINT VENTURE - NET			
Associates			
- China Power Hub Generation Company (Private) Limited			
- representing 47.5% (2022: 47.5%) equity shares		29,253,044	9,430,025
- obligation in respect of profit on shares related to GoB	29.3	(923,780)	(297,791)
		28,329,264	9,132,234
- ThalNova Power Thar (Private) Limited		1,856,304	(5,028)
		30,185,568	9,127,206
Joint ventures			
- Prime International Oil and Gas Company Limited		3,925,529	1,087
- China Power Hub Operating Company (Private) Limited (CPHO)		205,303	104,193
		34,316,400	9,232,486

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
13. TAXATION			
Current			
- For the year		1,607,045	1,730,699
- Prior year		(3,093)	(563)
Deferred		6,807,319	3,796,275
	13.1	8,411,271	5,526,411
13.1 Relationship between tax expense and accounting profit			
Profit before taxation		70,418,413	35,105,138
Tax calculated at the rate of 29% (2022: 29%)		20,421,340	10,180,490
Effect of reduced rate of tax		(4,831,600)	(409,982)
Effect of exempt income		(9,728,534)	(6,850,243)
Effect of minimum tax		-	18,041
Effect of change in tax rate		(1,766,690)	-
Effect of super tax at the rate of 10% (2022: 4%)		4,177,393	1,756,050
Others		139,362	832,055
		8,411,271	5,526,411

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	2023	2022
		(Rs. '000s)	(Rs. '000s)
14. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	137,895,469	37,717,818
Capital work-in-progress (CWIP):			
Holding company	14.4	267,197	-
NEL	14.5	2,392	32,133
TEL	14.6	812,400	70,920,192
		1,081,989	70,952,325
		138,977,458	108,670,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

14.1 Operating fixed assets

	Owned								Right of Use Asset			
	Freehold land	Building on freehold land	Buildings and civil structures on leasehold land	Leasehold property	Plant & machinery	Furniture & fixtures	Vehicles	Office equipment	Leasehold land	Office building	Plant & machinery	Total
	(Rs. '000s)											
Cost:												
As at June 30, 2021	72,029	1,137,351	10,531,320	83,452	82,360,537	172,318	385,226	102,410	58,218	370,550	6,426,057	101,699,468
Additions / Transfers from CWIP	-	-	910	-	23,887	23,671	5,982	10,078	-	-	-	64,528
Exchange losses on loans	-	-	446,925	-	722,407	-	-	-	-	-	563,336	1,732,668
Disposals	-	(864)	-	(862)	(11,335)	(73,915)	(25,471)	(10,460)	-	(114,593)	-	(237,500)
As at June 30, 2022	72,029	1,136,487	10,979,155	82,590	83,095,496	122,074	365,737	102,028	58,218	255,957	6,989,393	103,259,164
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
Depreciation:												
As at July 1, 2021	-	704,022	3,381,581	29,676	53,945,379	145,884	322,925	80,898	3,465	90,983	2,270,771	60,975,584
Charge for the year	-	59,095	574,166	16,534	3,438,122	37,399	31,167	9,589	3,456	29,351	466,718	4,665,597
Disposals	-	(706)	-	(787)	(10,653)	(66,531)	(24,295)	(9,038)	-	(50,212)	-	(162,222)
Impairment loss	-	-	-	-	62,387	-	-	-	-	-	-	62,387
As at June 30, 2022	-	762,411	3,955,747	45,423	57,435,235	116,752	329,797	81,449	6,921	70,122	2,737,489	65,541,346
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	127015	342,969	90,053	10,347	92,311	3,278,091	72,831,317
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
Net book value as at June 30, 2022	72,029	374,076	7,023,408	37,167	25,660,261	5,322	35,940	20,579	51,297	185,835	4,251,904	37,717,818
Depreciation rate % per annum	**-**	**3.33 to 25**	**4 to 10**	**3.33 to 20**	**3.33 to 50**	**10 to 20**	**20-25**	**10 to 50**	**-**	**10 to 20**	**4 to 6.67**	
Cost of fully depreciated assets as at June 30, 2023	-	123,044	-	-	1,213,603	76,102	235,370	40,884	-	-	-	1,689,003
Cost of fully depreciated assets as at June 30, 2022	-	85,159	-	-	1,016,220	51,004	236,501	46,892	-	-	-	1,435,776

14.2 Details of the Company's immovable fixed assets:

Particulars	Area	Particulars Area Location
Freehold land and building	1,143 Acres	Hub Plant - District Lasbela, Balochistan
Freehold land and building	10 Kanal 09 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	4 Kanal 01 Marla	Narowal Plant - Tehsil and District Narowal, Punjab
Freehold land and building	67 Acres	Narowal Plant - Tehsil and District Narowal, Punjab
Leasehold property	2,454 Kanals	Laraib Plant - New Bong Escape, Village Lehri, Mirpur AJK
Leasehold land	244 Acres	Thar Coal Block II, Taluka Islamkot, Sindh

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
14.3 Depreciation charge for the year has been allocated as follows:			
Operating costs	6	7,219,510	4,583,862
General and administration expenses	7	69,811	65,968
Capital work-in-progress		20,872	15,767
		7,310,193	4,665,597
14.4 Capital work-in-progress - Holding company			
Opening balance		-	676
Additions during the year		267,197	300
Transfers during the year		-	(976)
		267,197	-
14.5 Capital work-in-progress - NEL			
Opening balance		32,133	2,405
Additions during the year		712,322	29,728
Transfers during the year		(742,063)	-
		2,392	32,133
14.6 Capital work-in-progress - TEL			
Opening balance		70,920,192	38,268,822
Additions during the year		20,396,342	32,651,370
Transfers during the year		(19,504,134)	-
		812,400	17,920,192

14.7 This includes borrowing costs capitalised during the year amounting to Rs. 2,205 million (2022: Rs. 3,667 million).

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FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
15. INTANGIBLES			
Intangibles	15.1	1,519,727	1,418,156

15.1 Intangibles

	Goodwill (note 15.3)	Computer softwares	Total
		(Rs. '000s)	
Cost			
As at July 1, 2021	1,414,096	199,008	1,613,104
Additions	-	4,300	4,300
Write off	-	(2,592)	(2,592)
As at June 30, 2022	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
Amortisation			
As at July 1, 2021	-	192,453	192,453
Charge for the year	-	6,795	6,795
Write off	-	(2,592)	(2,592)
As at June 30, 2022	-	196,656	196,656
Charge for the year	-	36,678	36,678
As at June 30, 2023	-	233,334	233,334
Net book value as at June 30, 2023	1,414,096	105,631	1,519,727
Net book value as at June 30, 2022	1,414,096	4,060	1,418,156
Amortisation rate % per annum	**-**	**33.33**	**-**
Cost of fully amortised intangibles as at June 30, 2023	-	196,263	196,263
Cost of fully amortised intangibles as at June 30, 2021	-	192,888	192,888

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	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
15.2 Amortisation charge for the year has been allocated as follows:			
Operating costs	6	35,055	5,089
General and administration expenses	7	1,502	1,637
Capital work-in-progress		121	69
		36,678	6,795

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, 2023. 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 9.06% (2022: 9.81%) and the cash flows are discounted over whole of the life of the project. The management believes that any reasonable possible change to the key assumptions on which calculation of recoverable amount is based, would not cause the carrying amount to exceed the recoverable amount.

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
16. LONG TERM INVESTMENTS			
Investment in associates - unquoted			
- China Power Hub Generation Company (Private) Limited (CPHGC)	16.1	100,939,111	71,686,226
- ThalNova Power Thar (Private) Limited (TNPTL)	16.2	9,248,899	4,910,679
		110,188,010	76,596,905
Investment in joint venture (under equity method) - unquoted			
- China Power Hub Operating Company (Private) Limited (CPHO)	16.3	317,937	112,634
- Prime International Oil and Gas Company Limited	16.4	5,550,044	467,327
Others - unquoted			
Equity investment at fair value through other comprehensive income			
- Sindh Engro Coal Mining Company Limited (SECMC)	16.5	3,259,115	3,070,833
		119,315,106	80,247,699

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

	2023	2022
Opening investment	71,686,226	62,257,314
Share of profit from associate	29,253,044	9,430,025
Share of other comprehensive (loss) / income from associate	(159)	(1,113)
	100,939,111	71,686,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

In 2019, HPHL exercised the call option under Amended and Restated Shareholders' Agreement to increase its shareholding in CPHGC from 26% to 47.5%. Accordingly, as at June 30, 2023, the holding company has 47.5% legal ownership interest in CPHGC, the principal business of which is to own, operate and maintain two coal-fired power generation units of 660 MW each with ancillary Jetty in the province of Balochistan. The project achieved its Commercial Operation Date (COD) on August 17, 2019.

Pursuant to Memorandum of Understanding (MOU) dated December 23, 2016 with Government of Balochistan (GoB), HPHL and China Power International (Pakistan) Investment Limited (CPIPI) are committed to transfer 3% equity shareholding in CPHGC (1.5% each by HPHL and CPIPI) to GoB. The transfer was required to be executed by COD. The legal process for transfer of shares is yet to be completed. HPHL is making accruals for liability in respect of share of profit relating to such shares (refer notes 12 and 29.3).

On July 14, 2021, due to uncertain weather conditions, the transformer of Unit One was damaged. A new transformer was procured as replacement of Unit One and was resynchronized on January 6, 2022. The replacement amount and loss of business profit due to business interruption were covered under the CPHGC's insurance policy. The insurance company agreed to the settlement of the aforementioned claim of USD 65 million (Rs. 13,831.27 million) through the insurance compensation agreement. A total of USD 27 million was disbursed in prior year and during the year, the insurance company has disbursed an amount of USD 34.22 million (Rs. 7,649.70 million) and USD 3.78 million (Rs. 846.29 million) in lieu of transformer replacement and loss of revenue due to business interruption respectively.

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. 11,411 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, 2023 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 signing of schedules of PPA and its appeal before the ATN is decided favorably.

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 the Company dated February 12, 2016. The Company has filed motion for review thereagainst and recognized unbilled revenue of Rs. 1,033.74 million (June 30, 2022: Rs. 1,007.62 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.

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

a) to achieve completion of the Project to the satisfaction of the lenders; and

b) repay all principal, interest, fees or any other amounts that may fall due by CPHGC under the finance documents to the finance parties.

The holding company issued this SBLC by entering into an agreement with local banks by providing security against all present and future assets of the holding company other than current assets. If the SBLC is not renewed 15 days prior to the expiry, CPHGC has the right to call upon the SBLC.

On February 23, 2023, CPHGC's coal-fired power plant has been declared "Project Complete" by CPHGC's lenders. The declaration of Project Completion Date (PCD) releases the holding company from its obligation to maintain a USD 150 million SBLC.

To release the holding company from the requirement to maintain the standby letter of credit, it has been agreed that the holding Company, via a deed of the undertaking, shall extend its existing obligation to pay any amount proportionate to its shareholding in CPHGC up to a maximum of USD 150 million, due from CPHGC to the relevant lenders following the exercise of any remedy by CPHGC's lead lender, China Development Bank (CDB), under CPHGC's financing documents specified in the Completion Guarantee dated October 24, 2017, as amended and restated from time to time, between CPHGC, CPHGC's sponsors and shareholders and CDB, until the financing received by CPHGC from its lenders is fully repaid.

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

The summarised financial information of CPHGC is set out below:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Non-current assets	379,135,556	300,666,231
Current assets	221,160,959	163,057,354
Total assets	600,296,515	463,723,585
Non-current liabilities	(290,817,974)	(229,567,646)
Current liabilities	(107,235,463)	(93,497,882)
Total liabilities	(398,053,437)	(323,065,528)
Net assets of the associate available for distribution	202,243,078	140,658,057
Proportion of HPHL's interest in associate	47.5%	47.5%
	96,065,462	66,812,577
Goodwill	4,873,649	4,873,649
Carrying amount of HPHL's interest in associate as at June 30	100,939,111	71,686,226
Revenue for the year	167,807,786	145,917,217
Profit for the year	61,585,355	19,852,685
Other comprehensive (loss) / income for the year	(334)	(2,343)
Total comprehensive income for the year	61,585,021	19,850,342

CPHGC has tax contingencies wherein the tax authorities have demanded amount of Rs. 7,638.815 million in several notices, demands and orders. However, considering the grounds of the matter, the CPHGC's 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, 2023 amount to Rs. 33,486 million (2022: Rs. 34,581 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
16.2 ThalNova Power Thar (Private) Limited (TNPTL)			
Opening investment		4,910,679	4,946,648
Investment during the year		2,773,762	861,075
Share of profit / (loss) from associate		1,835,942	(5,028)
Unrealized profit on services		(264,800)	(882,434)
Group's share in share issue cost		(6,684)	(9,582)
		9,248,899	4,910,679

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, 2023, HPHL has injected USD 51.755 million (Rs. 8,885 million) in TNPTL out of total equity commitment of USD 52.074 million. Subsequent to the year end, 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), TNPTL's Required Commercial Operations Date (RCOD) was March 31, 2021. Considering the delay in RCOD, TNPTL requested CPPA(G) for extension in RCOD in view of the delayed COVID-19 Force Majeure Event (FME) and delay in expected availability of indigenous coal under the Coal Supply Agreement with SECMC. CPPA(G) granted an extension in the RCOD of TNPTL till June 30, 2022, subject to payment of undisputed HVDC charges under certain conditions upto USD 1.9 million per month, if charged to CPPA(G) by NTDC, from the COD of HVDC line under certain conditions.

Although CPPA(G) has raised an invoice for payment of HVDC charges, TNPTL challenged the determination of the invoice, and has sought clarifications from CPPA(G), including provision of evidence of achievement of COD of the HVDC line. Till such time the required information is not furnished, there is no obligation on TNPTL to make payment and therefore there is currently no exposure on TNPTL in this regard. Further, TNPTL has also requested CPPA(G) for further extension of RCOD by 232 days, hence, there is no exposure of PPA LDs as on June 30, 2023.

The holding company's commitment to TNPTL

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

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

(i) 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 TNTPL 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. On January 09, 2020, the holding company, through HPHL, issued equity SBLC amounting to Rs. 2,425 million (equivalent to remaining USD million) to the lenders of TNPTL which was valid till January 07, 2024 by placing cash security as lien. However, on April 20, 2023 the SBLC was reduced to Nil;

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

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

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

(vii) 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;

(viii) 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;

(xi) 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

(x) 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 holding company provided Parent Company Guarantee to TNPTL in the form of a corporate guarantee as per the terms of the O&M agreement.

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The summarised financial information of TNPTL is set out below:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Non-current assets	108,811,338	66,702,132
Current assets	30,640,453	4,589,606
Total assets	139,451,791	71,291,738
Non-current liabilities	(72,911,740)	(51,951,133)
Current liabilities	(38,661,222)	(4,035,563)
Total liabilities	(111,572,962)	(55,986,696)
Net assets	27,878,829	15,305,042
Less: Advance received against issue of shares	(5,570,464)	(5,173,071)
Net assets of the associate available for distribution	22,308,365	10,131,971
Proportion of the HPHL's interest in associate	38.3%	38.3%
	8,544,104	3,880,546
Advance received against issue of shares	2,122,663	2,183,202
Unrealized profit on management services	(1,425,324)	(1,180,887)
Others	27,818	27,818
Carrying amount of HPHL's interest in associate as at June 30	9,269,261	4,910,679
Turnover for the year	22,522,972	-
Profit / (loss) for the year	4,793,581	(13,127)

The associate had no material contingency as at June 30, 2023. Outstanding commitments as at June 30, 2023 amount to Rs. 6,537 million (2022: Rs. 15,270 million).

	2023	2022
	(Rs. '000s)	(Rs. '000s)
16.3 China Power Hub Operating Company (Private) Limited (CPHO)		
Opening investment	112,634	-
Investment during the year	-	8,441
Share of profit from joint venture	202,606	104,193
Adjustment for last year profit based on prior year audited financial statements	2,697	-
	317,937	112,634

On October 29, 2021, HPHL executed a Joint Venture Agreement (JV Agreement) with China Power International Maintenance Engineering Company Limited (CPIME), for establishing a joint venture in Pakistan for the purpose of, inter alia, providing operation, maintenance, and other services to CPHGC in connection with its 1320 MW coal fired power plant located in Hub Balochistan (CPHGC's Plant) and to other customers. On January 20, 2022, 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:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Non-current assets	73,681	19,465
Current assets	2,293,979	1,624,813
Total assets	2,367,660	1,644,278
Current liabilities	(1,701,165)	(1,414,413)
Non-current liabilities	(17,644)	-
Total liabilities	(1,718,809)	(1,414,413)
Net assets	64,8851	229,865
Net assets of the associate available for distribution	648,851	229,865
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	317,937	112,634
Profit for the period	413,482	212,638

The joint venture had no major contingency and commitments as at June 30, 2023.

		2023	2022
		(Rs. '000s)	(Rs. '000s)
16.4 Prime International Oil & Gas Company Limited (Prime)			
Opening investment		467,327	267,507
Investment during the year		120,528	198,733
Share of profit from joint venture		3,925,529	1,087
Share of other comprehensive income from joint venture		1,040,318	-
Share issuance costs		(3,658)	-
	16.4.2	5,550,044	467,327

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

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During the year, Prime received the approval from Directorate General Petroleum Concession (DGPC) on the ENI acquisition on November 14, 2022. After the approval of DGPC, Prime and ENI started to complete the remaining formalities under the SPAs and the transaction was finally completed entirety on December 29, 2022 when the change of control of upstream entities was transferred from ENI to Prime. This includes share of bargain purchase gain amounting to Rs. 3,782 million.

HPHL is committed to provide Corporate and Bank guarantees amounting to USD 4 million and USD 3 million, respectively.

Based on the committed equity percentage of 50% and rights and obligations envisaged in the SHA, the investment in Prime is classified as a Joint Venture and is accounted for under the equity method in these consolidated financial statements.

The summarised financial information of Prime are set out below:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Non-current assets	10,289,676	524,778
Current assets	39,420,298	414,578
Total assets	49,709,974	939,356
Current liabilities	(19,587,352)	(4,150)
Non-current liabilities	(19,142,523)	-
Total liabilities	(38,729,875)	(4,150)
Net assets	10,980,099	935,206
Less: Advance received against issue of shares	-	(959,397)
Net assets of joint venture available for distribution	10,980,099	(24,191)
Share Premium	(119,988)	-
	10,860,111	(24,191)
Proportion of the HPHL's interest in joint venture	50%	50%
	5,430,056	(12,096)
Share Premium	119,988	-
Advance received against issue of shares	-	479,423
Carrying amount of HPHL's interest in joint venture as at June 30	5,550,044	467,327
Profit / (loss) for the year	7,851,058	2,173
Other comprehensive income	2,080,636	-
Total comprehensive income	9,931,694	2,173

The joint venture had no major contingency and commitments as at 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, 2023 the holding company has injected USD 15.506 million (Rs. 1,909 million) [2022: 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. Subsequent to the year end, 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:

16.5.1 Sponsor Support Guarantee to cover cost overruns for an amount not exceeding USD 5 million (in equivalent Pak Rupees), if at any time prior to the Project Completion Date a funding shortfall occurs. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. The shareholders of the holding company 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. Confirmation from intercreditor agent is awaited for the reduced amount.

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

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 3.89 million.

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

		Note	2023	2022
			(Rs. '000s)	(Rs. '000s)
17.	**LONG TERM DEPOSITS AND OTHERS**			
	Deposits - non interest bearing		23,058	16,744
	Others		-	4,677
			23,058	21,421
18.	**STORES, SPARES AND CONSUMABLES**			
	In hand		5,714,563	3,073,165
	Provision against slow moving stores, spares and consumables	18.1	(1,412,368)	(1,129,923)
			4,302,195	1,943,242

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		Note	2023	2022
			(Rs. '000s)	(Rs. '000s)
18.1	**Movement in provision against slow moving stores, spares and consumables**			
	Opening balance		1,129,923	775,818
	Provision for the year		283,009	354,105
	Write off stores, spares and consumables		(564)	-
	Closing balance		1,412,368	1,129,923
19.	**STOCK-IN-TRADE**			
	Furnace oil		2,949,013	4,746,847
	Diesel		187,345	28,850
	Lubricating oil		29,296	29,422
	Light diesel oil		10,178	8,607
	Coal		31,839	-
	Limestone		15,802	-
			3,223,473	4,813,726
20.	**TRADE DEBTS - Secured**			
	Considered good - Secured			
	Capacity Purchase Price (CPP)		38,139,113	26,550,445
	Energy Purchase Price (EPP)		21,282,169	32,315,375
	Late Payment Interest (LPI)	20.1.1 & 32.8	26,696,990	24,502,080
	Startup Charges (SC)		138,835	294,168
	Part Load Adjustment Charges (PLAC)		486,496	745,767
	Pass through items (WPPF and taxes)		7,877	341,321
		20.1	86,751,480	84,749,156

20.1 This includes an amount of Rs. 60,800 million (2022: Rs. 58,770 million) receivable from CPPA(G) and Rs. 5,047 million (2022: Rs. 3,648 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 three month KIBOR plus 2% per annum compounded semi-annually for all overdue amounts except Late Payment Interest invoices.

The aging of these receivables are as follows:

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Not yet due	20.1.1 & 20.1.2	20,904,308	22,331,542
Up to 6 months		31,005,515	40,062,333
6 months to 1 year		23,316,999	10,826,641
1 year to 2 years		-	2,730
Over 2 years		11,524,658	11,525,910
	20.1.3	86,751,480	84,749,156

20.1.1 This includes Rs. 5,879 million (2022: Rs. 4,544 million) related to LPI which is not yet billed by the Group.

20.1.2 This also includes an amount of Rs. 122 million (2022: Rs. 122 million) for which the NEL's tariff application has been approved by NEPRA, however, due to pending notification of NEPRA's determination in the Official Gazette, as of reporting date the amount has not been billed to CPPA(G).

20.1.3 This includes an amount of Rs. 1,638 million in respect of quarterly indexation of LEL's COD tariff for April 2023 to June 2023 which is currently pending NEPRA's approval on account of objection raised by CPPA(G) on O&M tariff component. LEL is engaged with NEPRA on this and considering the outcome of similar matter in the past and the opinion of its legal advisor, expects the amount to be billed and recovered in full in the near future.

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, 2023. TEL expects to raise the invoice for billing and recovery of this amount once the signing of schedules of PPA are finalised and finalisation of One Time Adjustment of Tariff.

		Note	2023	2022
22.	**LOANS AND ADVANCES**		(Rs. '000s)	(Rs. '000s)
	Considered good - non interest bearing			
	Loans - unsecured			
	Executives		-	1,049
	Employees		272	71
			272	1,120
	Advances - unsecured			
	Executives		458	952
	Employees		1,078	535
	Suppliers		191,438	232,921
			192,974	234,408
			193,246	235,528
23.	**PREPAYMENTS AND OTHER RECEIVABLES**			
	Prepayments		331,390	98,222
	Other receivables			
	Interest accrued		-	10,693
	Income tax - Contractor tax refundable	23.1	372,469	372,469
	Sales tax		10,332,995	10,026,259
	Advance tax		45,000	20,974
	Staff gratuity	29.4	-	37,583
	Receivable from CPHGC	23.2	34,762	31,701
	Receivable from Prime	23.3	7,663	-
	Receivable from CPHO	23.4	103,804	31,833
	Receivable from TNPTL	23.5	383,348	16,787
	Receivable from TNPTL against services agreement	23.5	2,441,416	3,553,948
	Workers' profit participation fund recoverable from CPPA(G)		6,008,430	4,566,877
	Hub Power Services Limited - Provident Fund		316	512
	Miscellaneous	23.6	827,491	292,540
			20,557,694	18,962,176
			20,889,084	19,060,398

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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).

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. 106 million (2022: Rs. 36 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. 8 million (2022: Rs. Nil).

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. 104 million (2022: Rs. 32 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. 2,825 million (2022: Rs. 3,571 million).

23.6 This includes Rs. 22 million (2022: Rs. 247 million) kept with local banks as cash margin against import bills.

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
24. CASH AND BANK BALANCES			
At bank			
Savings accounts	24.1 to 24.3	10,237,816	4,987,511
Current accounts		4,917	-
Bank placements	24.3 to 24.5	443,328	2,487,000
		10,686,061	7,474,511
In hand			
Cash		1,650	2,090
Payorders / cheques		4,865,961	51,306
		4,867,611	53,396
		15,553,672	7,527,907

24.1 Savings and deposits accounts carry mark-up rates ranging between 0.25% to 19.50% (2022: 0.2% to 12.25%) per annum.

24.2 This includes Rs. 2,411 million (2022: Rs. 1,655 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 includes term deposit receipts amounting of Rs. Nil (2022: Rs. 2,425 million) placed with a bank as a security for issuance of equity SBLC of TNPTL.

24.4 Bank placements represents term deposit receipts which carry mark-up at the rate of 19.50% (2022: 12.25%) per annum.

24.5 This includes cash margin of Rs. 443 million (2022: Rs. Nil) with bank as security for TEL Cost Over Run SBLC.

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

2023	2022		2023	2022
(No. of Shares)			(Rs. '000s)	(Rs. '000s)
		Authorised :		
1,700,000,000	1,700,000,000	Ordinary shares of Rs.10/- each	17,000,000	17,000,000
		Issued, subscribed and paid-up: Ordinary shares of Rs.10/- each		
958,773,317	958,773,317	For cash	9,587,733	9,587,733
		For consideration other than cash		
338,022,463	338,022,463	- against project development cost	3,380,225	3,380,225
358,607	358,607	- against land	3,586	3,586
338,381,070	338,381,070		3,383,811	3,383,811
1,297,154,387	1,297,154,387		12,971,544	12,971,544

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 264,149,502 (2022: 261,040,482) shares in the holding company as at year end.

26. LONG TERM LOANS - Secured

From Banks / Financial Institutions	Note	As at July 01, 2022	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2023
		(Rs. '000s)					
Holding company							
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	1.666.667	-	(833,333)	(833,334)	-	-
Salary Refinance Scheme - SBP	26.2.2	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)
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	26.6	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 cost		(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	26.7	14,690,670	4,162,330	-	(1,885,300)	-	16,967,700
Foreign currency loans	26.7	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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From Banks / Financial Institutions	Note	As at July 01, 2021	Drawn / Translation / Unwinding of profit	Repaid	Current portion	Amortisation of transaction costs	As at June 30, 2022
		----------	----------	---------- (Rs. '000s)	----------	----------	
Holding company							
Hub plant							
Salary Refinance Scheme - SBP		474,000	-	(316,000)	(158,000)	-	-
TEL / CPHGC / SECMC / TNPTL investment							
Syndicated term finance facility	26.1.1	17,233,131	1,485,679	(2,076,156)	(3,777,725)	-	13,541,599
Islamic finance facility	26.1.2	5,500,000	-	(852,131)	(940,593)	-	4,061,789
Long Term Sukuk certificates I	26.1.3	7,000,000	-	(3,500,000)	(1,750,000)	-	1,750,000
Long Term Sukuk certificates II	26.1.4	5,000,000	-	(2,500,000)	(2,500,000)	-	2,500,000
		34,733,131	1,485,679	(9,953,186)	(8,968,318)	-	21,853,388
Transaction costs		(209,657)	-	59,531	30,886	82,370	(67,756)
Long term loans of the holding company		34,997,474	1,485,679	(10,051,655)	(8,937,432)	82,370	21,785,632
Subsidiary – NEL							
Syndicated term finance facility - II	26.2.1	2,500,000	-	(833,333)	(833,333)	-	833,334
Salary Refinance Scheme - SBP	26.2.2	53,120	-	(35,413)	(17,707)	-	-
Long term loans of NEL		2,553,120	-	(868,746)	(851,040)	-	833,334
Subsidiary – LEL							
Foreign currency loans	26.3.1	5,186,398	1,256,052	(1,380,556)	(1,687,300)	-	3,374,594
Local currency loans		513,502	-	(513,502)	-	-	-
		5,699,900	1,256,052	(1,894,058)	(1,687,300)	-	3,374,594
Transaction costs		(41,388)	-	-	12,471	20,658	(8,259)
Long term loans of LEL		5,658,512	1,256,052	(1,894,058)	(1,674,829)	20,658	3,366,335
Subsidiary – HPHL							
Syndicated term finance facility	26.4	2,375,000	-	(375,000)	(625,000)	-	1,375,000
Salary Refinancing Scheme - SBP	26.5	35,932	-	(23,955)	(11,977)	-	-
Long term Sukuk Certificates	26.6	5,282,134	524,814	-	-	-	5,806,948
		7,693,066	524,814	(398,955)	(636,977)	-	7,181,948
Transaction cost		(118,304)	-	-	42,875	34,096	(41,333)
Long term loans of HPHL		7,574,762	524,814	(398,955)	(594,102)	34,096	7,140,615
Subsidiary – TEL							
Local currency loans	26.7	3,242,187	11,448,483	-	-	-	14,690,670
Foreign currency loans		-	47,399,298	-	-	-	47,399,298
		3,242,187	58,847,781	-	-	-	62,089,968
Transaction costs		(47,680)	(4,128,084)	-	-	535,049	(3,640,715)
Long term loans of TEL		3,194,507	54,719,697	-	-	535,049	58,449,253
Subsidiary – HPSL							
Salary Refinancing Scheme - SBP		103,342	-	(68,895)	(34,447)	-	-
		54,081,717	57,986,242	(7,958,890)	(13,206,073)	672,173	91,575,169

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 (2022: 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 is payable on quarterly basis in arears and the principal is payable in four equal semi-annual installments commencing from February 22, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

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

(c) subordinate charge over all present and future movable fixed assets of the holding company (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 is payable on semi-annual basis in arears and the principal is payable in four equal semi-annual installments commencing from September 19, 2022. The Sukuk Certificates are secured by:

(a) revolving corporate guarantee from NEL;

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

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

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Subsidiary - NEL

26.2 In connection with NEL:

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

26.2.2 NEL has fully repaid Salary Refinancing loan facility during the year.

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 the long-term loan facilities is to be made in 24 semi-annual instalments, the first such payment commenced on November 5, 2013 and then on interest payment date (each January 1 and July 1) until and including the final maturity date on November 5, 2024. Any delay in payments by LEL is subject to an additional payment of 2% per annum above normal interest rate.

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 authorized investments held by LEL or any of its nominee and all of benefits, right, title and interest present and future in or relating to the same;

(b) a floating charge over whole of LEL's undertakings and assets, present and future other than any asset charged or assigned under fixed charge.

LEL declares dividend after satisfaction of lenders' covenants.

The distributions account and the monies from time to time standing to the credit thereof and any investments, and the proceeds of any investments, made using such monies are out of the security package, consequently there is no fixed or floating charge over the distribution account and such investments.

Subsidiary - HPHL

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 instalment on semi annual basis starting from May 18, 2021 at a mark-up rate of 3 month KIBOR plus 1.50% per annum. The mark-up is payable on quarterly basis in arrears. Any late payment by HPHL is subject to an additional mark-up of 2% per annum. This loan is secured by way of second ranking / subordinated charge over all present and future assets of the holding company.

26.5 During the year, HPHL has fully repaid this loan.

26.6 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 arears. The principal will be payable in four equal semi-annual installments commencing from May 2024. In addition to security provided by HPHL's assets, the Sukuk Certificates are also secured by:

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) China Power Hub Generation Company (Private) Limited; and (ii) ThalNova Power Thar (Private) Limited.

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

26.7 TEL had signed long-term loan facility agreements for Pak Rupee Facility amounting to Rs. 18,853 million and US Dollar Loan Facility amounting to USD 262.13 million on December 20, 2018. The Effective Date of both facilities is March 6, 2020.

The Pak Rupee Facility carries mark-up at the rate of 3 month KIBOR plus 3.5% per annum payable semi-annually. The tenure of the facility is 14 years. The first disbursement under this facility was made on March 17, 2020. The principal is repayable in twenty semi-annual instalments commencing from July 25, 2023.

The US Dollar Loan Facility carries mark-up at the rate of 6 month LIBOR plus 4.05% per annum payable semi-annually. The tenure of the facility is 14 years. The first disbursement under this facility was made on August 4, 2021. The principal is repayable in twenty semi-annual instalments commencing from July 25, 2023.

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.

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27 LONG TERM LEASE LIABILITIES

	Note	As at July 01, 2022	Translation / Finance cost	Repaid / Terminated	Current	As at July 01, 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
		2,140,856	560,460	(704,354)	(932,499)	1,064,463

	Note	As at July 01, 2021	Translation / Finance cost	Repaid / Terminated	Current	As at July 01, 2022
		(Rs. '000s)				
Islamic Development Bank	27.1	1,953,451	503,376	(517,188)	(662,281)	1,277,358
Lease liability - Office building		293,603	29,375	(121,761)	(12,256)	188,691
		2,247,054	532,751	(638,949)	(674,807)	1,466,049

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 8.17% (2022: 5.09%) 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 26.4.3.

In addition to the above, LEL executed lease agreements with the Government of AJK ("GOAJK") for lease of land for its power project and its registered office having estimated remaining lease term of 19 years.

28. DEFERRED TAXATION

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
The liability for deferred taxation comprises temporary difference relating to:			
Long term investments (on share of profits and OCI)		17,915,726	10,849,008

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.

29. TRADE AND OTHER PAYABLES

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Creditors			
Trade	29.1	41,755,012	29,092,823
Others		246,201	1,262
		42,001,213	29,094,085
Accrued liabilities			
Finance costs		43,575	40,853
Miscellaneous		2,723,597	2,076,289
		2,767,172	2,117,142
Advances received against management services - unsecured		-	791,980
Unearned income	29.2	2,427,065	2,284,870
Obligation to transfer shares to GoB	29.3	3,187,552	2,263,777
Other payables			
Workers' profit participation fund	32.4	6,845,946	6,151,550
Provision for taxation		1,972,288	1,071,087
Sales tax payable		19,878	1,872
Staff retirement benefits			
Staff gratuity	29.4	52,974	2,397
Provident funds		6230	2,882
Pension fund		4,517	3,491
Retention money		49,702	44,074
Withholding tax		71,907	95,946
Others		112,618	45,937
		9,136,060	7,419,236
		59,519,062	43,971,090

29.1 This includes payable to Pakistan State Oil Company Limited (PSO) amounting to Rs. 27,529 million (2022: Rs. 22,742 million), out of which overdue amount is Rs. 22,795 million (2022: Rs. 19,419 million).

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

This also includes USD 6.01 million (Rs. 1,063.5 million) on account of liquidated damages payable to CPPA(G) under the PPA (note 1).

29.2 This includes Rs. 2,362 million (2022: Rs. 2,128 million) in respect of Capacity Purchase Price invoiced for the succeeding month under the terms of PPA for Hub plant and Rs. 65 million (2022: Rs. 156 million) invoiced under the services agreement with TNPTL.

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	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
29.3 OBLIGATION TO TRANSFER SHARES TO GOB			
Opening balance		2,263,777	1,966,021
Add: Obligation representing share of profit relating to shares to be transferred to GOB	12 & 16.1	923,780	297,791
Add: Obligation representing share of OCI relating to shares to be transferred to GOB		(5)	(35)
		923,775	297,756
		3,187,552	2,263,777

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
29.4 STAFF GRATUITY			
Staff gratuity - holding company	29.4.1	31,183	-
Staff gratuity - HPSL	29.4.2	20,027	-
Staff gratuity - TEL	29.4.3	1,764	2,397
		52,974	2,397

Actuarial valuations were carried out as at June 30, 2023. 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:

29.4.1 Staff gratuity - holding company

	2023 (Rs. '000s)	2022 (Rs. '000s)
Reconciliation of the net liability / (asset) recognised in the statement of consolidated financial position		
Present value of defined benefit obligation	273,933	316,563
Fair value of plan assets	(242,750)	(326,435)
Net liability / (asset) recognised in the statement of financial position	31,183	(9,872)
Reconciliation of the movements during the year in the net liability / (asset) recognised in the consolidated statement of financial position		
Opening net (asset)	(9,872)	(19,534)
Expense recognised	29,454	29,244
Remeasurement loss (gain) recognised in consolidated Other Comprehensive Income (OCI)	31,101	(16,582)
Contributions to the fund made during the year	(19,500)	(3,000)
Closing net liability / (asset)	31,183	(9,872)

	2023 (Rs. '000s)	2022 (Rs. '000s)
Expense recognised		
Current service cost	29,966	30,374
Net interest	(512)	(1,130)
Expense recognised	29,454	29,244
Re-measurements recognised in consolidated OCI during the year		
Remeasurement loss / (gain) on defined benefit obligations	10,115	(25,780)
Remeasurement loss on plan assets	20,986	9,198
	31,101	(16,582)
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation at opening	316,564	335,263
Current service cost	29,966	30,374
Interest cost	40,843	30,222
Benefits paid	(123,555)	(53,515)
Remeasurement loss / (gain) recognised in OCI	10,115	(25,780)
Present value of defined benefit obligation at closing	273,933	316,564
The movement in fair value of plan assets		
Fair value of plan assets at opening	326,436	354,797
Expected return on plan assets	41,355	31,352
Contributions made	19,500	3,000
Benefits paid	(123,555)	(53,515)
Remeasurement loss recognised in OCI	(20,986)	(9,198)
Fair value of plan assets at closing	242,750	326,436
Actual return on plan assets	20,369	22,154

Plan assets comprise of following:

	2023 %	2023 (Rs. '000s)	2022 %	2022 (Rs. '000s)
Pakistan Investment Bonds	59.39%	144,181	74.67%	243,766
Term Finance Certificate	6.66%	16,160	4.89%	15,958
Treasury Bills	13.01%	31,590	-	-
Quoted shares	14.88%	36,123	19.05%	62,175
Cash and cash equivalents	6.06%	14,696	1.39%	4,537
	100.00%	242,750	100.00%	326,436

	2023 (Rs. '000s)	2022 (Rs. '000s)
Contribution expected to be paid to the plan during the next year	42,496	29,954

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	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Significant actuarial assumptions used in the actuarial valuation are as follows:			
- Valuation discount rate per annum		16.25%	13.25%
- Expected rate of return on plan assets per annum		16.25%	13.25%
- Expected rate of increase in salary level per annum		16.25%	13.25%
- Mortality rates		SLIC (2001-05)-1	SLIC (2001-05)-1

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 2- 5 years	Between 6 - 10 years
Retirement benefit plan	42,968	92,104	396,533

Historical information of retirement benefit plan:

	2023	2022	2021	2020	2019
	------------	------------	(Rs. '000s)	------------	------------
As at June 30					
Present value of defined benefit obligation	273,933	316,563	335,262	310,449	262,337
Fair value of plan assets	(242,750)	(326,435)	(354,796)	(317,124)	(220,796)
(Surplus) / Deficit	31,183	(9,872)	(19,534)	(6,675)	41,541

	2023 (Rs. '000s)	2022 (Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation - decrease / (increase)		
- Discount rate +0.5%	(10,749)	(10,311)
- Discount rate -0.5%	11,487	10,966
- Salary increases +0.5%	12,049	11,638
- Salary increases -0.5%	(11,361)	(11,032)

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

The plan exposes the holding company to the actuarial risks such as:

Investment risks:

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

Longevity risks:

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

Salary increase risk:

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

Withdrawal risk:

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

29.4.2 Staff gratuity - HPSL

	2023 (Rs. '000s)	2022 (Rs. '000s)
Reconciliation of the net asset recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	490,924	425,921
Fair value of plan assets	(470,897)	(453,632)
Net liability / (asset) recognised in the consolidated statement of financial position	20,027	(27,711)
Reconciliation of the movements during the year in the net asset recognised in the consolidated statement of financial position		
Opening net (asset)	(27,711)	(3,768)
Expense recognised	50,756	52,905
Contributions to the fund made during the year	(13,154)	(60,376)
Remeasurement gain recognised in Consolidated OCI	10,136	(16,472)
Closing net liability / (asset)	20,027	(27,711)

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	2023	2022
	(Rs. '000s)	(Rs. '000s)
Expense recognised		
Current service cost	53,718	52,748
Net Interest expense	(2,962)	157
	50,756	52,905
Remeasurements recognised in Consolidated OCI during the year		
Remeasurement gain on defined benefit obligations	(15,601)	(25,188)
Remeasurement loss on plan assets	25,737	8,716
	10,136	(16,472)
Movement in the present value of defined benefit obligation		
Present value of defined benefits obligation at opening	425,921	440,483
Current service cost	53,718	52,748
Interest cost on defined benefits obligation	58,790	39,339
Benefits paid / payable to outgoing member(s)	(31,904)	(81,461)
Remeasurement gain recognised in OCI	(15,601)	(25,188)
Present value of defined benefits obligation at closing	490,924	425,921
The movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	453,632	444,251
Interest income on plan assets	61,752	39,182
Net amount transferred by employer to the fund	13,154	60,376
Benefits paid / payable to outgoing member	(31,904)	(81,461)
Remeasurement loss recognised in OCI	(25,737)	(8,716)
Fair value of plan assets at closing	470,897	453,632
Actual return on plan assets	34,392	30,089
Contribution expected to be paid to the plan during the next year	76,627	50,756

	2023	2023	2022	2022
	%	(Rs. '000s)	%	(Rs. '000s)
Plan assets comprise of following:				
Mutual funds	9.01%	42,428	17.95%	81,431
Pakistan Investment Bonds	25.71%	121,074	14.77%	66,997
Market treasury bills	21.16%	99,663	-	-
Certificates	29.61%	139,425	59.29%	268,939
Cash and cash equivalents	14.51%	68,307	7.99%	36,265
	100.00%	470,897	100.00%	453,632

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Significant actuarial assumptions used in the actuarial valuation are as follows:			
- Valuation discount rate per annum		16.25%	13.25%
- Expected return on plan assets per annum		16.25%	13.25%
- Expected rate of increase in salary level per annum		16.25%	13.25%
- Mortality rates		SLIC (2001-05)-1	SLIC (2001-05)-1
- Rate of employee turnover		Moderate	Moderate

Expected maturity analysis of undiscounted retirement benefit plan:

	Less than 1 year	Between 1- 5 years	Over 5 years
Retirement benefit plan	22,659	241,730	687,437

Historical information of retirement benefit plan:

	2023	2022	2021	2020	2019
	------------------------ (Rs. '000s) ------------------------				
As at June 30					
Present value of defined benefit obligation	490,924	425,921	440,483	397,439	348,330
Fair value of plan assets	(470,897)	(453,632)	(444,251)	(405,028)	(329,306)
Deficit / (surplus)	20,027	(27,711)	(3,768)	(7,589)	19,024

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Sensitivity analysis on significant actuarial assumptions - Impact on defined benefit obligation		
- Discount rate +0.5%	(20,649)	(18,638)
- Discount rate -0.5%	22,133	20,003
- Long term salary increases +0.5%	23,137	20,895
- Long term salary increases -0.5%	(21,747)	(19,617)

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.

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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.

29.4.3 Staff gratuity - TEL

Actuarial valuations were carried out as at June 30, 2023. 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:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Reconciliation of the net liability recognised in the consolidated statement of financial position		
Present value of defined benefit obligation	9,473	7,145
Fair value of plan assets	(7,709)	(4,748)
	1,764	2,397
Movement in net liability recognised in the consolidated statement of financial position is as follows:		
Opening net liability	2,397	1,216
Expense recognised	3,708	2,986
Remeasurement gain recognised in OCI	(1,380)	(1,805)
Contributions made	(2,961)	-
Closing net liability	1,764	2,397
Expense recognised		
Current service cost	2,576	2,365
Net Interest	1,132	621
Expense recognised	3,708	2,986
Re-measurements recognised in consolidated other comprehensive income		
Remeasurement loss on defined benefit obligation	1,380	1,805
Remeasurement loss on plan assets	(746)	(474)
	634	1,331
Movement in the defined benefit obligation is as follows:		
Present value of defined benefit obligation at opening	7,145	5,964
Current service cost	2,576	2,365
Interest cost	1,132	621
Remeasurement gain recognised in OCI	(1,380)	(1,805)
Present value of defined benefit obligation at closing	9,473	7,145

	2023	2022
	(Rs. '000s)	(Rs. '000s)
The movement in fair value of plan assets is as follows:		
Fair value of plan assets at opening	4,748	4,748
Interest income on plan assets	746	474
Contributions made	2,961	-
Remeasurement loss on plan assets	(746)	(474)
Fair value of plan assets at closing	7,709	4,748

Expected cost to be recognized for the year ending June 30, 2024 is Rs. 3.355 million.

	2023	2022
Plan assets comprise of following:		
- Cash and cash equivalents	7,709	4,748
Significant actuarial assumptions used in the actuarial valuation are as follows:		
- Valuation discount rate per annum	15.75%	13.50%
- Expected rate of increase in salary level per annum	15.75%	13.50%
- Mortality rates	SLIC (2001-05)	SLIC (2001-05)
- Rates of employee turnover	Moderate	Moderate
Sensitivity analysis on significant actuarial assumptions		
- Impact on defined benefit obligation		
- Discount rate +1%	(8418)	(6,272)
- Discount rate -1%	10,695	8,172
- Salary increases +1%	10,730	8,198
- Salary increases -1%	(8,373)	(6,237)

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	Over 5 years
Retirement benefit plan	248	2,134	10,741

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.

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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.

		2023	2022
		(Rs. '000s)	(Rs. '000s)
30. INTEREST / MARK-UP ACCRUED			
Interest / mark-up accrued on long term loans		5,590,784	2,501,237
Mark-up accrued on short term borrowings		1,233,374	606,001
		6,824,158	3,107,238
31. SHORT TERM BORROWINGS			
Secured			
Running finance	31.1 to 31.6	26,142,495	19,672,516
Unsecured			
Privately placed sukuks	31.7	6,000,000	4,500,000
		32,142,495	24,172,516

31.1 The facilities of the holding company for running finance available from various banks / financial institutions amounted to Rs. 25,800 million (2022: Rs. 21,050 million) at mark-up ranging between 0.40% to 1.75% (2022: 0.70% 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 8, 2023 to March 31, 2024. Any late payment by the holding company is subject to an additional payment of 2% per annum above the normal mark-up rate. The facilities are secured by way of charge over the trade debts and stocks of the holding company for the Hub plant pari passu with the existing charge.

31.2 The holding company has also entered into Musharaka agreements amounting to Rs. 6,150 million (2022: Rs. 6,150 million) at a mark-up ranging between 0.30% to 0.75% (2022: 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 November 30, 2023 to December 31, 2023. Any late payment by the holding company is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 31.1.

31.3 The facilities of NEL for running finances available from various banks / financial institutions amounted to Rs. 4,150 million (2022: Rs. 4,425 million) at mark-up ranging between 0.75% to 2.00% (2022: 0.60% to 2.00%) per annum above one / three month KIBOR. The mark-up on the facilities is payable on quarterly basis in arrears. These facilities will expire during the period commencing from July 30, 2023 to February 28, 2024. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate.

31.3.1 The facilities are secured by way of:

(a) a first ranking charge on all present and future (i) amounts standing to the credit of the Energy Payment Collection Account and the Master Facility Account, (ii) Fuel, lube, fuel stocks at the plant; and (iii) the Energy Payment Receivables of NEL.

(b) a subordinated charge on all present and future plant, machinery and equipment and other moveable assets of the NEL excluding; (i) the immoveable properties; (ii) Hypothecated Assets under first ranking charge; (iii) the Energy Payment Collection Account, Working Capital Facility Accounts and the Master Facility Account; (iv) the Energy Payment Receivables; (v) all of the NEL's right, title and interest in the Project Documents (including any receivables thereunder); and (vi) all current assets.

31.4 NEL also has Musharaka agreements with banks amounting to Rs. 4,125 million (2022: Rs. 4,125 million), at a mark-up ranging from 0.4% to 1.5% (2022: 0.40% to 1.50%) per annum above one month / three month KIBOR. The mark-up on the facilities are payable on quarterly basis in arrears. These facilities will expire during the period from October 31, 2023 to December 31, 2023. Any late payment by NEL is subject to an additional payment of 2.00% per annum above the normal mark-up rate. These facilities are secured by way of securities mentioned in note 31.3.1.

31.5 The working capital facilities of LEL available from various banks amounted to Rs. 1,000 million (2022: Rs. 1,000 million) at mark-up 0.75% (2022: 1.75%) per annum above three month KIBOR, payable on quarterly basis in arrears. All facilities are secured by way of subordinated charge over the current assets (including receivables, advances, deposits and prepayments) of LEL. The facilities will expire during the period from July 31, 2023 to November 30, 2023.

31.6 The working capital facility of TEL available from a bank amounted to 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 14, 2023.

31.7 On May 18, 2023, the holding company issued privately placed unsecured Sukuk certificates based on Musharaka amounting to Rs. 6,000 million at a mark-up of 0.30% (Bases Rate) per annum above six month KIBOR. The mark-up and the principal on the Sukuk is payable at maturity on November 17, 2023. If the monetary policy rate is increased by 50 bps or above during the Sukuk tenor, the Base Rate shall be revised accordingly within two (2) Business Days after the date of effectiveness of the first monetary policy or in case of a downward movement in the policy rate, the mechanism specified above shall be followed vice versa. On July 5, 2023 the Base Rate has been revised. Any late payment by the holding company is subject to mark-up at a rate of 3.00% per annum over six month KIBOR.

32. COMMITMENTS AND CONTINGENCIES

32.1 Commitments of the holding company in respect of capital and revenue expenditures amounted to Rs. 257 million (2022: Rs. 402 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.

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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, Labour, Manpower and Overseas Pakistanis Division and, in view of the fact that any payment made by the holding company to the Fund is a pass through item under the PPA and against the CPPA(G) as a pro forma party in the matter.

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

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

As at June 30, 2023, the total financial exposure relating to the above case is Rs. 37,742 million (Rs. 3,136 million being the 5% of the profit and Rs. 34,606 million interest component and penalty on delayed payment). No provision has been made in these consolidated financial statements as any payment made by the holding company is a pass-through item under the PPA.

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

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

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

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

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

Accordingly, following the enactment of the 18th Amendment, and amongst other things, labour matters have become a Provincial subject and pursuant to the Sindh Act and the SHC Order, the 1968 Act has been fractured into provisional legislation and the Fund created by the holding company in 2007 became dysfunctional and was unable to carry out its objectives. Therefore, the holding company recommended to the Trustees of the Fund that the same be dissolved. The Fund was dissolved on June 27, 2019, and the 5% WPPF allocated by the holding company since July 1, 2015, and the interest earned on that allocated amount (Rs. 1,524 million allocated by the holding company and Rs. 258 million 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. The trust creation and registration process is under review as the subject is still pending a final decision in the SCP Case. The Board has directed the management to proceed with the registration of the trust once a final decision is rendered so that there is a clear way forward for the formation / payments related to WPPF.

32.5 (i) Under the IA with GOP and under the tax laws, the holding company’s interest income was exempt from income tax. However, the tax authorities issued a tax demand for the tax years 2006-2010 amounting to Rs. 139 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. The holding company’s appeal before the Commissioner of Inland Revenue Appeals (“CIR-A”) and the Appellate Tribunal Inland Revenue (“ATIR”) were rejected. Against the order of the ATIR the holding company filed appeals before the Honorable Islamabad High Court (“IHC”) which were also decided against the holding company. Against the decision of the IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company’s maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 438 million.

(ii) FBR also imposed 2% Workers Welfare Fund (“WWF”) for tax years 2006-2010 and issued a demand for Rs. 191 million which was subsequently reduced to Rs. 8 million by the CIR-A. The holding company filed appeals before the ATIR which were rejected. Against the order of the ATIR, the holding company filed appeals before the IHC which held that the orders on WWF were void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC, the holding company filed appeals before the SCP which are pending adjudication. The holding company’s maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 19 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(iii) Under the IA with GOP and under the tax laws, the holding company’s interest income was exempt from income tax. However, during March 2014, FBR issued tax demand for the tax year 2011 amounting to Rs. 3.2 million on the grounds that interest income from term deposits is not covered under the exemption allowed under the tax law. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR, the holding company filed appeal before the IHC which was also decided against the holding company. Against the decision of the IHC, the holding company filed appeal before the SCP which is pending adjudication. The holding company’s maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 7 million.

(iv) FBR also imposed 2% WWF for the tax year 2011 and issued a demand for Rs. 108.5 million. Appeals filed by the holding company before the CIR-A and thereafter with the ATIR were decided against the holding company. Against the order of the ATIR the holding company filed appeal before the IHC which held that the order on WWF was void. The IHC also held that WWF would be applicable in accordance with the law prior to the changes made through Finance Act 2006 & 2008. Against the decision of the IHC the holding company filed appeal before the SCP which is pending adjudication. The holding company’s maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 228 million. WWF is a pass through under the PPA and is recoverable from the CPPA(G).

(v) Under the IA with GOP and under the tax laws, the holding company’s interest income 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 9 million.

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(vi) FBR also imposed 2% WWF for the tax year 2013 and issued a demand for Rs. 162 million. The holding company filed appeal before the CIR-A who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, FBR filed appeal before the ATIR which is pending adjudication. The holding company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 404 million. WWF is a pass through under the PPA and is recoverable from CPPA(G).

(vii) Under the IA with GOP and under the tax laws, the holding company's interest income was exempt from income tax. However, in June 2020, FBR issued a tax demand of Rs. 27 million relating to fiscal year ended June 2014 on the ground that interest income is not covered under the exemption allowed under the tax law. Consequently, FBR also imposed 2% WWF on this interest income. The CIR-A decided the issue of tax on interest income against the holding company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. On application the ATIR has granted stay till final decision. The holding company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 42 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.

32.6 (i) In November 2012, FBR passed an order for the recovery of sales tax amounting to Rs. 8,519 million relating to fiscal years ended June 2008 to 2011. In FBR's view the 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, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 27,557 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, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 9,760 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 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, 2023, 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 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 filed with IHC which is pending adjudication. The holding company's maximum exposure as at June 30, 2023 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 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, 2023, 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 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, 2023 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 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 38 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 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 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, 2023 is approximately Rs. 7,161 million.

(ix) In 2022 FBR issued show cause notices for the recovery of sales tax amounting to Rs. 7,104 million relating to fiscal year 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 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 holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. Meanwhile the ATIR has directed FBR to issue 15 days' notice prior to recovery. The holding company's maximum exposure as at June 30, 2023 is approximately Rs. 1,862 million.

The matter, stated above in respect of claiming excess input tax has already been decided by the Honorable Lahore High Court, in favor of other IPPs in similar cases. Against this decision FBR has filed appeals in the SCP.

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

32.7 (i) Under the IA with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. In June 2012, 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, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 1,111 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 are pending adjudication. The holding company's maximum exposure as at June 30, 2023, including the principal amount, penalty and default surcharge is approximately Rs. 2,678 million.

(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 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 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, 2023 is approximately Rs. 911 million.

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(iv) Payment to PSO under the Fuel Supply Agreement ("FSA") including payment of Late Payment Interest ("LPI") are exempt from withholding of income tax under the provisions of the tax law. During 2014, FBR issued show cause notices to recover tax amount 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 are pending adjudication. The holding company's maximum exposure as at June 30, 2023 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, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 396 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, 2023 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") (holding company: Rs. 963 million) 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. Holding company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 983 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 which is pending adjudication. The holding company's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 3 million.

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

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

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

In 2015, CPPA(G) through back-to-back arrangements with WAPDA succeeded all the rights and obligations of WAPDA under the existing Power Purchase Agreement. On November 1, 2017, CPPA(G) wrote to the holding company requesting a meeting to discuss the payment of First Fill amounting to Rs. 802 Million, along with late payment interest. On November 10, 2017, the holding company wrote to CPPA(G) that the holding company is under no obligation for any payment with regards to the First Fill and considered the matter closed. On June 13, 2018, CPPA(G) communicated CPPAG's decision to the holding company to adjust the amount of Rs. 802 Million together with interest thereon aggregating to Rs. 11,525 million against the holding company's outstanding LPI invoices.

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

In light of CPPA(G)'s continuous violation of the orders of the Honorable SHC and in order to protect its interests, the holding company filed Suit No. 95 of 2021, wherein the SHC was pleased to pass an ad-interim order restraining the CPPA(G) from deducting / adjusting the amount for the First Fill RFO supplied to the holding company by PSO i.e., amount of Rs. 802 million together with interest thereon aggregating to Rs. 11,525 million.

Pursuant to the 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 has commenced and is on-going.

32.9 In connection with NEL:

32.9.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 966 million (2022: Rs. 2,310 million).

32.9.2 Following notices / demand orders have been issued by tax authorities to the holding company in respect of combined operations of Hub and Narowal Plants. Pursuant to the demerger, the exposure related to Narowal Undertaking has been transferred to NEL.

Further, an agreement dated May 11, 2017, has been entered into between NEL and the holding company whereby NEL has undertaken to reimburse any cost which may directly be incurred by the holding company in respect of exposures transferred pursuant to the Scheme of Demerger.

32.9.2.1 The Federal Board of Revenue ("FBR") imposed 2% Workers Welfare Fund ("WWF") for the tax year 2013 and issued a demand for Rs. 26 million. The holding company filed appeal before the Commissioner of Inland Revenue Appeals ("CIR-A") who remanded back the case to FBR for a fresh assessment. Against the order of CIR-A, the FBR filed appeal before the Appellate Tribunal Inland Revenue ("ATIR") which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 64 million.

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

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32.9.2.2 (i) Under the Implementation Agreement ("IA") with the GOP and under the tax law, the holding company is exempt from the levy of minimum tax. However, FBR issued demand notices amounting to Rs. 8 million relating to the tax years 2006 to 2008, 2010 and 2011. After the holding company's appeals were rejected by the CIR-A, further appeals were filed with the ATIR which decided the appeals in favour of the holding company. Against ATIR orders, FBR filed appeals in the Honorable High Court of Islamabad ("IHC") which are pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 18 million.

(ii) In October 2019, FBR issued an income tax demand of Rs. 75 million relating to fiscal year ended June 2016. This is based on FBR's view that holding company's income on account of Supplemental Charges ("SC") and Capacity Purchase Price ("CPP") are taxable. The FBR issued demand for WWF as well. The CIR-A decided the issue of tax on SC & CPP against the holding company while the issue of WWF has been remanded back to FBR for reassessment. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which is pending adjudication. On application the ATIR granted stay. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 112 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 field 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. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 39 million.

32.9.2.3 (i) The FBR passed an order for the recovery of sales tax amounting to Rs. 172 million relating to fiscal years ended June 2008 to 2011. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in its favour. Against the judgment of the ATIR, FBR filed a case with the IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 556 million. The FBR passed an order for the recovery of sales tax amounting to Rs. 172 million relating to fiscal years ended June 2008 to 2011. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which decided the case in its favour. Against the judgment of the ATIR, FBR filed a case with the IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 556 million.

(ii) The FBR passed an order for the recovery of sales tax amounting to Rs. 559 million relating to fiscal year ended June 2012. In FBR's view the holding company had claimed input tax in excess of what was allowed under the law. After dismissal of the holding company's appeal at the CIR-A level, the holding company filed appeal with the ATIR which also decided the case against it. Against the decision of the ATIR, the holding company filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 1,586 million.

(iii) The FBR issued a show cause notice to recover sales tax amounting to Rs. 353 million relating to fiscal year ended June 2013. In FBR's view, the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / Honorable High Court of Lahore ("LHC") in other cases. Against this decision, FBR filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 353 million.

(iv) The FBR issued a show cause notice to recover sales tax amounting to Rs. 878 million relating to fiscal year ended June 2014. In FBR's view that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which remanded back the case to FBR with a direction to finalise the matter once identical issue is decided by IHC / LHC in other cases. Against this decision, FBR filed appeal with IHC which is pending adjudication. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 878 million.

(v) The FBR issued a show cause notice to recover sales tax amounting to Rs. 511 million relating to fiscal year ended June 2016. This is based on FBR's view that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which asked FBR not to pass a final order till next hearing. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 511 million.

(vi) The FBR issued a show cause notice to recover sales tax amounting to Rs. 570 million relating to fiscal year ended June 2017. This is based on FBR's view that the holding company had claimed input tax in excess of what was allowed under the law. The holding company filed a Writ Petition in the IHC which asked FBR not to pass a final order till next hearing. NEL's maximum exposure as at June 30, 2023 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.

32.9.3 In January 2020, FBR issued a demand of Rs. 342 million relating to fiscal year ended June 2018. This is based on FBR's view that (a) NEL wrongly claimed the sales tax credit amounting to Rs. 299 million which was the amount transferred from holding company to NEL under the demerger scheme duly approved by the Honorable High Court of Sindh ("SHC") and FBR and (b) NEL wrongly claimed Rs. 43 million input sales tax paid on goods used for production of electrical energy. NEL had filed appeal with the CIR-A who, vide his order of May 2020, remanded back the case to FBR with the direction for reassessment of the case based on the instructions of FBR and the principles laid down by SCP. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 400 million.

32.9.4 In February 2021, FBR issued a demand of Rs. 409 million relating to the periods July 2017 to June 2019. This is based on FBR's view that NEL has claimed input tax on goods and services including O&M services provided by HPSL used for maintaining the capacity of the plant and not for production of electricity. NEL filed appeal with the CIR-A which has been dismissed. NEL filed appeal with the ATIR which is pending adjudication. On NEL's application the ATIR granted stay against recovery. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 457 million.

32.9.5 In December 2021, FBR issued a demand of Rs. 506 million relating to the periods July 2019 to June 2020. FBR has apportioned input tax as well as has disallowed input tax on certain services including O&M services by HPSL on the ground that NEL has claimed full amount of input tax on goods and services which is not in accordance with the law. After dismissal of NEL's appeal at the CIR-A level, NEL has filed appeal with 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. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 593 million.

32.9.6 In June 2022, FBR issued a demand of Rs. 690 million relating to the periods July 2020 to June 2021. FBR has apportioned input tax as well as has disallowed input tax on certain goods & services including O&M services by HPSL on the ground that NEL has claimed full amount of input tax on goods and services which is not in accordance with the law. NEL filed appeal with the CIR-A which has been decided recently. The CIR-A while remanding back the case for fresh assessment has confirmed demand of Rs. 0.7 million only. NEL is in process of filing appeal with the ATIR. NEL's maximum exposure as at June 30, 2023 including the principal amount, penalty and default surcharge is approximately Rs. 776 million.

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

32.9.7 NEL has received a letter from the Power Purchaser stating that NEL did not maintain the requisite fuel stock at Narowal plant as required under the PPA and has therefore incurred lower interest on working capital and therefore Power Purchaser is earmarking an estimated amount of Rs. 857 million out of the Late Payment Interest invoices owed by the Power Purchaser. NEL has contested the claim 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.

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32.9.8 In 2019, an investigation was initiated under the Punjab Environmental Protection Act - 1997 against NEL on complaint for violation of environmental law. NEL had denied the allegations and had filed an application under Section 205 of the Code of Criminal Procedure, 1898, for dismissal of the Complaint, which was rejected by the Punjab Environmental Tribunal. However, a 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. The management and the legal advisors are of the opinion that the eventual outcome will be in favour of NEL and therefore no provision is required to be made in these consolidated financial statements.

32.9.9 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 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 given yet. Currently, the Arbitration Tribunal's terms of reference are in the process of being finalised.

32.10 In connection with LEL:

(i) LEL's commitments in respect of capital and revenue expenditures amounted to Rs. 1.2 million (2022: Rs. 1.43 million) and Rs. 5.2 million (2022: Rs. 125.92 million), respectively.

(ii) 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 the 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, the GOAJK has agreed to extend the term of the land lease agreement to match the term of the PPA, at least three years prior to expiry of such term.

Pursuant to the land lease agreement, LEL is obligated to construct a cadet college, for welfare of the 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.

(iii) Certain legal cases in relation to project land leasehold rights / compensation amounting to Rs. 481.99 million (2022: Rs. 481.99 million) were filed in the High Court of AJK. The management, based on the opinion of LEL's legal counsel, is of the view that the ultimate disposition of these cases will be in favor of LEL.

(iv) Pursuant to the terms of the AJK Implementation Agreement, LEL is exclusively liable (a) for all expenditure incurred in connection with environmental liabilities, (b) for fines or other penalties for non-compliance with the laws of AJK or other governmental actions, (c) for maintenance of major project insurances; and (d) to provide security personnel to ensure reasonable security and protection of the site and in unusual circumstances to request the GOAJK for additional security forces against a payment of up to USD 0.10 million (Rs. 29.21 million) in any agreement year.

(v) LEL's appeal filed before Commissioner Inland Revenue Appeals ("CIR-A") against the Order of the Taxation Officer ("TO") for the alleged non-withholding of tax on payments made to lenders' legal counsel and Islamic Development Bank was decided against it. The CIR-A while deciding the 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 CIR-A, LEL filed 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 ATIR, LEL filed reference applications before High Court of AJK which has decided the case against it. LEL has filed reference application with the Supreme Court of AJK which is pending adjudication.

(vi) In June 2015, as a consequence of sales tax audit of LEL, the Deputy Commissioner Inland Revenue ("DCIR") raised a tax demand of Rs. 24.05 million 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 the AJ&K Government for grant of tax exemption as void. LEL and the BOR, AJ&K have filed reference applications before the High Court of Azad Jammu & Kashmir 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 Appellate Tribunal, which is pending adjudication.

(vii) In January 2021, as a consequence of sales tax audit of LEL for the period 2014 to 2018, the Assistant Commissioner Inland Revenue ("ACIR") raised a tax demand of Rs. 161.77 million 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.

(viii) As per terms of the Power Purchase Agreement (PPA), LEL is liable to pay the NTDC Liquidated Damages (LDs) for each KWh of Excess Outage Energy at the rate given in the PPA. During the year ended June 30, 2017, LEL received an invoice of Rs. 214.58 million from the NTDC on account of LDs for the first Agreement Year under the PPA. However, LEL disputed this invoice on the basis that LDs charged by the NTDC are not in accordance with the provisions of the PPA. Accordingly, LEL issued an Invoice Dispute Notice to the NTDC for Rs. 201.15 million. As the parties were not able to amicably resolve this dispute, the matter was referred to Expert Mediation Proceedings in accordance with the provisions of the PPA.

The Expert issued his recommendations to the Parties on October 01, 2020, wherein the Expert concluded that NTDC has rightly claimed LDs in the amount of Rs. 214.58 million and the dispute raised by LEL to the said claim is contractually untenable. The Expert's recommendations are non-binding on the Parties, as stated in the PPA, and LEL did not accept the Expert's recommendations and also challenged the adjustment of Rs. 276.28 million by NTDC as being illegal and contrary to the PPA. Accordingly, LEL has initiated arbitration proceedings in accordance with sections 15.3(h) and 15.4 of the PPA under the Rules of Arbitration of the International Chamber of Commerce (ICC).

LEL has 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 Jawad Akbar Sarwana as co-arbitrator upon Claimant's nomination and Imran Aziz Khan, as co-arbitrator upon Respondent's nomination. On October 07 , 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)(a). The arbitration proceeded according to the approved Terms of Reference (TORs).

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A hearing took place in February 2023. One of the co arbitrators, Mr. Jawad 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 has been confirmed by the ICC Tribunal. Further instructions from the Tribunal on the arbitration proceedings are awaited.

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

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

32.11.1 Commitments in respect of capital and revenue expenditures amounted to Rs. 6,061 million (2022: Rs. 13,179 million).

(i) During 2021, the Deputy Commissioner Inland Revenue (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 Commissioner Inland Revenue Appeal (CIR-A) which was rejected. TEL there against filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Meanwhile ATIR granted a stay against any possible recovery by the tax authorities.

(ii) 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.

(iii) During the year, 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 FBR has not initiated any further proceedings in this regard.

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.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
Chief Executive			
Managerial remuneration		97,582	79,643
Bonus		26,044	29,701
Utilities		1,956	1,753
Other benefits		20,129	14,578
		145,711	125,675
Number of persons	33.3	2	2
Directors			
Fees	33.1	11,930	11,200
Number of persons		13	13
Executives			
Managerial remuneration		62,6519	388,822
Bonus		94,373	105,266
House rent		189,769	145,146
Utilities		42,172	32,254
Retirement benefits		89,810	68,250
Other benefits		322,529	273,746
		1,365,172	1,013,484
Number of persons		160	134
Total			
Managerial remuneration / Fees		736,031	479,665
Bonus		120,417	134,967
House rent		189,769	145,146
Utilities		44,128	34,007
Retirement benefits		89,810	68,250
Other benefits		342,658	288,324
		1,522,813	1,150,359
Number of persons	33.3	175	149

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 Company 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.

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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.

	Power Generation				2023				
	Hub plant	Narowal plant	Laraib plant	Thar plant	Operations and Maintenance	Investments	Unallocated	Eliminations	Total
					(Rs. '000s)				
Turnover	44,516,209	22,452,208	9,425,865	37,868,759	2,118,089	-	-	(2,118,089)	114,263,041
Operating costs	(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)
Operating costs	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

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

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.

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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	2023	2022
		(Rs. '000s)	(Rs. '000s)
Associates			
Services rendered to CPHGC		111,152	90,205
Income under shared facilities agreements from CPHGC		-	47,224
Amount received against services rendered to TNPTL		3,687,309	495,824
Services rendered to TNPTL	35.2	3,175,914	4,387,789
Reimbursable expenses incurred by TNPTL		234,814	-
Reimbursable expenses incurred on behalf of TNPTL		567,472	448,435
Receipt against reimbursement of expenses from TNPTL		-	237,596
Services rendered to CPHO		464,752	-
Reimbursable expenses incurred on behalf of Prime		7,663	-
Other related parties			
Proceeds from disposal of assets	35.3	-	725
Remuneration to key management personnel			
Salaries, benefits and other allowances		225,537	226,152
Retirement benefits		11,180	7,444
		236,717	233,596
Directors' fee	33.1	11,930	11,200
Contribution to staff retirement benefit plans		89,862	53,585
Dividend paid to NCI - Coate & Co. Private Limited		695,713	638,246

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

35.3 This represents proceeds from disposal of assets having written down value of Rs. Nil (2022: Rs. 0.87 million) to key management personnel.

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

36. RELATED PARTIES AND ASSOCIATED COMPANIES / UNDERTAKINGS

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

Particulars	Relationship	% equity interest
China Power Hub Generation Company (Private) Limited	Associate	47.5%
Thalnova Power Thar (Private) Limited	Associate	38.3%
Prime International Oil and Gas Company Limited	Joint Venture	50%
China Power Hub Operating Company (Private) Limited	Joint Venture	49%
Sindh Engro Coal Mining Company Limited	Common Directorship	8%
Askari Bank Limited	Common Directorship	-
CMEC TEL Power Investments Limited	Major Shareholder	10%
Fauji Fertilizer Company Limited	Common Directorship	-
Forbes Forbes Campbell & Company (Private) Limited	Common Directorship	-
Thar Foundation	Common Directorship	-
Coate & Co (Pvt) Ltd	Major Shareholder	23.8%
Allied Bank Limited	Interested Persons	-
Bank Alfalah Limited	Interested Persons	-
Bank Al-Habib Limited	Interested Persons	-
Bank of Punjab	Interested Persons	-
Faysal Bank limited	Interested Persons	-
Habib Bank Limited	Interested Persons	-
Habib Metropolitan Bank Limited	Interested Persons	-
MCB Bank Limited	Interested Persons	-
Meezan Bank Limited	Interested Persons	-
Standard Chartered Bank Limited	Interested Persons	-
United Bank Limited	Interested Persons	-
Mr. Habibullah Khan	Chairman/Director	-
Mr. Kamran Kamal	Chief Executive / Director	-
Mr. Abdus Salam Bawany	Key Management Personnel	-
Mr. Marwan Ali Qureshi	Key Management Personnel	-
Mr. Saleemullah Memon	Chief Executive / Director	-
Ms. Faiza Kapadia Raffay	Key Management Personnel	-
Mr. Aamer Abdul Razzaq	Key Management Personnel	-
Mr. Abdul Nasir	Ex-Key Management Personnel	-
Mr. Muhammad Amir Saleem	Ex-Key Management Personnel	-
Mr. Muhammad Saqib	Key Management Personnel	-
Mr. Danyaal Jamal	Key Management Personnel	-
Mr. Ahmad Muazzam	Director	-
Mr. Aly Khan	Director	-
Ms. Samina Mumtaz Zehri	Director	-
Mr. Fayyaz Ahmed Bhatti	Director	-
Mr. Li Kan	Director	-
Mr. Manzoor Ahmed	Director	-
Mr. Mohammad Munir Malik	Director	-
Dr. Nadeem Inayat	Director	-
Mr. Omar Khalid Faizi	Director	-
Mr. Saad Iqbal	Director	-

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Mr. Shafiuddin Ghani Khan	Director	-
Ms. Aleeya Khan	Director	-
Mr. Muhammad Ejaz Sanjrani	Ex-Director	-
Mr. Sarfaraz Ahmed Rehman	Director	-
Mr. Amjad Ali Raja	Director	-
Hub Power Services Limited - Gratuity Fund	Retirement benefit fund	-
Hub Power Services Limited - Pension Fund	Retirement benefit fund	-
Hub Power Services Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Employees' Provident Fund	Retirement benefit fund	-
The Hub Power Company Limited - Staff Gratuity Fund	Retirement benefit fund	-
Laraib Energy Limited - Employees' Provident Fund	Retirement benefit fund	-
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 HPSL, of members who consented, was transferred to Meezan Tahaffuz Pension Fund (MTPF) / UBL Fund Managers, the voluntary pension system (VPS) with the consent of all members of provident funds, as allowed under clause (aa) of sub-rule (1) of Rule 103 of the Income Tax Rules, 2002.

38. PLANT CAPACITY AND PRODUCTION

HUB PLANT	2023 (Rs. '000s)	2022 (Rs. '000s)
Theoretical Maximum Output	10,512 GWh	10,512 GWh
Total Output	205 GWh	1,229 GWh
Load Factor	1.95%	11.69%

Practical maximum output for the power plant taking into account all the scheduled outages is 9,730 GWh (2022: 9,694 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

NAROWAL PLANT	2023 (Rs. '000s)	2022 (Rs. '000s)
Theoretical Maximum Output	1,873 GWh	1,873 GWh
Total Output	470 GWh	868 GWh
Load Factor	25%	46%

Practical maximum output for the power plant, taking into account all the scheduled outages is 1,846 GWh (2022: 1,784 GWh). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

LARAIB PLANT	2023 (Rs. '000s)	2022 (Rs. '000s)
Theoretical Maximum Output	736 GWh	736 GWh
Total Output	345 GWh	413 GWh
Load Factor	46.88%	56.08%

Output produced by the plant is dependent on available hydrology and the plant availability.

THAR PLANT	2023	2022
Theoretical Maximum Output	1,966 GWh	-
Total Output	1,053 GWh	-
Load Factor	53%	-

Practical maximum output for the power plant (from October 01, 2022 to June 30, 2023), taking into account all the scheduled outages is 1,803 GWh (2022: Nil). Output produced by the plant is dependent on the load demanded by CPPA(G) and the plant availability.

39. WORKING CAPITAL CHANGES

	Note	2023 (Rs. '000s)	2022 (Rs. '000s)
Decrease / (increase) in current assets			
Stores, spares and consumables		(2,641,962)	231,548
Stock-in-trade		1,590,253	(815,920)
Trade debts		(2,002,324)	17,237,911
Contract asset		(14,817,054)	-
Short term investments		6,465,204	(6,465,204)
Loans and advances		42,282	(159,283)
Deposits, prepayments and other receivables		(1,856,965)	(6,547,419)
		(13,220,566)	3,481,633
Decrease in current liabilities			
Trade and other payables		14,868,993	(1,997,432)
		1,648,427	1,484,201

40. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and bank balances	24	15,553,672	7,527,907
Short term borrowings		(24,643,251)	(19,672,516)
		(9,089,579)	(12,144,609)

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	Note	2023	2022
		(Rs. '000s)	(Rs. '000s)
41. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
41.1 Basic			
Profit for the year		57,554,099	28,472,066
Weighted average number of ordinary shares outstanding during the year		1,297,154,387	1,297,154,387
Basic earnings per share (Rupees)		44.37	21.95

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.

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 is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Group.

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

(a) Market risk

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

(i) Foreign exchange risk

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

Financial assets of the Group include Rs. 3,068 million (2022: Rs. 2,206 million) in foreign currencies which are subject to currency risk exposure and financial liabilities of the Group include Rs. 6,962 million (2022: Rs. 7,812 million) in foreign currencies which are subject to currency risk exposure. LEL is covered under the PPA to recover the forex loss on loans under the tariff.

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

(ii) Interest rate risk

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

Cash flow and fair value interest rate risks

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

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	10,681,144	7,474,511
Financial liabilities		
Long term loans	-	222,132
Variable rate instruments at carrying amount:		
Financial assets		
Trade debts	45,865,080	45,039,702
Other receivables	2,362,875	11,388
	48,227,955	45,051,090
Financial liabilities		
Long term loans	128,317,616	104,559,111
Long term lease liabilities	1,996,962	2,140,856
Trade and other payables	18,167,597	14,791,785
Interest / mark-up accrued	6,824,158	3,107,238
Short term borrowings	32,142,495	24,172,516
	187,448,828	148,771,506

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

Owing to cash flow difficulties and delays in payment by CPPA(G) and NTDC, the holding company has delayed payments to PSO. The holding company, NEL, 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 at variable rate provided under the FSA. The rates on all these financial instruments are almost similar and move in the same direction, therefore, any change in the variable rate does not significantly affect the consolidated statement of profit or loss.

In order to finance investments in CPHGC (via HPHL), TNPTL (via HPHL), CPHO (via HPHL), TEL and SECMC the holding company entered into long term financing arrangements (refer note 26.2). The holding company has to manage the related finance cost from its own sources which exposes the holding company to the risk of change in KIBOR. As at June 30, 2023, 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. 237 million (2022: Rs. 318 million).

NEL has entered into syndicated term finance facility (refer note 26.3.1). NEL has to manage the related finance cost from its own sources which expose NEL to the risk of change in 3 month KIBOR. As at June 30, 2023, 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. 61 million (2022: Rs. 72 million).

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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, 2023, 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. 102 million (2022: Rs. 84 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:

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Deposits and others	**23,058**	21,421
Trade debts	**86,751,480**	84,749,156
Contract asset	**14,817,054**	-
Loans and other receivables	**9,807,230**	8,504,379
Bank balances	**10,686,061**	7,474,511
Total	**122,084,883**	100,749,467

Trade debts are recoverable from CPPA(G) / NTDC under the PPAs and are secured by guarantees from GOP under the IAs. Further, the significant amounts of other receivables are also recoverable from CPPA(G) / NTDC and are secured under IAs.

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

Banks / Financial Institutions	Rating Agency	Short term	Long term
Conventional			
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AAA
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+
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	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.

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 cashflows from NEL operations may not be sufficient to meet the funding requirements for long term loan (refer note 26.2.1); 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.

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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)				
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	33,375,869	-	-	-	33,375,869
Total	99,521,483	21,409,787	103,478,989	64,838,391	289,248,650
2021-22					
Long term loans	9,621,145	11,656,463	81,628,329	44,410,666	147,316,603
Long term lease liabilities	386,969	400,418	1,613,580	62,230	2,463,197
Trade and other payables	35,434,455	-	-	-	35,434,455
Unclaimed dividend	223,090	-	-	-	223,090
Unpaid dividend	405,346	-	-	-	405,346
Short term borrowings	24,778,517	-	-	-	24,778,517
Total	70,849,522	12,056,881	83,241,909	44,472,896	210,621,208

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

Fair value estimation

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

Fair value of financial instruments

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

The fair value of investment in SECMC (unquoted shares) have been estimated using a valuation model. The valuation requires management to make certain assumptions about the model inputs, including forecasted dividends, the discount rate and market risk. The probabilities of the various estimates within the range are assessed and are used in management's estimate in order to determine the fair value of investment in SECMC. The fair value as at June 30, 2023, has been determined Rs. 3,259 million (2022: Rs. 3,071 million) resulting in unrealised gain of Rs. 188 million (2022: unrealised loss of Rs. 336 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 - ILevel 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs from the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	(Rs. '000s)			
June 2023				
Assets				
- At fair value through other comprehensive income - Investment in SECMC	-	-	3,259,115	3,259,115
- At fair value through profit or loss - Short term investments	-	-	-	-
June 2022				
Assets				
- At fair value through other comprehensive income - Investment in SECMC	-	-	3,070,833	3,070,833
- At fair value through profit or loss - Short term investments	-	6,465,204	-	6,465,204

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.

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43. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2023	2022
	(Rs. '000s)	(Rs. '000s)
Financial assets - at FVOCI		
Investment in SECMC	3,259,115	3,070,833
Financial assets - at FVTPL		
Short term investments	-	6,465,204
Financial assets - at amortised cost		
Deposits	23,058	21,421
Trade debts	86,751,480	84,749,156
Contract asset	14,817,054	-
Loans and other receivables	9,807,230	8,504,379
Cash and bank balances	15,553,672	7,527,907
Total	126,952,494	100,802,863
Financial Liabilities - at amortised cost		
Long term loans	128,317,616	104,559,111
Liabilities against assets subject to finance lease	1,996,962	2,140,856
Trade and other payables	48,129,004	35,434,455
Unclaimed dividend	211,784	223,090
Unpaid dividend	601,632	405,346
Interest / mark-up accrued	6,824,158	3,107,238
Short term borrowings	32,142,495	24,172,516
Total	218,223,651	170,042,612

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

44.1 Revised and amended standards and interpretation effective and adopted in 2023

'No amendments to accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated financial statements.

Revised and amended standards and interpretation that are not yet effective and not adopted in 2023

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, 2022. 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 consolidated 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 and NEL's lease arrangement with CPPA(G) for the project sites i.e. Complex are also covered under respective PPAs and consequently are exempt under the aforesaid S.R.O. Under IFRS-16 'Leases', the consideration required to be made by lessees for the right to use the asset would have been accounted for as finance lease.

IFRS - 9 "Financial instruments"

The SECP through S.R.O. 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.

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 recognizing 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. 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'.

45. SHARIAH COMPLIANCE DISCLOSURE

	2023			2022		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
	(Rs. '000s)			(Rs. '000s)		
Turnover						
Revenue	**10,220,540**	**110,528,397**	**120,748,937**	7,562,831	98,312,575	105,875,406
Other income						
Interest income	**576,043**	**-**	**576,043**	277,291	3,093	280,384
Income from						
other services	-	1,146,488	1,146,488	-	1,423,194	1,423,194
Dividend Income	-	455,319	455,319	-	-	-
Gain on disposal of assets	-	13,532	13,532	-	68,005	68,005
Reversal of WPPF of dividend income	-	826,579	826,579	-	-	-
Exchange gain	-	565,994	565,994	-	305,560	305,560
Insurance claim against alternator damage and consequent loss of revenue	509,664	-	509,664	-	-	-
Finance cost						
Long term loans	11,230,152	3,071,982	14,302,134	1,882,642	2,421,645	4,304,287
Long term lease liabilities	183,383	-	183,383	128,400	-	128,400
Short term borrowings	2,352,164	1,206,688	3,558,852	1,789,884	1,149,152	2,939,036
Other finance cost	1,203,589	75,515	1,279,104	602,098	82,370	684,468
Assets						
Bank balances	10,686,061	-	10,686,061	7,474,511	-	7,474,511
Liabilities						
Long term loans	114,005,827	14,311,789	128.317,616	83,810,374	20,970,868	104,781,242
Accrued Mark-up	5,816,637	1,007,521	6,824,158	2,856,626	250,612	3,107,238
Short term borrowings	17,373,537	14,768,958	32,142,495	13,216,219	10,956,297	24,172,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

46. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 809 (2022: 685) and the average number of persons employed during the year were 770 (2022: 671).

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, 2023 of Rs. 6.00 per share, amounting to Rs. 7,782.926 million, at their meeting held on September 12, 2023 for approval of the members at the Annual General Meeting to be held on October 16, 2023. 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 September 12, 2023 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, 2023

PATTERN OF SHAREHOLDING

As at June 30, 2023

Number of Shareholders	Number of Shares		Nubmer of Shares Held
	From	To	
2,394	1	100	118,006
6,418	101	500	2,756177
2,757	501	1,000	2,308,635
4,523	1,001	5,000	11,955,719
1,678	5,001	10,000	12,776,731
771	10,001	15,000	9,748,595
447	15,001	20,000	8,055,149
332	20,001	25,000	7,666,344
231	25,001	30,000	6,526,755
174	30,001	35,000	5,727,963
134	35,001	40,000	5,112,218
96	40,001	45,000	4,147,329
139	45,001	50,000	6,786,300
75	50,001	55,000	3,948,350
69	55,001	60,000	3,988,281
45	60,001	65,000	2,813,911
54	65,001	70,000	3,694,879
45	70,001	75,000	3,294,253
45	75,001	80,000	3,496,283
36	80,001	85,000	2,999,492
32	85,001	90,000	2,821,947
21	90,001	95,000	1,944,348
85	95,001	100,000	8,439,994
21	100,001	105,000	2,167,747
20	105,001	110,000	2,151,287
30	110,001	115,000	3,378,807
17	115,001	120,000	2,002,873
13	120,001	125,000	1,611,340
10	125,001	130,000	1,281,999
12	130,001	135,000	1,596,035
10	135,001	140,000	1,387,892
10	140,001	145,000	1,424,509
20	145,001	150,000	2,970,264
11	150,001	155,000	1,670,907
5	155,001	160,000	793,916
12	160,001	165,000	1,951,586
17	165,001	170,000	2,848,482
6	170,001	175,000	1,038,249
5	175,001	180,000	887,711
6	180,001	185,000	1,095,612
7	185,001	190,000	1,309,243
10	190,001	195,000	1,933,053
24	195,001	200,000	4,793,111
7	200,001	205,000	1,424,010
8	205,001	210,000	1,664,668
7	210,001	215,000	1,485,758
6	215,001	220,000	1,309,001
8	220,001	225,000	1,792,795
6	225,001	230,000	1,364,354
5	230,001	235,000	1,161,437
6	235,001	240,000	1,434,407
4	240,001	245,000	976,396
11	245,001	250,000	2,749,173
1	250,001	255,000	253,805
6	255,001	260,000	1,545,097
4	260,001	265,000	1,048,656
5	265,001	270,000	1,339,617
6	270,001	275,000	1,637,943
4	275,001	280,000	1,110,588
2	280,001	285,000	565,246
2	285,001	290,000	572,655
5	290,001	295,000	1,459,376
13	295,001	300,000	3,900,000
1	300,001	305,000	303,330
2	305,001	310,000	616,986
5	310,001	315,000	1,557,235
2	315,001	320,000	637,017
2	320,001	325,000	650,000
4	325,001	330,000	1,310,848
3	330,001	335,000	993,431
4	335,001	340,000	1,349,151
5	340,001	345,000	1,710,351
4	345,001	350,000	1,397,505
2	350,001	355,000	706,565

2	355,001	360,000	717,526
4	360,001	365,000	1,448,334
2	365,001	370,000	737,975
2	370,001	375,000	747,777
2	375,001	380,000	755,000
6	380,001	385,000	2,299,485
2	385,001	390,000	776,856
2	390,001	395,000	786,765
8	395,001	400,000	3,195,901
1	400,001	405,000	402,122
2	405,001	410,000	816,852
1	415,001	420,000	420,000
1	420,001	425,000	423,010
1	425,001	430,000	430,000
4	430,001	435,000	1,732,259
1	435,001	440,000	435,458
2	440,001	445,000	883,446
5	445,001	450,000	2,246,788
3	450,001	455,000	1,357,114
2	455,001	460,000	916,000
1	460,001	465,000	463,750
1	475,001	480,000	480,000
1	485,001	490,000	489,086
1	490,001	495,000	492,188
4	495,001	500,000	2,000,000
1	500,001	505,000	501,352
4	505,001	510,000	2,030,000
4	510,001	515,000	2,055,350
1	515,001	520,000	517,571
2	520,001	525,000	1,047,232
1	525,001	530,000	527,889
1	535,001	540,000	538,500
1	540,001	545,000	542,877
3	545,001	550,000	1,642,041
1	555,001	560,000	555,481
2	560,001	565,000	1,120,987
2	565,001	570,000	1,135,208
1	570,001	575,000	575,000

1	580,001	585,000	580,689
2	585,001	590,000	1,176,200
1	590,001	595,000	594,000
3	595,001	600,000	1,800,000
1	610,001	615,000	613,870
1	615,001	620,000	617,200
1	620,001	625,000	625,000
1	625,001	630,000	628,897
1	635,001	640,000	637,300
4	645,001	650,000	2,598,625
2	650,001	655,000	1,303,646
1	655,001	660,000	659,954
1	660,001	665,000	663,500
2	670,001	675,000	1,344,681
1	685,001	690,000	690,000
1	695,001	700,000	700,000
1	700,001	705,000	701,944
2	715,001	720,000	1,434,478
3	720,001	725,000	2,174,494
4	725,001	730,000	2,902,455
1	735,001	740,000	735,944
1	740,001	745,000	742375
2	745,001	750,000	1,495,792
1	770,001	775,000	771,799
1	775,001	780,000	777,612
2	805,001	810,000	1,616,870
1	810,001	815,000	815,000
1	815,001	820,000	818,200
1	820,001	825,000	823,085
1	840,001	845,000	840,739
1	845,001	850,000	849,200
1	860,001	865,000	861,807
1	870,001	875,000	875,000
2	895,001	900,000	1,800,000
2	900,001	905,000	1,801,174
1	905,001	910,000	905,221
1	930,001	935,000	931,109
1	940,001	945,000	941,792

1	945,001	950,000	950,000
1	975,001	980,000	979,742
1	985,001	990,000	986,000
7	995,001	1,000,000	6,997,000
2	1,000,001	1,005,000	2,001,078
1	1,005,001	1,010,000	1,005,292
1	1,030,001	1,035,000	1,030,450
2	1,045,001	1,050,000	2,094,500
1	1,055,001	1,060,000	1,057,000
1	1,065,001	1,070,000	1,066,357
1	1,095,001	1,100,000	1,100,000
2	1,110,001	1,115,000	2,222,289
1	1,120,001	1,125,000	1,120,986
1	1,125,001	1,130,000	1,128,021
1	1,195,001	1,200,000	1,199,000
1	1,230,001	1,235,000	1,230,714
1	1,245,001	1,250,000	1,247,875
1	1,270,001	1,275,000	1,271,672
1	1,275,001	1,280,000	1,277,707
1	1,280,001	1,285,000	1,282,013
2	1,285,001	1,290,000	2,575,026
1	1,290,001	1,295,000	1,294,739
1	1,305,001	1,310,000	1,309,222
2	1,345,001	1,350,000	2,700,000
1	1,350,001	1,355,000	1,350,301
1	1,355,001	1,360,000	1,355,140
1	1,400,001	1,405,000	1,404,890
1	1,425,001	1,430,000	1,427,542
2	1,490,001	1,495,000	2,988,870
2	1,495,001	1,500,000	3,000,000
1	1,540,001	1,545,000	1,540,089
1	1,545,001	1,550,000	1,550,000
1	1,610,001	1,615,000	1,615,000
1	1,665,001	1,670,000	1,667,763
1	1,695,001	1,700,000	1,700,000
4	1,720,001	1,725,000	6,892,220
1	1,750,001	1,755,000	1,753,813
1	1,860,001	1,865,000	1,860,677
1	1,870,001	1,875,000	1,872,000
1	1,875,001	1,880,000	1,878,277

1	1,915,001	1,920,000	1,920,000
2	1,995,001	2,000,000	4,000,000
1	2,005,001	2,010,000	2,008,944
1	2,045,001	2,050,000	2,047,369
1	2,160,001	2,165,000	2,161,261
1	2,185,001	2,190,000	2,187,380
1	2,195,001	2,200,000	2,196,978
1	2,220,001	2,225,000	2,222,060
1	2,240,001	2,245,000	2,241,972
1	2,245,001	2,250,000	2,250,000
1	2,250,001	2,255,000	2,251,409
1	2,395,001	2,400,000	2,400,000
1	2,465,001	2,470,000	2,468,320
1	2,495,001	2,500,000	2,500,000
1	2,590,001	2,595,000	2,592,980
1	2,615,001	2,620,000	2,619,543
1	2,655,001	2,660,000	2,659,128
1	2,870,001	2,875,000	2,871,885
1	2,875,001	2,880,000	2,880,000
1	2,96,5001	2,970,000	2,967,731
1	2,975,001	2,980,000	2,979,371
1	2,995,001	3,000,000	3,000,000
1	3,165,001	3,170,000	3,166,806
1	3,200,001	3,205,000	3,202,367
1	3,310,001	3,315,000	3,310,721
1	3,375,001	3,380,000	3,378,379
1	3,495,001	3,500,000	3,500,000
1	3,520,001	3,525,000	3,525,000
1	3,540,001	3,545,000	3,541,577
1	3,605,001	3,610,000	3,608,868
1	3,795,001	3,800,000	3,800,000
2	3,810,001	3,815,000	7,625,078
1	4,040,001	4,045,000	4,040,762
1	4,485,001	4,490,000	4,488,761
2	4,620,001	4,625,000	9,245,590
1	4,655,001	4,660,000	4,660,000
1	4,765,001	4,770,000	4,765,529
2	4,865,001	4,870,000	9,733,665
1	5,075,001	5,080,000	5,077,026
1	5,080,001	5,085,000	5,081,937

1	5,305,001	5,310,000	5,305,370
1	5,415,001	5,420,000	5,415,812
1	5,805,001	5,810,000	5,809,705
1	5,910,001	5,915,000	5,913,524
1	5,945,001	5,950,000	5,948,769
1	6,070,000	6,075,000	6,070,063
1	6,400,001	6,405,000	6,402,473
1	6,580,001	6,585,000	6,582,696
1	6,760,001	6,765,000	6,761,615
1	7,620,001	7,625,000	7,624,733
1	8,315,001	8,320,000	8,319,390
1	8,570,001	8,575,000	8,570,149
1	8,655,001	8,660,000	8,659,701
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	9,295,001	9,300,000	9,296,350
1	10,140,001	10,145,000	10,140,341
1	10,685,001	10,690,000	10,687,950
1	12,530,001	12,535,000	12,532,450
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	14,510,001	14,515,000	14,511,365
1	15,690,001	15,695,000	15,691,465
1	16,605,001	16,610,000	16,610,000
1	17,870,001	17,875,000	17,874,527
1	18,535,001	18,540,000	18,536,350
1	19,550,001	19,555,000	19,554,951
1	23,665,001	23,670,000	23,665,656
1	28,210,001	28,215,000	28,213,975
1	34,075,001	34,080,000	34,075,462
1	38,525,001	38,530,000	38,528,775
1	43,870,001	43,875,000	43,870,818
1	110,290,001	110,295,000	110,294,985
1	22,442,5001	224,430,000	224,428,064
21,294			**1,297,154,387**

HUBCO

CATEGORIES OF SHAREHOLDING

As at June 30, 2023

Sr.No.	Categories	No. of Shareholders	No. of Shares Held	Percentage
1	**Individuals**			
o	Local	20,320	364,314,456	28.09
o	Foreign	335	1,656,092	0.13
2	Joint Stock Companies	220	39,041,014	3.00
3	Financial Institutions	41	165,694,087	12.77
4	Investment Companies	31	39,353,573	3.03
5	Insurance Companies	16	72,834,590	5.61
6	Associated Companies	8	264,149,502	20.36
7	Directors	9	1,006,244	0.08
8	Executives	12	82,689	0.01
9	Nit & ICP	-	-	-
10	Modaraba/Mutual Fund & Leasing Companies	100	117,852,250	9.09
11	OTHERS			
o	Others - Government of Balochistan	1	358,607	0.03
o	Others - GDR Depository	1	10,140,341	0.78
o	Others - Charitable Trusts	50	133,088,728	10.26
o	Others - Cooperative Societies	11	1,229,312	0.09
o	Others - Provident/Pension/Gratuity Fund etc	138	73,820,452	5.69
o	Employee's Old Age Benefits Inst.	1	12,532,450	0.97
		21,294	**1,297,154,387**	**100.00**

The above two statements include 16,946 shareholders holding 1,282,685,985 shares through the Central Depository Company of Pakistan Limited (CDC).

KEY SHAREHOLDING

As at June 30, 2023

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

Sr.No.	Folio	Name	Holding
1	02832-2798	IMPERIAL DEVELOPERS AND BUILDER (PRIVATE) LIMITED	235,967
2	02832-2921	MEGA CONGLOMERATE (PVT.) LIMITED	28,213,975
3	03079-83	SONERI BANK LIMITED	3,500
4	03277-28342	INSERVEY PAKISTAN (PVT) LTD.	216,910
5	03277-38034	INSHIPPING (PRIVATE) LIMITED.	3,310,721
6	03277-99174	MEGA CONGLOMERATE (PVT.) LIMITED	224,428,064
7	03277-100759	FORBES SHIPPING COMPANY (PRIVATE) LIMITED	2,871,885
8	05132-26	ASKARI BANK LIMITED	4,868,480
		TOTAL:=	**264,149,502**

Directors, CEO

Sr.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	06122-40311	NADEEM INAYAT	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

Sr.No.	Folio	Name	Holding
		TOTAL:=	**82,689**

Modaraba/Mutual Fund and Leasing Companies

Sr. No.	Folio	Name	Holding
1	00695-13589	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	13,210,246
2	00695-14884	GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	6,402,473
3	00695-16863	VANGUARD EMERGING MARKETS STOCK INDEX FUND	14,191,423
4	00695-21541	FOVERUKA PENSION UNIVERSAL	162,162
5	00695-22580	BTG PACTUAL SICAV-GLOBAL QUANTAMENTAL EQUITY FUND	56,300
6	02113-21	FIRST EQUITY MODARABA	1,716
7	03277-1142	FIRST PRUDENTIAL MODARABA	54,367
8	03277-1149	B.F.MODARABA	22,419
9	05371-28	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	2,250,000
10	05488-25	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	200,000
11	05645-24	CDC - TRUSTEE HBL INVESTMENT FUND	192,813
12	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	165,800
13	05777-29	CDC - TRUSTEE HBL GROWTH FUND	1,199,000
14	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1,700,000
15	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	5,948,769
16	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	545,322
17	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	112,269
18	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	76,591
19	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	360,821
20	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	276,265
21	06437-29	CDC - TRUSTEE HBL ENERGY FUND	303,330
22	06726-23	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	875,000
23	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	2,251,409
24	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	14,511,365
25	07252-20	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	78,619
26	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	3,541,577
27	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	2,659,128
28	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	3,810,078
29	09480-21	CDC - TRUSTEE NBP STOCK FUND	6,761,615
30	09506-26	CDC - TRUSTEE NBP BALANCED FUND	132,015
31	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	2,619,543
32	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	351,565
33	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	69,596
34	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	432,918

35	10728-27	CDC - TRUSTEE HBL - STOCK FUND	95,058
36	10801-27	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1,404,890
37	10900-2	CDC - TRUSTEE APIF - EQUITY SUB FUND	420,000
38	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	861,807
39	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	125,000
40	11262-23	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	362,000
41	11486-27	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	54,215
42	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	517,571
43	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	255,403
44	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1,230,714
45	12195-21	CDC - TRUSTEE ABL STOCK FUND	1,667,763
46	12310-25	CDC - TRUSTEE AL HABIB STOCK FUND	50,000
47	12336-23	CDC - TRUSTEE LAKSON EQUITY FUND	900,574
48	12625-27	CDC - TRUSTEE NBP SARMAYA IZAFA FUND	342,779
49	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	68,000
50	13607-28	CDC - TRUSTEE HBL EQUITY FUND	382,000
51	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	49,000
52	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	76,500
53	13953-27	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	25,000
54	14126-26	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	40,000
55	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1,005,292
56	14472-25	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	185,003
57	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,693
58	14605-27	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	225,540
59	14761-29	CDC - TRUSTEE AWT ISLAMIC STOCK FUND	30,000
60	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	542,877
61	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	568,715
62	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	5,415,812
63	14969-25	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	99,000
64	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	74,178
65	15388-25	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	51,360
66	15875-736	FIRST ELITE CAPITAL MODARABA	800
67	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	2,047,369
68	16030-25	CDC - TRUSTEE AWT STOCK FUND	90,630
69	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	2,468,320
70	16162-20	CDC-TRUSTEE NITIPF EQUITY SUB-FUND	107,525
71	16188-28	CDC-TRUSTEE NITPF EQUITY SUB-FUND	104,154
72	16386-24	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	39,530
73	16436-27	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	120,000
74	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	777,612
75	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	270,797
76	16519-26	CDC - TRUSTEE NBP ISLAMIC ENERGY FUND	1,247,875
77	16535-24	CDC - TRUSTEE LAKSON TACTICAL FUND	76,600
78	16626-23	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	90,549
79	16675-28	CDC - TRUSTEE MEEZAN ENERGY FUND	905,221
80	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	115,349
81	17160-29	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	25,656
82	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	286,655
83	17277-26	CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	10,000
84	17368-25	DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	210,000
85	17491-20	CDC - TRUSTEE AL-AMEEN ISLAMIC ENERGY FUND	1,277,707
86	17541-22	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	81,000
87	17640-20	CDC - TRUSTEE ALLIED FINERGY FUND	313,849
88	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	384,000
89	17921-26	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1,000,000
90	17988-20	CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1,271,672
91	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	138,871
92	18010-25	CDC - TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	44,760
93	18051-21	CDC - TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	49,087
94	18127-22	CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	266,617
95	18234-29	CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND	64,428
96	18390-39	CDC - TRUSTEE HBL INCOME FUND - MT	152,329
97	18721-29	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	23,129
98	18770-24	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	395,901
99	18911-26	CDC - TRUSTEE MCB PAKISTAN DIVIDEND YIELD PLAN	266,000
100	18986-29	CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	460,000

TOTAL:= 117,852,250

Others: Governor of Balochistan

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

TOTAL:= 358,607

SHAREHOLDERS ENQUIRES

General enquiries relating to the Company should be addressed to:

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

Enquiries relating to Shares should be addressed to:

FAMCO Associates (Pvt) Limited,
8-F, Nursery, Next to Faran Hotel,
Block 6, PECHS, Shaharah-e-Faisal, Karachi.

Enquiries relating to GDRs should be addressed to:

(1) BNY Mellon
240 Greenwich Street
New York, NY 10286 USA

(2) Standard Chartered Bank (Pakistan) Limited,
II Chundrigar Road, Karachi.

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

JULY 01, 2022 TO JUNE 30, 2023

S. No	Name of Employee	Purchased	Sold	Rate	Date of Reporting via Email
1	Bilal Iqbal	3,000		64.94	06-Sep-22
2	Bilal Iqbal	3,000		64.1	06-Sep-22
3	Bilal Iqbal	4,600		64.1	08-Sep-22
4	Bilal Iqbal	1500		63.49	12-Sep-22
5	Sheraz Pervaiz	1,100		77.94	04-Oct-22
6	Sheraz Pervaiz	400		78.9	06-Oct-22
7	Bilal Iqbal	6900		63.65	12-Oct-22
8	M. Inam-ur-Rehman Siddiqui	7500		66.798	01-Nov-22
9	M. Inam-ur-Rehman Siddiqui	2500		67.7	04-Nov-22
10	Sheraz Pervaiz	1000		66	31-Oct-22
11	Sheraz Pervaiz	100		67.1	02-Nov-22
12	Shafiuddin Ghani Khan	3000		65.3	25-Nov-22
13	Saad Iqbal	20000		63.9975	28-Nov-22
14	Saad Iqbal	9878		64.5	4-Dec-21
15	Bilal Iqbal	1800		60.25	09-Jan-23
16	Bilal Iqbal	2165		60.2	11-Jan-23
17	Ubaidullah Vayani	500		59.5893	20-Jan-23
18	Ubaidullah Vayani	1000		59.6393	20-Jan-23
19	Sheraz Pervaiz	400		61.19	25-Jan-23
20	Muhammad Kamran Kamal	100000		59.97	17-Jan-23
21	Ahsan Ahmed Khan		7900	72.086	31-Mar-23
22	Ubaidullah Vayani	500		67.1506	31-Mar-23
23	Ubaidullah Vayani	10		67.6613	31-Mar-23
24	Ubaidullah Vayani	990		67.7214	31-Mar-23
25	Ubaidullah Vayani	500		66.8601	04-Apr-23
26	Shahid Sami	1,500		68.2	06-Apr-23

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 Ordnance, 1984

CSR
Corporate Social Responsibility

EARNINGS PER SHARE (EPS)
Calculated by dividing the profit after interest, tax and noncontrolling interests by the weighted average number of Ordinary Shares in issue

FBR
Federal Board of Revenue GOP Government of Pakistan

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

GW
Gigawatt, one thousand million watts

GIGAWATT-HOUR (GWH)
A watt hour is the amount of energy used by a onewatt load drawing power for one hour. A gigawatt-hour (GWh) is 1,000,000 times larger than the kilowatt-hour (kWh) and is used for measuring the energy output of large power plants

HR
Human Resource

HSE
Health, Safety & Environment

IA
Implementation Agreement – an agreement between the Company and the Government which sets out the fundamental obligations of the Company and the Government relating to the Projects

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standard

IFRSC
International Financial Reporting Standard Committee

IPP
Independent Power Producer
A standard for the management of environmental matters that is widely used in various parts of the world

KW
Kilowatt – 1,000 watts

KILOWATT-HOUR (KWH)
A watt hour is the amount of energy used by a one-watt load drawing power for one hour.
A kilowatt-hour (kWh) is 1,000 times larger than a watt-hour and is a useful size for measuring the energy use of households and small businesses and also for the production of energy by small power plants. A typical household uses several hundred kilowatt-hours per month.

LOAD FACTOR
The proportion of electricity actually generated compared with the maximum possible generation at maximum net capacity

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

O&M
Operation and Maintenance; usually used in the context of operating and maintaining a power station

OHIH
Occupational Health & Industrial Hygiene

OUTAGE
When a generating unit is removed from service to perform maintenance work. This can either be planned or unplanned

PACRA
The Pakistan Credit Rating Agency Limited

POWER PURCHASE AGREEMENT (PPA)
A PPA is generally a long-term contract between an electricity generator and a purchaser of energy or capacity (power or ancillary services)

PSO
Pakistan State Oil Company Limited

PSX
Pakistan Stock Exchange

SECP
Securities and Exchange Commission of Pakistan

TRIR
Total Recordable Incident Rate

WATT
Unit of power, which is the rate at which energy is delivered (i.e. work is done at a rate of one watt when one ampere flows through a potential difference of one volt)

WAPDA
Water and Power Development Authority

WPPF
Workers' Profit Participation Fund

NOTICE OF THE 32ND ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on **Monday, October 16, 2023** at **10:00 am** at Marriott Hotel, Abdullah Haroon Road, Karachi to transact the following business:

A. ORDINARY BUSINESS

1. To receive and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023, together with the Directors' and Auditor's Reports thereon.

2. To approve and declare the final dividend of PKR 6.00 (60%) per share as recommended by the Board of Directors for the year ended June 30, 2023.

3. To appoint A.F Ferguson & Co., Chartered Accountants as Auditors of the Company and to fix their remuneration for the year ending June 30, 2024.

B. SPECIAL BUSINESS

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

1. To consider and approve circulation/dissemination of Annual Audited Financial Statements through QR enabled code and weblink and to pass the following Special Resolution(s) with or without modification(s):

"RESOLVED THAT QR enabled code and web link of the annual audited financial statements of the company be circulated to members, subject to the requirements of Notification No. S.R.O. 389(1)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/ USB.

FURTHER RESOLVED THAT, the Company shall be considered compliant with the relevant requirements of section 223(6) of the Companies Act, 2017 by sending the Audited Financial Statements through e-mail and/or sending a notice of meeting containing a QR code and the weblink address. In case a hard copy of Audited Financial Statements and/or Notice of AGM of the Company is desired, a specific request for the same will be made.

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution.

2. Availing finance facilities to meet Sponsor obligation under Sponsor Support Agreement in relation to Thar Energy Limited ("TEL"):

"RESOLVED THAT further to the resolutions passed by the members of the Company on October 24, 2019 to provide sponsor support in relation to the Put Option / Commercial Risk Guarantee (the "TEL Put Option / CRG") provided by local banks and financial institutions (including Habib Bank Limited) ("TEL Put Option / CRG Financiers") to the foreign lenders of TEL to the extent of USD 10,000,000 (United States Dollars Ten Million), the approval of the members of the Company is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the regulations made thereunder, for the Company to provide additional sponsor support, by way of cash or a standby letter of credit, up to the extent of USD 25,000,000 (United States Dollars Twenty Five Million) (or PKR equivalent) (the "TEL Put Option / CRG Support Amount") for various exposures being assumed by the TEL Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest), and such sponsor support shall be called to cover any shortfall that TEL is unable to cover / provide to the TEL Put Option / CRG Financiers. Such sponsor obligation shall be valid till June 30, 2035 or such period until the liabilities / obligations of the Company remain undischarged, whichever is later.

FURTHER RESOLVED THAT the Company is authorized to provide security in form and substance acceptable to the TEL Put Option / CRG Financiers or such alternate / additional security as the TEL Put Option / CRG Financiers may require from time to time up to the TEL Put Option / CRG Support Amount with such margin and on such terms as may be deemed appropriate by the Authorized Persons (defined below).

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary of the Company (the "Authorized Persons") are jointly and/or severally authorized to negotiate, finalize and execute all necessary documents and agreements including any amendments thereto in relation to the foregoing resolutions including but not limited to the security, sponsor support and other related documents and do all other matters incidental thereto, and carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the object the foregoing resolutions."

3. Availing finance facilities to meet Sponsor obligation under Sponsor Support Agreement in relation to ThalNova Power Thar (Private) Limited ("TN"):

"RESOLVED THAT further to the resolutions passed by the members of the Company on April 16, 2019 to provide sponsor support in relation to the Put Option / Commercial Risk Guarantee (the "TN Put Option / CRG") provided by local banks and financial institutions (including Habib Bank Limited) ("TN Put Option / CRG Financiers") to the foreign lenders of TN to the extent of USD 7,000,000 (United States Dollars Seven Million), the approval of the members of the Company is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the regulations made thereunder, for the Company to provide additional sponsor support, by way of cash or a standby letter of credit, up to the extent of USD 20,000,000 (United States Dollars Twenty Million (or PKR equivalent) (the "TN Put Option / CRG Support Amount") for various exposures being assumed by the TN Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest), and such sponsor support shall be called to cover any shortfall that TN is unable to cover / provide to the TN Put Option / CRG Financiers. Such sponsor obligation shall be valid till July 30, 2034 or such period until the liabilities / obligations of the Company remain undischarged, whichever is later.

FURTHER RESOLVED THAT the Company is authorized to provide security in form and substance acceptable to the TN Put Option / CRG Financiers or such alternate / additional security as the TN Put Option / CRG Financiers may require from time to time up to the TN Put Option / CRG Support Amount with such margin and on such terms as may be deemed appropriate by the Authorized Persons (defined below).

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary of the Company (the "Authorized Persons") are jointly and/or severally authorized to negotiate, finalize and execute all necessary documents and agreements including any amendments thereto in relation to the foregoing resolutions including but not limited to the security, sponsor support and other related documents and do all other matters incidental thereto, and carry out any other act or step which may be ancillary and / or incidental to do the above and necessary to fully achieve the object the foregoing resolutions."

4. **Providing Security for the Standby Letter of Credit issued for and on behalf of Thar Energy Limited ("TEL") under its Power Purchase Agreement executed with the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G")**

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the regulations made thereunder, to create a charge on assets of the Company, of up to an amount of USD 7,500,000/- (United States Dollars Seven Million Five Hundred Thousand) (or PKR equivalent), or to provide such security as may be required by lenders / banks / financial institutions up to the aforementioned amount, for the purpose of securing the obligations of TEL under a letter of credit issued for and on behalf of TEL in favour of the Central Power Purchasing Agency (Guarantee) Limited under its Power Purchase Agreement with TEL. Such obligation shall be valid for a period of 10 (ten) years, or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later.

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary ("Authorized Persons"), acting jointly and/or severally are authorized to negotiate and finalize the terms of such agreements and security documents and to execute all necessary documents and agreements in relation to the creation and perfection of same including but not limited to the security, and other related documents, and filings, and do all other matters incidental thereto, and carry out any other act or step which may be ancillary and / or incidental to do the above and necessary, including any amendments, restatements, extensions, addenda or supplementals to such documents as may be required from time to time, to fully achieve the object of the aforesaid resolutions."

5. **Providing Security for the Standby Letter of Credit issued for and on behalf of ThalNova Power Thar (Private) Limited ("TN") under its Power Purchase Agreement executed with CPPA-G**

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the regulations made thereunder, to create a charge on assets of the Company, of up to an amount of USD 5,250,000/- (United States Dollars Five Million Two Hundred Fifty Thousand) (or PKR equivalent), or to provide such security as may be required by lenders / banks / financial institutions up to the aforementioned amount, for the purpose of securing the obligations of TN under a letter of credit issued for and on behalf of TN in favour of the Central Power Purchasing Agency (Guarantee) Limited under its Power Purchase Agreement with TN. Such obligation shall be valid for a period of 10 (ten) years, or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later.

FURTHER RESOLVED THAT the CEO, CFO and the Company Secretary (**"Authorized Persons"**), acting jointly and/or severally are authorized to negotiate and finalize the terms of such agreements and security documents and to execute all necessary documents and agreements in relation to the creation and perfection of same including but not limited to the security, and other related documents, and filings, and do all other matters incidental thereto, and carry out any other act or step which may be ancillary and / or incidental to do the above and necessary, including any amendments, restatements, extensions, addenda or supplementals to such documents as may be required from time to time, to fully achieve the object of the aforesaid resolutions."

6. **Initial Debt Service Reserve Account ("DSRA") Shortfall and Subsequent DSRA Letter of Credit in respect of ThalNova Power Thar (Private) Limited ("TN")**

"RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the regulations made thereunder, to authorize the Company, as a sponsor of TN, to procure issuance of a sponsor standby letter of credit to cover for the Initial Debt Service Reserve Account Shortfall, of an amount estimated not to exceed USD 20,000,000 (United States Dollars Twenty Million) (or PKR equivalent). Such SBLC shall be valid for the tenure of the project loan of TN.

FURTHER RESOLVED that the Company is hereby authorized to issue a sponsor standby letter of credit to cover for the Debt Service Reserve Account, of an amount estimated not to exceed USD 20,000,000 (United States Dollars Twenty Million) (or PKR equivalent). Such sponsor obligation shall be valid for the tenure of the project loan of TN or such other date as may be prescribed under the Sponsor Support Agreement dated July 22, 2019 entered into between the Sponsors of TN (including HUBCO), the Shareholders of TN, TN and Habib Bank Limited as the intercreditor agent.

FURTHER RESOLVED that the CEO, CFO and the Company Secretary, acting jointly and/or severally are authorized to negotiate and procure the Standby Letter of Credit from banks/ financial institution(s); provide security as required by lenders on such terms and conditions as may be deemed appropriate for the issuance of Standby Letter of Credit and for the said purpose negotiate and execute agreements, security documents, confirmations, notices, filings and certificates as may be agreed with the lenders including any amendments, extensions, restatements, addenda or supplementals thereto, or required by law."

By Order of the Board

Faiza Kapadia Raffay
Company Secretary

Date: September 22, 2023
Place: Karachi

NOTES:

i. All members are entitled to attend and vote at Meeting.

ii. The Share Transfer Books of the Company will remain closed from Tuesday, October 10, 2023 to Monday, October 16, 2023 (both days included) and the final dividend will be paid to the shareholders whose names appear in the Register of Members on Monday, October 9, 2023.

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 Associates (Pvt.) Ltd, 8F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

A. For Attending the Meeting

i In case of individuals, the Account Holders of Sub-account Holders and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate their identity by showing original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

ii In case of a corporate entity, the Board of Directors resolution / Power of Attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the Meeting.

B. For Appointing Proxies

i In case of individuals, the Account Holders of Sub-account Holders and / or the persons whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit their proxy forms as per the above mentioned requirements.

ii The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

iii Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

iv In case of a corporate entity, the Board of Directors resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C. Consent for Video Conference Facility

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 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 AGM of the Company to be held on 16 October 2023.

Section B2: Availing finance facilities to meet Sponsor obligation under the Sponsor Support Agreement in relation to Thar Energy Limited ("TEL")

TEL was incorporated in Pakistan on May 17, 2016 as a wholly owned subsidiary of the Company under the repealed Companies Ordinance, 1984. The principal activities of TEL are to develop, own, operate and maintain a 330 MW mine-mouth coal fired power plant established at Thar Block II, Thar Coal Mine, Sindh (**"Project"**).

TEL is a subsidiary of the Company. The Company presently holds 60% shares in TEL, and has appointed (1) Mr. Aly Khan, (2) Mr. Muhammad Kamran Kamal, (3) Mr. Saleemullah Memon, and (4) Mr. Amjad Ali Raja as directors on the Board of Directors of TEL.

The Company, along with Fauji Fertilizer Company Limited and China Everbest Development International Limited (collectively, the **"Sponsors"**), and Habib Bank Limited (the **"Purchaser"**) have entered into a Sponsor Support Agreement with TEL dated December 20, 2018 (the **"Put Option SSA"**). Pursuant to the Put Option SSA, the Company is obligated to inter alia cover any exchange risk shortfall by giving cash / issuing a Standby Letter of Credit to the Purchaser for the put option facility, in proportion to its shareholding, up to the extent of USD 25,000,000 (United States Dollars Twenty Five Million) or PKR equivalent. Such sponsor obligation shall be valid till June 30, 2035 or such period until the liabilities / obligations of the Company remain undischarged, whichever is later.

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"	Thar Energy Limited
Basis of relationship;	TEL is a subsidiary of the Company. The Company presently holds 60% shares in TEL, and has appointed (1) Mr. Aly Khan, (2) Mr. Muhammad Kamran Kamal, (3) Mr. Saleemullah Memon, and (4) Mr. Amjad Ali Raja as directors on the Board of Directors of TEL.
Earnings per share for the last three years;	2023: 3.78 2022: (0.04) 2021: (0.05)

<table>
<tr><td>Break-up value per share, based on latest audited financial statements;</td><td>Rs 14.04 per share as of June 2023</td></tr>
<tr><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td><table><tr><td></td><td>Rs in ‘000</td></tr><tr><td>Total Assets</td><td>141,803,408</td></tr><tr><td>Equity</td><td>26,956,562</td></tr><tr><td>Long term loan</td><td>82,815,782</td></tr><tr><td>Current Liabilities</td><td>32,031,064</td></tr><tr><td>Turnover</td><td>37,868,759</td></tr><tr><td>Profit for the year</td><td>7,251,822</td></tr></table></td></tr>
<tr><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-
(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
(v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</td><td>N/A</td></tr>
<tr><td>Maximum amount of investment to be made;</td><td>USD 25,000,000/- (United States Dollars Twenty Five Million) or PKR equivalent</td></tr>
<tr><td>Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment</td><td>The Company is required to provide the aforementioned additional sponsor support pursuant to its obligations under the Put Option SSA, as detailed in the preamble above.

With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TEL achieved Commercial Operations Date on October 1, 2022 and is anticipated to offer an internal rate of return of up to 20% in USD.</td></tr>
<tr><td>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-
(i) justification for investment through borrowings;
ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and
iii) cost benefit analysis;</td><td>(I) The cost of funds if provided through borrowings would be much less than 20% IRR in USD. Further, where the Company takes long term debt to fund such investments, the Company is able to share the risk of loss with the lenders.

(ii) Ranking charge to be upgraded to pari-passu charge on fixed and / or current assets of the Company;

(iii) Project is anticipated to offer an IRR of up to 20% in USD.</td></tr>
<tr><td>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</td><td>The salient features of the Put Option SSA are as follows:
• The parties to the Put Option SSA are the Sponsors, the Purchaser and TEL; and
• Under the Put Option SSA, each of the Sponsors (including HUBCO) are required to contribute proportionately for their respective obligations.</td></tr>
<tr><td>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;</td><td>Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship in TEL.

Mr. Aly Khan is a director of the Company and also holds directorship in TEL.

Mr. Saleemullah Memon is an employee of the Company and also holds directorship in TEL. He has been seconded as the CEO of TEL.</td></tr>
</table>

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;	This additional support intended to be provided is part of the investment made by the Company in TEL, as a sponsor and shareholder of TEL. The initial approval of the shareholders of the Company to provide sponsor support was accorded on October 24, 2019, in relation to the Put Option / Commercial Risk Guarantee (the **"TEL Put Option / CRG"**) provided by local banks and financial institutions (including the Purchaser) (the **"TEL Put Option / CRG Financiers"**) to the foreign lenders of TEL to the extent of USD 15,000,000/- (United States Dollars Fifteen Million) or PKR equivalent, as primary obligor. Furthermore, approval for additional sponsor support, by way of cash or a standby letter of credit, up to the extent of USD 10,000,000 (United States Dollars Ten Million) was also provided for various exposures being assumed by TEL Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest), and such sponsor support shall be called to cover any shortfall that TEL is unable to cover / provide to the TEL Put Option / CRG Financiers. The above-mentioned USD 10,000,000 (United States Dollars Ten Million) is now required to be enhanced to USD 25,000,000 (United States Dollars Twenty Five Million) or PKR equivalent for the above-mentioned exposures being assumed by TEL Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest). With respect to the investment made in TEL, it may be noted that the Company has invested approximately USD 79,000,000 (United States Dollars Seventy Nine Million) or PKR equivalent to date. TEL achieved financial close on January 30, 2020 and Commercial Operations Date on October 1, 2022. In terms of the benefits to the Company, the Company was set up under the 2015 Power Policy. TEL is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

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

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

Category-wise amount of investment;	The additional support is intended to be provided through cash or a standby letter of credit issued to the Purchaser, up to the extent of USD 25,000,000 (United States Dollars Twenty Five Million) or PKR equivalent.
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	In the event the SBLC is called and not settled by the Company in cash, the same will convert into a funded facility, carrying a profit rate of 3month KIBOR +3%, till such time that the same is settled.
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	N/A
Particulars of collateral or security to be obtained in relation to the proposed investment	No specific collateral / security is intended to be obtained from TEL, as this is part of the obligations of the Company under the Put Option SSA.
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	No repayment schedule has been determined with TEL in respect of this additional sponsor support. The terms of release of the additional sponsor support are covered under the Put Option SSA, as more particularly detailed above.

Section B3: Availing finance facilities to meet Sponsor obligation under the Sponsor Support Agreement in relation to ThalNova Power Thar (Private) Limited ("TN")

TN was incorporated in Pakistan on April 18, 2016 as a private limited company under the repealed Companies Ordinance, 1984. The principal activities of TN are to develop, own, operate and maintain a 330 MW mine-mouth coal fired power plant established at Thar Block II, Thar Coal Mine, Sindh (the **"Project"**).

TN is an associated company of the Company. The Company, through its wholly owned subsidiary, Hub Power Holdings Limited, presently holds 38.30% shares in TN, and has appointed Mr. Muhammad Kamran Kamal and Mr. Aly Khan as directors on the Board of Directors of TN.

The Company, along with Thal Limited, Novatex Limited and China Everbest Development International Limited (collectively, the **"Sponsors"**), and Habib Bank Limited (the **"Purchaser"**) have entered into a Sponsor Support Agreement with TN dated July 22, 2019 (the **"Put Option SSA"**). Pursuant to Put Option SSA, the Company is obligated to cover any exchange risk shortfall by giving cash / SBLC to the Purchaser for the put option facility, in proportion to its shareholding, up to the extent of USD 20,000,000 (United States Dollars Twenty Million) or PKR equivalent. Such sponsor obligation shall be valid till July 30, 2034 or such period until the liabilities / obligations of the Company remain undischarged, whichever is later.

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"	ThalNova Power Thar (Private) Limited
Basis of relationship;	TN is an associated company of the Company. The Company, through its wholly owned subsidiary, Hub Power Holdings Limited, presently holds 38.30% shares in TN, and has appointed Mr. Muhammad Kamran Kamal and Mr. Aly Khan as directors on the Board of Directors of TN.
Earnings per share for the last three years;	2023: 2.71 2022: (0.013) 2021: (0.07)
Break-up value per share, based on latest audited financial statements;	Rs. 15.79 per share as of June 2023
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**Rs in '000** Total Assets: 139,451,791 Equity: 227,878,829 Long term loan: 72,911,740 Current Liabilities: 38,661,222 Turnover: 22,522,972 Profit for the year: 4,793,581
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 (v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; distinguishing between cash and non-cash amounts;	N/A

Maximum amount of investment to be made;	USD 20,000,000/- (United States Dollars Twenty Million) or PKR equivalent.
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	The Company is required to provide the aforementioned additional sponsor support pursuant to its obligations under the Put Option SSA. With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TN achieved Commercial Operations Date on February 17, 2023 and is anticipated to offer an internal rate of return of up to 20% in USD.
Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	(I) The cost of funds if provided through borrowings would be much less than 20% IRR in USD. Further where the Company takes long term debt to fund such investments, the Company is able to share the risk of loss with the lenders; (II) Ranking charge to be upgraded to pari-passu charge on fixed and / or current assets of the Company; (III) Project is anticipated to offer an IRR of up to 20% in USD.
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 Put Option SSA are as follows: • The parties to the Put Option SSA are the Sponsors, the Purchaser and TN; and • Under the Put Option SSA, each of the Sponsors (including HUBCO) are required to contribute proportionately for their respective obligations.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company through HPHL currently owns 38.30% shares in TN. Mr. Muhammad Kamran Kamal is a CEO of the Company and holds directorship in TN. Mr. Muhammad Kamran Kamal is also CEO and director in HPHL. Mr. Aly Khan is the common director in both HUBCO, HPHL and TN's Board.

In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	This additional support intended to be provided is part of the investment made by the Company in TN, as a sponsor of TN. The initial approval of the shareholders of the Company to provide sponsor support was accorded on April 16, 2019, in relation to the Put Option / Commercial Risk Guarantee (the "TN Put Option / CRG") provided by local banks and financial institutions (including the Purchaser) (the "TN Put Option / CRG Financiers") to the foreign lenders of TN to the extent of USD 10,000,000/- (United States Dollars Ten Million) or PKR equivalent, as primary obligor. Furthermore, approval for additional sponsor support, by way of cash or a standby letter of credit, up to the extent of USD 7,000,000 (United States Dollars Seven Million) was also provided for various exposures being assumed by TN Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest), and such sponsor support shall be called to cover any shortfall that TN is unable to cover / provide to the TN Put Option / CRG Financiers. The above-mentioned USD 7,000,000 (United States Dollars Seven Million) is now required to be enhanced to USD 20,000,000 (United States Dollars Twenty Million) or PKR equivalent for the above-mentioned exposures being assumed by TN Put Option / CRG Financiers (including any foreign exchange risk and mark-up / interest). With respect to the investment made to date in the TN, it may be noted that the Company has, through HPHL, invested approximately USD 52,000,000 (United States Dollars Fifty Two Million) or PKR equivalent to date. TN achieved financial close on September 30, 2020 and Commercial Operations Date on February 17, 2023. In terms of the benefits to the Company, the Company has been set up under the 2015 Power Policy. TN is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures required under Regulation 3(b): N/A

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

Category-wise amount of investment;	The additional support is intended to be provided through cash or a standby letter of credit issued to the Purchaser, to the extent of USD 20,000,000 (United States Dollars Twenty Million) or PKR equivalent.
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	In the event the SBLC is called and not settled by the Company in cash, the same will convert into a funded facility, carrying a profit rate of 3month KIBOR +3%, till such time that the same is settled.
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	N/A
Particulars of collateral or security to be obtained in relation to the proposed investment	No specific collateral / security is intended to be obtained from TN, as this is part of the obligations of the Company under the Put Option SSA.
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	No repayment schedule has been determined with TN in respect of this additional sponsor support. The terms of release of the additional sponsor support are covered under the Put Option SSA, as more particularly detailed above.

Section B4: Providing Security for the Standby Letter of Credit issued by Thar Energy Limited ("TEL") under its Power Purchase Agreement executed with the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G")

Under the terms of the Power Purchase Agreement dated July 27, 2017 entered into 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"**).

As TEL does not have adequate security to fully secure its the obligations under such letter of credit, the Company, along with the other Sponsors of TEL, is required to provide replacement security, by way of a ranking charge to be upgraded to first pari passu charge on the fixed and / or current assets of the Company, up to an amount of USD 7,500,000 (United States Dollars Seven Million Five Hundred Thousand) or PKR equivalent as may be required by the relevant banks / financial institutions.

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

Information Required	Information Provided
Name of the "associated company"	Thar Energy Limited
Basis of relationship;	TEL is a subsidiary of the Company. The Company presently holds 60% shares in TEL, and has appointed (1) Mr. Aly Khan, (2) Mr. Muhammad Kamran Kamal, (3) Mr. Saleemullah Memon, and (4) Mr. Amjad Ali Raja as directors on the Board of Directors of TEL.
Earnings per share for the last three years;	2023: 3.78 2022: (0.04) 2021: (0.05)
Break-up value per share, based on latest audited financial statements;	Rs 14.04 per share as of June 2023
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	**Rs in '000** Total Assets: 141,803,408 Equity: 26,956,562 Long term loan: 82,815,782 Current Liabilities: 32,031,064 Turnover: 37,868,759 Profit for the year: 7,251,822

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 (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;	A ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company is proposed to be created, or such other security as may be required by the relevant banks / financial institution is to be provided, up to an amount of USD 7,500,000 (United States Dollars Seven Million Five Hundred Thousand) or PKR equivalent as per the arrangement detailed below.
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	The purpose of the investment is as more fully detailed in the preamble above. With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TEL achieved Commercial Operations Date on October 1, 2022 and is anticipated to offer an internal rate of return of up to 20% in USD.

Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	No additional funds are intended to be utilized for this purpose. However, a ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company, up to an amount of USD 7,500,000 (United States Dollars Seven Million Five Hundred Thousand) or PKR equivalent is proposed to be created in accordance with the arrangement detailed above.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.	The Company has entered into a Shareholders agreement for TEL (as may be amended from time to time) which contemplates investment in equity of TEL by each of the shareholders such that the shares are distributed as follows; The Company holds 60% of the total shareholding of TEL, Fauji Fertilizer Company Limited holds 30% and CMEC TEL Power Investments Limited holds 10%.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Muhammad Kamran Kamal is a CEO of the Company and also holds directorship in TEL. Mr. Aly Khan is a director of the Company and also holds directorship in TEL. Mr. Saleemullah Memon is an employee of the Company and also holds directorship in TEL. He has been seconded as the CEO of TEL.
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;	This additional support intended to be provided is part of the investment made by the Company in TEL, as a sponsor and shareholder of TEL. With respect to the investment made in TEL, it may be noted that the Company has invested approximately USD 79,000,000 (United States Dollars Seventy Nine Million) or PKR equivalent to date. TEL achieved financial close on January 30, 2020 and Commercial Operations Date on October 1, 2022. In terms of the benefits to the Company, the Company has been set up under the 2015 Power Policy. TEL is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures required under Regulation 3(b): N/A

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

Category-wise amount of investment;	A ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company is proposed to be created, or such other security as may be required by the relevant banks / financial institution is to be provided, up to an amount of USD 7,500,000 (United States Dollars Seven Million Five Hundred Thousand) or PKR equivalent as per the arrangement detailed below.
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.	N/A
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	N/A
Particulars of collateral or security to be obtained in relation to the proposed investment.	No specific collateral / security is intended to be obtained from TEL. This additional charge over assets is intended to be provided by the Company in its capacity as a Sponsor of TEL.
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.	The security provided is intended to be released approximately in 10 years.

Section B5: Providing Security for the Standby Letter of Credit issued by ThalNova Power Thar (Private) Limited ("TN") under its Power Purchase Agreement executed with the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G")

Under the terms of the Power Purchase Agreement dated July 21, 2017 entered into between TN and the Central Power Purchasing Agency (Guarantee) Limited (**"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"**).

As TN does not have adequate security to fully secure its the obligations under such letter of credit, the Company, along with the other Sponsors of TN, is required to provide replacement security, by way of a ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company, up to an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) or PKR equivalent as may be required by the relevant banks / financial institutions

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

Disclosures required under Regulation 3(a):

<table>
<tr><th>Information Required</th><th>Information Provided</th></tr>
<tr><td>Name of the "associated company"</td><td>ThalNova Power Thar (Private) Limited</td></tr>
<tr><td>Basis of relationship;</td><td>TN is an associated company of the Company. The Company, through its wholly owned subsidiary, Hub Power Holdings Limited, presently holds 38.30% shares in TN, and has appointed Mr. Muhammad Kamran Kamal and Mr. Aly Khan as directors on the Board of Directors of TN.</td></tr>
<tr><td>Earnings per share for the last three years;</td><td><table><tr><td>2023</td><td>2.71</td></tr><tr><td>2022</td><td>(0.013)</td></tr><tr><td>2021</td><td>(0.07)</td></tr></table></td></tr>
<tr><td>Break-up value per share, based on latest audited financial statements;</td><td>Rs. 15.79 per share as of June 2023</td></tr>
<tr><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td><table><tr><th></th><th>Rs in '000</th></tr><tr><td>Total Assets</td><td>139,451,791</td></tr><tr><td>Equity</td><td>27,878,829</td></tr><tr><td>Long term loan</td><td>72,911,740</td></tr><tr><td>Current Liabilities</td><td>38,661,222</td></tr><tr><td>Turnover</td><td>22,522,972</td></tr><tr><td>Profit for the year</td><td>4,793,581</td></tr></table></td></tr>
</table>

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 (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;	A ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company is proposed to be created, or such other security as may be required by the relevant banks / financial institution is to be provided, up to an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) or PKR equivalent as per the arrangement detailed below.
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	The purpose of the investment is as more fully detailed in the preamble above. With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TN achieved Commercial Operations Date on February 17, 2023 and is anticipated to offer an internal rate of return of up to 20% in USD.

Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	No additional funds are intended to be utilized for this purpose. However, a ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company, up to an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) or PKR equivalent as may be required by the relevant banks / financial institutions is proposed to be created, as per the arrangement detailed above.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Hub Power Holdings Limited, the wholly owned subsidiary of the Company, has entered into Shareholders Agreement for TN (as may be amended from time to time) which contemplates investment in equity of TN by each of the shareholders such that the shares of TN are distributed as follows: The Company (through HPHL) holds 38.3% of the total shareholding of TN, 26% is held by Thal Power (Private) Limited, 24.7% is held by Nova Powergen Limited, 10% is held by CMEC ThalNova Power Investments Limited and 1% is held by Descon Engineering Limited.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company through HPHL currently owns 38.30% shares in TN. Mr. Muhammad Kamran Kamal is a CEO of the Company and holds directorship in TN. Mr. Muhammad Kamran Kamal is also CEO and director in HPHL. Mr. Aly Khan is the common director in both HUBCO, HPHL and TN's Board.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	This additional support intended to be provided is part of the investment made by the Company in TN, as a sponsor of TN. With respect to the investment made to date in the TN, it may be noted that the Company has, through HPHL, invested approximately USD 52,000,000 (United States Dollars Fifty Two Million) or PKR equivalent to date. TN achieved financial close on September 30, 2020 and Commercial Operations Date on February 17, 2023. In terms of the benefits to the Company, the Company has been set up under the 2015 Power Policy. TN is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures required under Regulation 3(b): N/A

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

Category-wise amount of investment;	A ranking charge to be upgraded to a first pari passu charge on the fixed and / or current assets of the Company is proposed to be created, or such other security as may be required by the relevant banks / financial institution is to be provided, up to an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) or PKR equivalent as per the arrangement detailed below.
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	N/A
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	N/A
Particulars of collateral or security to be obtained in relation to the proposed investment.	No specific collateral / security is intended to be obtained from TN. This additional charge over assets is intended to be provided by the Company in its capacity as a Sponsor of TN.
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	The security provided is intended to be released approximately in 10 (ten) years.

B6: Initial Debt Service Reserve Account ("DSRA") Support and Subsequent DSRA Letter of Credit in respect of ThalNova Power Thar (Private) Limited ("TN")

Support from the Sponsors is required in the form of Standby Letter of Credit (**"SBLC"**) for an amount not exceeding the PKR equivalent of USD 20,000,000 (United States Dollars Twenty Million) in TN either in the form of investment in equity or by way of debt/loan if there is a shortfall in DSRA or the project completion date of TN has not been achieved for the purpose of repaying outstanding obligations owed by TN to its lenders, including any financing costs (the **"Initial DSRA Support"**), and to create security on the assets of the Company as may be required by the relevant lenders that will issue the requisite letter(s) of credit.

After the project completion date of the Project, the lenders of TN have allowed Sponsors to withdraw the cash from the DSRA account provided Sponsors procure the issuance of a subsequent DSRA LC (the **"DSRA LC"**) for the amount of the current DSRA. After the final maturity date of project loan, the TN lenders will issue instructions to the Facility Agent to release the DSRA LC. That amount can also vary depending on the then prevailing LIBOR/KIBOR rate so the estimation is that HUBCO's share will not exceed USD 20,000,000 (United States Dollars Twenty Million) (or PKR equivalent) although it can be slightly higher or lower. Upon a demand being made for payment under the DSRA 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 TN in an amount equal to such portion of the DSRA LC that is called upon.

It is clarified that initial approval from the shareholders for the Initial DSRA Support and the DSRA LC was obtained on April 16, 2019, however, due to fluctuation in USD / PKR exchange rates and prevailing LIBOR/KIBOR rates, both amounts are required to be revised from USD 14,000,000 (United States Dollars Fourteen Million) (or PKR equivalent) each to USD 20,000,000 (United States Dollars Twenty Million) (or PKR equivalent) each.
investment in the form of equity

(i) Investment in the form of equity

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

Information Required	Information Provided
Name of the "associated company"	ThalNova Power Thar (Private) Limited
Basis of relationship;	TN is an associated company of the Company. The Company, through its wholly owned subsidiary, Hub Power Holdings Limited, presently holds 38.30% shares in TN, and has appointed Mr. Muhammad Kamran Kamal and Mr. Aly Khan as directors on the Board of Directors of TN.
Earnings per share for the last three years;	2023: 2.71 2022: (0.013) 2021: (0.07)

Break-up value per share, based on latest audited financial statements;	Rs. 15.79 per share as of June 2023
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table><tr><td></td><td>**Rs in '000**</td></tr><tr><td>Total Assets</td><td>139,451,791</td></tr><tr><td>Equity</td><td>227,878,829</td></tr><tr><td>Long term loan</td><td>72,911,740</td></tr><tr><td>Current Liabilities</td><td>38,661,222</td></tr><tr><td>Turnover</td><td>22,522,972</td></tr><tr><td>Profit for the year</td><td>4,793,581</td></tr></table>
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 (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;	Initial DSRA Support LC of USD 20,000,000 (United States Dollars Twenty Million) (or in equivalent Pakistan Rupees) and subsequent DSRA LC of USD 20,000,000 (United States Dollars Twenty Million) (or in equivalent Pakistan Rupees)
Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	The Initial DSRA Support LC and subsequent DSRA LC to be provided pursuant to the Sponsor Support Agreement dated July 22, 2019 entered into between the Sponsors of TN (including HUBCO), the Shareholders of TN, TN and Habib Bank Limited as the intercreditor agent (the "SSA"). With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TN achieved Commercial Operations Date on February 17, 2023 and is anticipated to offer an internal rate of return of up to 20% in USD. With respect to the tenor of the additional investment, the Initial DSRA Support shall be valid for the tenor of the project loan and the subsequent DSRA LC shall also be valid for the tenor of the project loan, or such other timeframe as may be stipulated in the SSA.
Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	(I) The cost of funds if provided through borrowings would be much less than 20% IRR in USD. Further where the Company takes long term debt to fund such investments, the Company is able to share the risk of loss with the lenders; (II) Securities and collateral as required by the lenders from time to time. (III) Project is anticipated to offer an IRR of up to 20% in USD.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Parties to the SSA are the Sponsors of TN (including HUBCO), the Shareholders of TN, TN and Habib Bank Limited as the intercreditor agent. The SSA was entered into as a pre-condition to the availability of financing to TN from the lenders of TN, under the various financing agreements. The SSA details the sponsor support which is required to be provided by the Sponsors of TN at various times throughout the Project, such as inter alia the equity contributions of the Sponsors, the Initial DSRA Support, and subsequent DSRA LC, along with the obligations of TN towards the Sponsors.

Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company through HPHL currently owns 38.30% shares in TN. Mr. Muhammad Kamran Kamal is a CEO of the Company and holds directorship in TN. Mr. Muhammad Kamran Kamal is also CEO and director in HPHL. Mr. Aly Khan is the common director in both HUBCO, HPHL and TN's Board.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	This additional support intended to be provided is part of the investment made by the Company in TN, as a sponsor of TN. With respect to the investment made to date in the TN, it may be noted that the Company has, through HPHL, invested approximately USD 52,000,000 (United States Dollars Fifty Two Million) or PKR equivalent to date. TN achieved financial close on September 30, 2020 and Commercial Operations Date on February 17, 2023. In terms of the benefits to the Company, the Company has been set up under the 2015 Power Policy. TN is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures under Regulation 3(b):

Maximum price at which securities will be acquired	Rs. 10 per share or such other rate as may be decided by the board of directors of TN.
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 TN.
Number of securities and percentage thereof held before and after the proposed investment	Present holding through HPHL – 38.3%. The number of securities would be determined by the Board of TN by converting the USD investment amount into PKR.

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;	As stated above the number of securities would be determined on the date of subscription and the fair value of shares will also be determined at the time. PKR 10 per share is the par value of the share and the latest offer price of TN's shares. The Company and other remaining shareholders shall subscribe to shares of TN at PKR 10 per share.

(c) Disclosures under Regulation 3(c): N/A

(ii) investment in the form of subordinated debt

(a) Disclosures under Regulation 3(a):

Information Required	Information Provided
Name of the "associated company"	ThalNova Power Thar (Private) Limited
Basis of relationship;	TN is an associated company of the Company. The Company, through its wholly owned subsidiary Hub Power Holdings Limited presently holds 38.30% shares in TN, and has appointed Mr. Muhammad Kamran Kamal and Mr. Aly Khan as directors on the Board of Directors of TN.
Earnings per share for the last three years;	2023: 2.71 2022: (0.013) 2021: (0.07)
Break-up value per share, based on latest audited financial statements;	Rs. 15.79 per share as of June 2023

Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<table><tr><td></td><td>**Rs in '000**</td></tr><tr><td>Total Assets</td><td>139,451,791</td></tr><tr><td>Equity</td><td>227,878,829</td></tr><tr><td>Long term loan</td><td>72,911,740</td></tr><tr><td>Current Liabilities</td><td>38,661,222</td></tr><tr><td>Turnover</td><td>22,522,972</td></tr><tr><td>Profit for the year</td><td>4,793,581</td></tr></table>
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 (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	Initial DSRA Support LC of USD 20,000,000 (United States Dollars Twenty Million) (or in equivalent Pakistan Rupees) and subsequent DSRA LC of USD 20,000,000 (United States Dollars Twenty Million) (or in equivalent Pakistan Rupees)

Purpose and benefits likely to accrue to the investing company and its members from such investment and period of investment	The Initial DSRA Support LC and subsequent DSRA LC to be provided pursuant to the Sponsor Support Agreement dated July 22, 2019 entered into between the Sponsors of TN (including HUBCO), the Shareholders of TN, TN and Habib Bank Limited as the intercreditor agent (the "SSA"). With respect to benefits likely to accrue to the Company in respect of the additional sponsor support, it may be noted that TN achieved Commercial Operations Date on February 17, 2023 and is anticipated to offer an internal rate of return of up to 20% in USD. With respect to the tenor of the additional investment, the Initial DSRA Support shall be valid for the tenor of the project loan and the subsequent DSRA LC shall also be valid for the tenor of the project loan, or such other timeframe as may be stipulated in the SSA.
Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	(I) The cost of funds if provided through borrowings would be much less than 20% IRR in USD. Further where the Company takes long term debt to fund such investments, the Company is able to share the risk of loss with the lenders. (II) Securities and collateral as required by the lenders from time to time. (III) Project is anticipated to offer an IRR of up to 20% in USD.
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	The Parties to the SSA are the Sponsors of TN (including HUBCO), the Shareholders of TN, TN and Habib Bank Limited as the intercreditor agent. The SSA was entered into as a pre-condition to the availability of financing to TN from the lenders of TN, under the various financing agreements. The SSA details the sponsor support which is required to be provided by the Sponsors of TN at various times throughout the Project, such as inter alia the equity contributions of the Sponsors, the Initial DSRA Support, and subsequent DSRA LC, along with the obligations of TN towards the Sponsors
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	The Company through HPHL currently owns 38.30% shares in TN. Mr. Muhammad Kamran Kamal is a CEO of the Company and holds directorship in TN. Mr. Muhammad Kamran Kamal is also CEO and director in HPHL. Mr. Aly Khan is the common director in both HUBCO, HPHL and TN's Board.

In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	This additional support intended to be provided is part of the investment made by the Company in TN, as a sponsor of TN. With respect to the investment made to date in the TN, it may be noted that the Company has, through HPHL, invested approximately USD 52,000,000 (United States Dollars Fifty Two Million) or PKR equivalent to date. TN achieved financial close on September 30, 2020 and Commercial Operations Date on February 17, 2023. In terms of the benefits to the Company, the Company has been set up under the 2015 Power Policy. TN is expected to offer an IRR of up to 20% in USD to the Company. No impairment conditions exist on the investment; accordingly, no charge/write offs have been made till date.
Any other important details necessary for the members to understand the transaction;	N/A

(b) Disclosures required under Regulation 3(b): N/A

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

Category-wise amount of investment;	As mentioned above in preamble.
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products.	Facility arrangement fees as charged by respective banks.
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	In the event any amount is invested as a loan, the Company shall require TN 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 TN.

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.	Any amount paid as loan to TN shall be marked as subordinated debt to the TN project Lenders and shall be repayable after the repayment of amounts due to the Lenders of TN. Since it is a non-funded obligation, there is no repayment schedule.

HUBCO

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 32nd Annual General Meeting of the Company to be held on Monday, October 16, 2023 at 10:00 am at Marriott Hotel, Karachi.

Witnesses:

(1) Signature ____________________

Name ______________________
Address ____________________

____

____

CNIC / Passport No. ______________

(2) Signature____________________

Name ______________________
Address ____________________

____

____

CNIC / Passport No. ______________

Signature on
Revenue Stamp
of PKR 5/-

Signature of Shareholder
Folio / CDC No's.

Notes:

- A member entitled to attend the meeting may appoint a proxy in writing to attend the meeting on the member's behalf. A Proxy need not be a member of the Company.

- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, The Hub Power Company Limited, Head Office at 9th Floor, Ocean Tower, Block-9, Main Clifton Road, Karachi-75600 so as to reach no less than 48 hours before the time of the meeting, excluding holidays i.e Wednesday, October 11, 2023.

- **For CDC Account Holders / Corporate Entities**
  In addition to the above, the following requirements have to be met:
  (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

  (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

HUBCO

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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

HUBCO

تشکیل نیابت داری

جناب کمپنی سیکریٹری
دی حب پاور کمپنی لمیٹڈ
9 فلور، اوشین ٹاور، بلاک 9، مین کلفٹن روڈ، کراچی

میں/ہم ____________________

ساکن ____________________ بحیثیت دی حب پاور کمپنی لمیٹڈ کے رکن وحامل ____________________

عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ____________________ اور/یا سی 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 مؤرخہ 16 اکتوبر، 2023ء بوقت 10:00 بجے صبح بروز پیر، بمقام میریٹ ہوٹل، کراچی منعقد ہونے والے 32ویں سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا/اپنی نمائندہ مقرر کرتا/کرتی ہوں۔

گواہ:

(1) دستخط ____________________
نام ____________________
پتہ ____________________
سی این آئی سی یا پاسپورٹ نمبر ____________________

ریونیو ٹکٹ چسپاں کریں۔

____
دستخط

(دستخط کمپنی میں پہلے سے موجود
نمونہ کے مطابق ہونے چاہیے)

(2) دستخط ____________________
نام ____________________
پتہ ____________________
سی این آئی سی یا پاسپورٹ نمبر ____________________

نوٹس:

- ایسا رُکن جو اجلاس میں شرکت کرنے کا/کی اہل ہے، وہ اجلاس میں شرکت کے لیے، تحریری طور پر اپنا/اپنی نمائندہ مقرر کرسکتا/سکتی ہے۔ نمائندے کے لیے کمپنی کا رُکن ہونا ضروری نہیں۔
- اگر کوئی رُکن اجلاس میں شرکت کے قابل نہیں ہے، وہ اس فارم پر دستخط کر کے کمپنی سیکریٹری، دی حب پاور کمپنی لمٹیڈ واقع 9 فلور، اوشین ٹاور، بلاک 9، مین کلفٹن روڈ، کراچی - 75500 کو اس طرح بھیج سکتا/سکتی ہے کہ یہ اجلاس شروع ہونے سے 48 گھنٹے قبل، تعطیلات کے علاوہ یعنی بروز بدھ مورخہ 11 اکتوبر، 2023 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 بینیفیشل اونر کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا چاہیے۔

کارپوریٹ رکن ہونے کی صورت میں، کمپنی کے پاس نیابت داری کے فارم کے ہمراہ بورڈ آف ڈائریکٹرز کی منظور کردہ قرارداد / 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

HUBCO

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

RG-Blue Communications