

# The Hub Power Company Limited

## TEL/TNPTL achieve PCD

REP-300

### Material Notice

HUBC has issued a material notice announcing that two of its plants have reached their Project Completion Date (PCD).

### Key Points of the material notice

- Thar Energy Limited (TEL) and ThalNova Power Thar (Private) Limited (TNPTL) have announced the achievement of the PCD for their 2x330 MW power plants on October 31, 2025, in accordance with the terms of their project financing documents.
- HUBC directly holds a 60% equity stake in TEL and, indirectly through its wholly owned subsidiary, HPHL, holds 38.3% in TNPTL. FFC holds a 30% stake in TEL, while Thal Limited owns 26% in TNPTL. Both projects are classified as priority initiatives under the China–Pakistan Economic Corridor (CPEC).
- Upon achievement of PCD, TEL/TNPTL will be able to declare dividends as and when it has sufficient excess cashflow, which will be beneficial for HUBC, FFC and Thal.
- According to management, there is no requirement for a true-up prior to the PCD for TEL and TNPTL, as mentioned earlier in our [report](#). Furthermore, TEL and TNPTL are expected to declare dividends semiannually, in December and May. The annual dividend payout may exceed the yearly return on equity (ROE), supported by accumulated cash reserves.
- We expect HUBC to receive dividends of ~PKR 8.0bn (PKR 6.13/share, stake-adjusted) from TEL in FY26, normalizing to PKR 8.5bn (PKR 6.53/share) in FY27. From TNPTL, we project dividends of ~PKR 4.9bn (PKR 3.78/share, stake-adjusted) in FY26, normalizing to PKR 5.6bn (PKR 4.33/share) in FY27. Consequently, HUBC's total DPS is estimated at PKR 15.0/17.0 for FY26/27.
- HUBC had initially issued cost overrun SBLC amounting to USD 31/20 MN to the lenders of TEL/TNPTL, respectively which was previously valid till the earlier of PCD or Dec-25.
- This arrangement was for (a) cost overrun, (b) any obligation under financing documents prior to PCD, and (c) COD undertakings.
- As indicated in the earlier EOGM notice, TEL and TNPTL were progressing toward the declaration of their PCD. To waive certain unmet conditions, the lenders required an extension in the tenor of the Standby Letter of Credit (SBLC), with no material cash outflow, until the later of January 2034/July 2034, or until the end of the respective project loan tenors for TEL and TNPTL. The shareholders have approved this extension along with the additional terms proposed by the lenders.
- The extended SBLC tenor aims to cover: (i) disputed HVDC-related LDs under the amended PPA, however disputed by both TEL/TNPTL and (ii) any debt servicing shortfalls.
- HUBC is currently trading at forward FY26 multiples of 6.2x P/E and 1.2x P/B, offering a dividend yield of 6.9%.

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