

Material Information

Power Generation & Distribution Companies

The Hub Power Company Limited (HUBC)

According to notice issued on PSX by The Hub Power Company Limited (HUBC), Company's subsidiary Thar Energy Limited (TEL) has successfully achieved commissioning of its 330MW Mine-Mouth Coal Fired Power Generation Complex and Commercial Operation is expected to take effect from 1st-Oct-2022.

To note, TEL is a joint venture between HUBC, Fauji Fertilizer Company Limited (FFC) and China Machinery Engineering Corporation (CMEC) with HUBC having 60% stake in the project while FFC and CMEC hold 30% and 10% share in the project respectively. On 3rd-Aug-2022, TEL achieved synchronization with the National Grid. TEL is one of the two projects which is owned by HUBC as part of joint venture that is part of the China Pakistan Economic Corridor (CPEC).

TEL was initially planned to achieve Commercial Operation Date (COD) by 1st half of 2021, however, got delayed due to Covid-19 restrictions. However, as per the management, LDs will only be determined post COD of the project. COD was initially revised due to Force majeure served by TEL due to delay caused by Covid-19 and resulted in CPPA-G again revising RCOD date. Thus, LDs relating to PPA are likely to be avoided for the months allowed by NTDC. However, LDs relating to HVDC will mostly be paid by the Company which would be around ~US\$ 2mn per month.

We expect TEL to contribute nearly PKR 9/share to HUBC earnings. However, dividend payout from the project will take 1 to 1.5 years post COD.

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