



Rating Action

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PACRA MAINTAINS ENTITY RATINGS OF HUB POWER COMPANY LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of 'AA+' (Double A plus) and short-term rating of 'A1+' (A one plus) of Hub Power Company Limited. These ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

The ratings reflect the company's consistent performance track record, attributable to established operating track record, and association with a major international private power producer (IPP) - International Power Plc. The ratings recognize stable cashflows stream as guaranteed by GoP under the Power Purchase Agreement (PPA), subject to adherence to agreed upon performance benchmarks. Meanwhile, the weak financial discipline of the sole customer, Water and Power Development Authority (WAPDA), is a key consideration.

About the company: Hub Power Company Limited (HUBCO), incorporated in 1991, is listed on all three stock exchanges and its Global Depository Receipts are listed on Luxembourg Stock Exchange. HUBCO began commercial operations in Mar 97. The company operates a 1,292MW power plant.

The shareholding structure of HUBCO is diverse. The key shareholders include International Power Plc (17%), followed by Xenel Industries Limited (12%), and Fauji Foundation (9%).

The CEO, Mr. Javed Mehmood, associated with HUBCO for more than four years, possesses over 40 years of diverse experience, mainly in the financial sector.

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