



GOVERNMENT OF PAKISTAN  
MINISTRY OF PRIVATISATION  
ISLAMABAD

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## FOREWORD

Pakistan's privatisation program was initiated in early nineties with early success achieved by the privatisation of KAPCO whereby 26% stake was divested to National Power. This was followed by a series of strategic sales in the industrial sector. In early 2000s privatisation program took a step further by conducting a series of capital market transactions which helped in mobilizing domestic savings and strengthening of domestic capital markets. These transactions also included international market listings in form of GDRs for UBL (US\$ 650.24 million) and OGDCL (US\$772.4 million) which allowed the Government of Pakistan (GoP) to successfully tap into international institutional investors and also to enhance the GOP's profile by demonstrating investor confidence in the economic reform program of Pakistan. So far, 167 transactions has been concluded realizing an amount of US\$9.0 billion approx.

However, it is noted that privatisation program cannot be conducted in isolation and is dependent on both domestic and international regulatory, financial, economic and political environment. This was particularly highlighted when in 2007 global financial crisis international investors withdrew their investments from emerging markets in the face of strong liquidity crunch in developed markets. The global financial crisis coupled with the weak domestic environment, which at that time was suffering from political instability and a heightened war on terrorism, stalled the privatisation program.

Despite these challenges, the Government has recently reinvigorated the privatisation program by focusing on a policy of 'Privatisation for the People'. Under this program a renewed focus was placed on domestic capital market listings.

In addition, Government also initiated a landmark program for empowerment of employees of Public Sector Entities in the form of Benazir Employees Stock Option Scheme (BESOS), offering thereby 12% stock options of 78 public organizations to the employees of their respective organizations. It is expected that around 500,000 employees of 78 SOEs will be benefitted from this scheme.

The details are made part of this Year Book 2010-2011. Besides, this volume depicts broad features of privatisation policy being pursued by the Government and includes information about the organizational set up of the Ministry of Privatisation and the Privatisation Commission, a body corporate established under the Privatisation Commission Ordinance 2000. For further details, the reader may also refer to our website <http://www.privatisation.gov.pk>

Every effort has been made to make this book useful for the researchers, scholars and general readers. Nevertheless, any criticism, suggestion or observation to improve the year book will be welcomed.

**GhousBux Khan Mahar**  
Minister for Privatisation

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# GLOSSARY

|                |   |
|----------------|---|
| <b>ABL</b>     | Allied Bank Limited                                     |
| <b>APSEWAC</b> | All Pakistan State Enterprises Workers Action Committee |
| <b>BESOS</b>   | Benazir Employees Stock Option Scheme                   |
| <b>BOI</b>     | Board of Investment                                     |
| <b>CCI</b>     | Council of Common Interests                             |
| <b>CCOP</b>    | Cabinet Committee on Privatisation                      |
| <b>CDC</b>     | Central Depository Company                              |
| <b>DCF</b>     | Discounted Cash Flow                                    |
| <b>DFIs</b>    | Development Finance Institutions                        |
| <b>DR</b>      | Depository Receipt                                      |
| <b>ECO</b>     | Economic Cooperation Organisation                       |
| <b>EMG</b>     | Employees Management Group                              |
| <b>EOI</b>     | Expression of Interest                                  |
| <b>FA</b>      | Financial Advisor                                       |
| <b>FDI</b>     | Foreign Direct Investment                               |
| <b>FESCO</b>   | Faisalabad Electricity Supply Company                   |
| <b>GDR</b>     | Global Depository Receipt                               |
| <b>GHS</b>     | Golden Hand Shake Scheme                                |
| <b>GOP</b>     | Government of Pakistan                                  |
| <b>HBL</b>     | Habib Bank Limited                                      |
| <b>HEC</b>     | Heavy Electrical Complex                                |
| <b>HLEG</b>    | High Level Experts Group                                |
| <b>IPO</b>     | Initial Public Offering                                 |
| <b>ICP</b>     | Investment Corporation of Pakistan                      |
| <b>KAPCO</b>   | KotAddu Power Company                                   |
| <b>KASB</b>    | Khadim Ali Shah Bokhari                                 |
| <b>KESC</b>    | Karachi Electric Supply Corporation                     |
| <b>KSE</b>     | Karachi Stock Exchange                                  |
| <b>LSE</b>     | Lahore Stock Exchange                                   |
| <b>LOA</b>     | Letter of Acceptance                                    |
| <b>LPG</b>     | Liquefied Petroleum Gas                                 |
| <b>MCB</b>     | Muslim Commercial Bank                                  |
| <b>MRTA</b>    | Management Right Transfer Agreement                     |
| <b>NBP</b>     | National Bank of Pakistan                               |
| <b>NEPRA</b>   | National Electric Power Regulatory Authority            |
| <b>NGO</b>     | Non-Governmental Organisation                           |
| <b>NITL</b>    | National Investment Trust Limited                       |
| <b>NPCC</b>    | National Power Construction Company                     |
| <b>NPT</b>     | National Press Trust                                    |
| <b>NRL</b>     | National Refinery Limited                               |
| <b>NWFP</b>    | North Western Frontier Province                         |
| <b>OGDCL</b>   | Oil and Gas Development Corporation Limited             |
| <b>OGRA</b>    | Oil and Gas Regulatory Authority                        |
| <b>OIC</b>     | Organisation of Islamic Conference                      |
| <b>PARC</b>    | Pakistan Agricultural Research Council                  |
| <b>PC</b>      | Privatisation Commission                                |
| <b>PEs</b>     | Public Enterprises                                      |
| <b>PICIC</b>   | Pakistan Industrial Credit and Investment Company       |
| <b>PIA</b>     | Pakistan International Airlines                         |
| <b>PKR</b>     | Pakistani Rupee   |
| <b>PMDC</b>    | Pakistan Mineral Development Corporation                |

|              |   |
|--------------|---|
| <b>PMTF</b>  | Pakistan Machine Tool Factory               |
| <b>PO</b>    | Public Offering                             |
| <b>PPL</b>   | Pakistan Petroleum Limited                  |
| <b>PPP</b>   | Public Private Partnership                  |
| <b>PSMC</b>  | Pakistan Steel Mills Corporation            |
| <b>PSO</b>   | Pakistan State Oil                          |
| <b>PTCL</b>  | Pakistan Telecommunications Company Limited |
| <b>PTDC</b>  | Pakistan Tourism Development Corporation    |
| <b>Pvt.</b>  | Private                                     |
| <b>RFP</b>   | Request for Proposals                       |
| <b>RSOQ</b>  | Request for Statement of Qualifications     |
| <b>SBP</b>   | State Bank of Pakistan                      |
| <b>SITE</b>  | Sindh Industrial Trading Estate             |
| <b>SME</b>   | Small and Medium Enterprises                |
| <b>SNGPL</b> | Sui Northern Gas Pipelines Limited          |
| <b>SOEs</b>  | State Owned Enterprises                     |
| <b>SOQ</b>   | Statement of Qualifications                 |
| <b>SPA</b>   | Share Purchase Agreement                    |
| <b>SPO</b>   | Secondary Public Offering                   |
| <b>SSGC</b>  | Sui Southern Gas Company                    |
| <b>SPV</b>   | Special Purpose Vehicle                     |
| <b>UAE</b>   | United Arab Emirates                        |
| <b>USA</b>   | United States of America                    |
| <b>US\$</b>  | US Dollar                                   |
| <b>UBL</b>   | United Bank Limited                         |
| <b>VSS</b>   | Voluntary Separation Scheme                 |
| <b>WAPDA</b> | Water and Power Development Authority       |

# PRIVATISATION DIVISION

## **Introduction:**

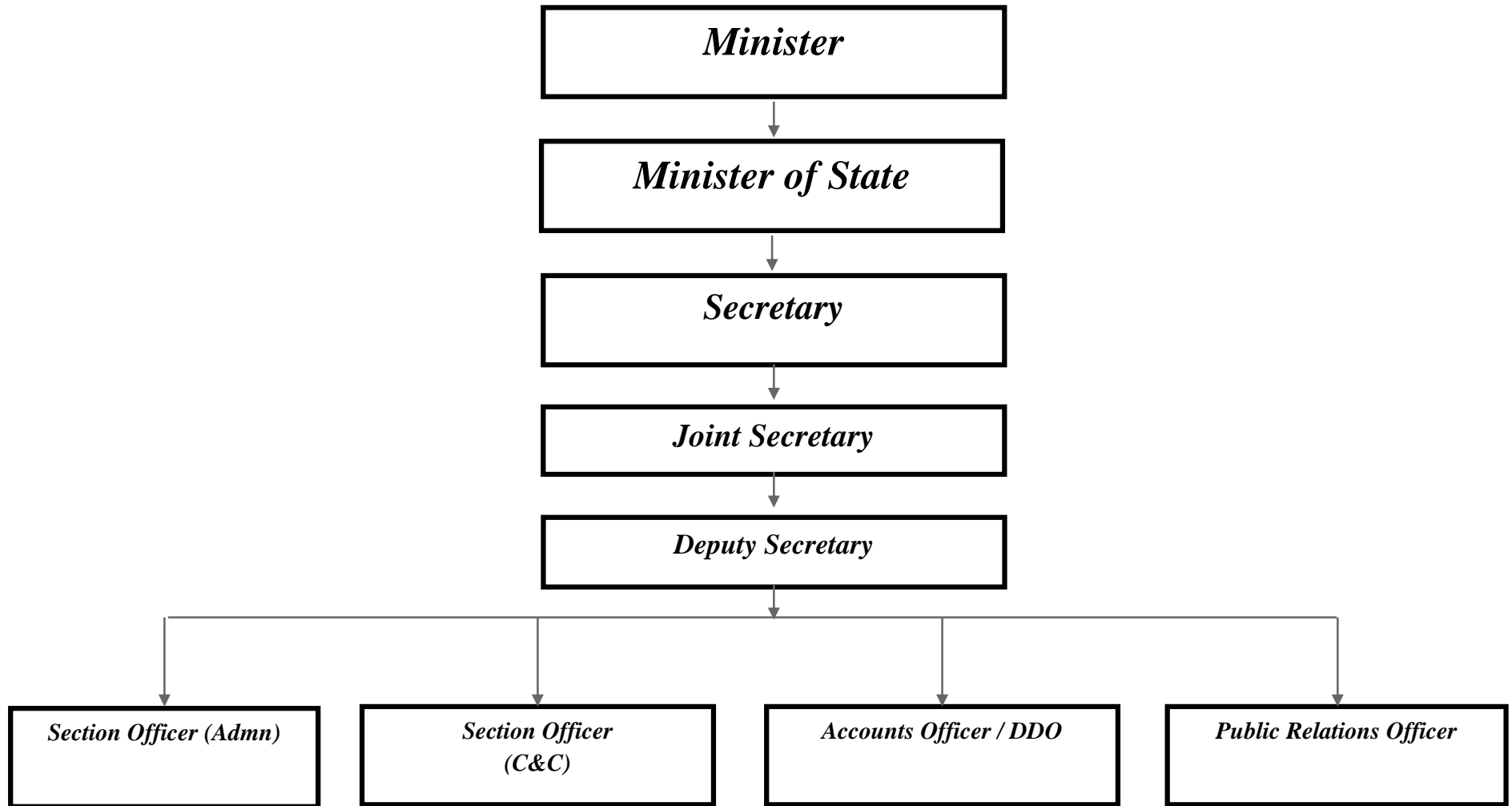
The Ministry of Privatisation was created on 28<sup>th</sup> November, 2000. This was a sequel to PC Ordinance 2000 whereby strengthening and expanding the scope of Privatisation Commission (PC) which necessitated the creation of a separate ministry (*Prior to it, PC had been working as a part of Finance Division since its inception a decade earlier in 1991*). Two years later in November 2002, the scope of Ministry was expanded by attaching the Board of Investment. This was prompted by the consideration to couple privatisation with the inflow of foreign and domestic investments. The name however was not changed till September 2004 when it was renamed as Ministry of Privatisation & Investment. The Division was later bifurcated in October, 2007 into Privatisation Division and Investment Division, under the same Ministry. The Investment Division was later made a separate Ministry on 8<sup>th</sup> December, 2008.

## **Assignments of the Division:**

The mandate of Privatisation Division under the Rules of Business 1973 is;

- *Privatisation Policies*
- *The transfer of Managed Establishment Order, 1978 (P.O. 12 of 1978)*
- *Administration of Privatisation Commission Ordinance, 2000 (LII of 2000)*
- *Negotiation with International Organizations relating to the functions of Privatisation in consultation with Economic Affairs Division.*
- *Any item incidental or ancillary to the above.*

## ORGANOGRAM OF PRIVATISATION DIVISION



## MANAGEMENT INFORMATION

The Privatisation Division consists of 74 posts in various categories during the year under review. Details are as under: -

### WORKFORCE OF THE PRIVATISATION DIVISION

| <b>S#</b> | <b>Name of Posts</b>     | <b>BPS</b>   | <b>No. of Posts</b> |
|-----------|--------------------------|--------------|---------------------|
| 1.        | Secretary                | 22           | 1                   |
| 2.        | Joint Secretary          | 20           | 1                   |
| 3.        | Deputy Secretary         | 19           | 1                   |
| 4.        | Section Officer          | 17/18        | 2                   |
| 5.        | Public Relations Officer | 17/18        | 1                   |
| 6.        | Accounts Officer/DDO     | 17/18        | 1                   |
| 7.        | Private Secretary        | 17/18        | 4                   |
| 8.        | Superintendent           | 16           | 1                   |
| 9.        | Stenographer             | 15           | 8                   |
| 10.       | Assistants               | 14           | 5                   |
| 11.       | Steno typist             | 12           | 4                   |
| 12.       | Telex/Fax Operator       | 11           | 1                   |
| 13.       | UDC                      | 9            | 2                   |
| 14.       | Telephone Operators      | 7            | 2                   |
| 15.       | Record Sorter            | 7            | 1                   |
| 16.       | LDC                      | 7            | 10                  |
| 17.       | Staff Car Drivers        | 5            | 5                   |
| 18.       | Dispatch Rider           | 5            | 2                   |
| 19.       | Qasids                   | 3            | 3                   |
| 20.       | Daftari                  | 3            | 1                   |
| 21.       | NaibQasids/Farash        | 2            | 16                  |
| 22.       | Sweepers                 | 2            | 2                   |
|           |                          | <b>Total</b> | <b>74</b>           |

(Table 1)

# PRIVATISATION COMMISSION

## **Introduction:**

On January 22<sup>nd</sup> 1991, the Privatisation Commission was established as a sub-branch of the Finance Division to formulate and implement privatisation policy. Later, on 28<sup>th</sup> September 2000, the Government promulgated the Privatisation Commission Ordinance 2000. As a result of this Ordinance, the Privatisation Commission was converted into a sovereign corporate body, thus strengthened its legal authority for implementing the Government's Privatisation Policy.

## **Mission Statement:**

*“Privatisation in an open, fair and transparent manner,  
for the benefit of the people of Pakistan,  
in the right way, to the right people, at the right time”*

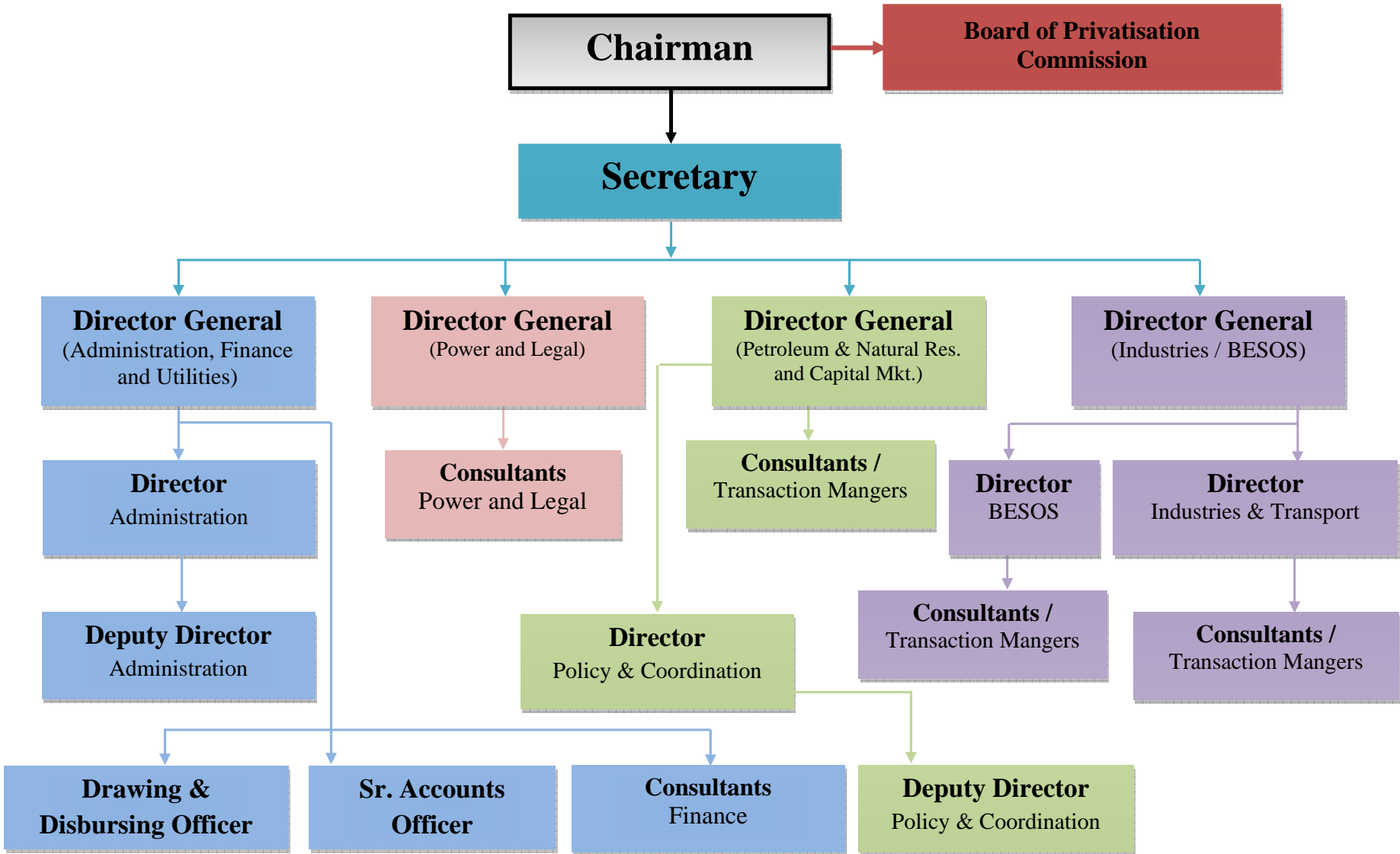
## **Functions of the Commission:**

The Privatisation Commission (PC) is mandated to privatise the state owned entities, following the Government's Policy for Privatisation. PC follows the prescribed procedure and under take necessary approvals from competent fora, as and when required. There are approved lists of entities by the government, to be privatised in the prescribed manner. Functions of the Commission are;

- (a) recommend privatisation policy guidelines to the Cabinet
- (b) prepare for the approval of the Cabinet, a comprehensive privatisation programme;
- (c) plan, manage, implement and control the privatisation programme approved by the Cabinet;
- (d) prepare and submit reports to the Cabinet on all aspects of the privatisation programme;
- (e) facilitate or initiate legislation as approved by the Cabinet by or on behalf of concerned Ministry in connection with the privatisation programme;
- (f) provide overall directions for the implementation of privatisation related activities including, restructuring, deregulation and post-privatisation matters in sectors designated by the Cabinet;
- (g) take operational decisions on matters pertaining to privatisation, restructuring, deregulation, regulatory issues including approval of licensing and tariff rules and other related issues pertaining to the privatisation programme approved by the Cabinet;
- (h) issue directions and instructions to the management of a business undertaking falling within the purview of the privatisation programme approved by the Cabinet on all major important administrative, financial, reporting and policy matters;
- (i) publicize the activities of the privatisation programme;
- (j) propose a regulatory framework, including the establishment and strengthening of regulatory authorities, to the Cabinet for independent and fair regulation of each industry sector falling within the purview of the privatisation programme;
- (k) advise the Federal Government in selection and appointment of the head and a member of a regulatory authority;
- (l) advise the Federal Government that monopolies are not created in the

- process of privatisation;
- (m) appoint advisors, consultants, valuers, lawyers and such other staff, both local and foreign, on such terms as it may determine to discharge its functions under this Ordinance;
  - (n) approve and take decisions and perform all acts to implement pre-privatisation restructuring, labour rehabilitation and severance schemes, and all other related matters as approved by the Cabinet;
  - (o) invite applications for the privatisation and ensure widest possible participation;
  - (p) evaluate bids received according to criteria determined by the Commission from time to time and formulate recommendations for consideration by the Cabinet;
  - (q) recommend to the Federal Government such labour and manpower rehabilitation programmes as may be necessary during privatisation and to develop a roster of such employees who may need rehabilitation;
  - (r) advise measures to the Federal Government for improvement of public sector units till their privatisation;
  - (s) assist in the implementation of Federal Government policies on deregulation and privatisation and advise the Federal Government on deregulating the economy to the maximum possible extent; and
  - (t) perform such other functions that are incidental or ancillary to carry out the privatisation programme approved by the Cabinet.

# ORGANIZATION CHART



## MANAGEMENT INFORMATION

Privatisation Commission (PC) is the main executing body to implement the Privatisation Policy of the Government. PC is headed by the Chairman who is also the Chairman of the Board of the Privatisation Commission. Currently Minister for Privatisation is holding the portfolio of the Chairman, while the Secretary, Privatisation Division is also working as Secretary, Privatisation Commission. The human resource of the Privatisation Commission comprises of civil service officers, consultants / transaction managers and support staff. In addition to consultants / transaction managers, following regular officers / officials are on the strength of the Privatisation Commission:

### **WORKFORCE OF THE PRIVATISATION COMMISSION**

| <b>S No</b>   | <b>Name of Posts</b>       | <b>BPS</b> | <b>No. of Posts</b> |
|---------------|----------------------------|------------|---------------------|
| 1.            | Secretary                  | 22         | 1                   |
| 2.            | Directors General          | 21/20      | 4                   |
| 3.            | Directors                  | 19         | 4                   |
| 4.            | Deputy Directors           | 18         | 3                   |
| 5.            | Public Relation Officer    | 18         | 1                   |
| 6.            | Accounts Officers/DDO      | 17/18      | 2                   |
| 7.            | Private Secretaries        | 17/18      | 3                   |
| 8.            | Sr. Technical Assistant    | 17         | 3                   |
| 9.            | Technical Assistant        | 16         | 17                  |
| 10.           | Superintendent             | 16         | 1                   |
| 11.           | Accountant                 | 16         | 1                   |
| 12.           | Stenographers              | 15         | 14                  |
| 13.           | Assistants                 | 14         | 11                  |
| 14.           | Senior Auditors            | 14         | 2                   |
| 15.           | U.D.Cs                     | 9          | 3                   |
| 16.           | Telex/Fax Operator         | 7          | 1                   |
| 17.           | Telephone Operator         | 7          | 2                   |
| 18.           | Record Sorter              | 7          | 1                   |
| 19.           | L.D.Cs/Typists             | 7          | 13                  |
| 20.           | Staff Car Drivers          | 5          | 7                   |
| 21.           | Dispatch Riders            | 5          | 2                   |
| 22.           | Photostat Machine Operator | 5          | 2                   |
| 23.           | Daftry                     | 3          | 1                   |
| 24.           | Qasids                     | 3          | 2                   |
| 25.           | NaibQasids                 | 2          | 21                  |
| 26.           | Sweepers                   | 2          | 3                   |
| <b>Total:</b> |                            |            | <b>125</b>          |

(Table 2)

## CONSULTANTS / TRANSACTION MANAGERS

Privatisation, especially of major entities, is a technical and complex activity requiring ideas from highly qualified and experienced professionals. PC has, therefore, hired professionals from the private sector designated as Transaction Managers (TMs)/ Consultants who are tasked to undertake privatisation transactions. The basic criteria for appointment of TMs /Consultants is strong academic background, specialised skills and experience in the relevant field like business administration, economics, commerce, finance, accounting and law etc. depending upon the nature of the transactions. Consultants engaged have quality experience in the private sector institutions. Their services are being utilized efficiently and effectively by the PC.

Typical tasks for in-house transactions managers/consultants include preparing the terms of reference and hiring external consultants/advisors, overseeing and assisting the external consultants to ensure timely submission of deliverables, liaising with the relevant ministry staff, regulators, and management of the entity being Privatised, and advising on sectorial policies and regulatory frameworks related to privatisation. In-house transaction managers/ consultants are also involved in providing legal, accounting, and public technical support.

### Transaction Managers/ Consultants at the strength of PC

(Table-

| Sr. No | Name                | Grade | Designation                     |
|--------|---------------------|-------|---------------------------------|
| 1.     | Mr. Javed Ali Khan  | G-I   | Consultant (Post Privatisation) |
| 2.     | Mr.Asad Rasool      | G-I   | Senior Financial Consultant     |
| 3.     | Mr.Haseeb Khan      | G-I   | Consultant (Legal)              |
| 4.     | Mr. Shahid Raza     | G-I   | Consultant (Power)              |
| 5.     | Mr. Ahmed WaqasRiaz | G-II  | Consultant (Media)              |
| 6.     | Mr.Moazzam Ali      | G-III | Consultant (Oil & Gas)          |
| 7.     | Mr.WaqasSatti       | G-III | Consultant (Oil & Gas)          |
| 8.     | Mr. M. AdeelJanjua  | G-III | Consultant (BESOS)              |
| 9.     | Mr.AzeemQadirHayee  | G-III | Consultant (Financial)          |

3)

# BOARD OF PRIVATISATION COMMISSION

The Board of Privatisation Commission was constituted under Section 6 of the PC Ordinance, 2000.

One of the main functions of this Board is to make strategic decisions for the Privatisation Commission. The Chairman of the Privatisation Commission heads the Board. Apart from that, it comprises of seven other regular members.

The Chairman and the Secretary are the only representatives from the Government in the Board, while the rest of the members are prominent professionals from the Private Sector. The Board Members represent all the four provinces of the country.

## BOARD MEMBERS

The PC Board consists of the following members as on:-

| List of Board Members  |
|--|
| <b>Government Members</b>  |
| <b>Chairman:</b><br>1. Chairman, Privatisation Commission              |
| <b>Secretary:</b><br>2. Secretary, Privatisation Commission            |
| <b>Private Sector Members</b>  |
| 1. Mr. Shahab Anwar Khawaja, Ex- Privatisation Secretary               |
| 2. Mr. Iftikhar-Ul-Haq, Engineering Consultant                         |
| 3. Mr. Mahmood Nawaz Shah, Agriculturist                               |
| 4. Mr. Tanvir Ahmad Sheikh, Industrialist                              |
| 5. Mr. Farid Malik CFA, Chief Operating Officer, Lahore Stock Exchange |
| 6. Mr. Saifullah Magsi, Lawyer   |
| 7. Mr. Laeeq Ahmed Shiekh, Businessman                                 |

## CABINET COMMITTEE ON PRIVATISATION (CCOP)

The Cabinet Committee on Privatisation was established along with the Privatisation Commission in 1991. Since then, it has been functioning continuously except for the period from September 1998 to February 2000, when a Privatisation Board of Pakistan headed by the Prime Minister was formulated.

The basic aim of CCOP is to formulate a set of rules for the Privatisation Commission to follow. Other than that, it serves as a forum for taking macro-level decisions on Privatisation and to facilitate and review the level of progress in privatisation. All the major decisions taken in the privatisation process are brought through this Committee for approval.

Initially, the CCOP was headed by the Minister for Finance. Then on 21<sup>st</sup> September 2004, the Prime Minister reconstituted the Cabinet Committee on Privatisation to be chaired by him. But since 15<sup>th</sup> November 2008, it is headed by Advisor to PM on Finance, Revenue, Economic Affairs and Statistics. Currently it is headed by the Minister for Finance, Revenue, Economic Affairs and Statistics.

### Terms of Reference of CCOP

- To formulate the Privatisation Policy for approval of the Government / Cabinet.
- To approve the State Owned Enterprises to be privatised on the recommendation of the PC or otherwise.
- To take policy decisions on inter-ministerial issues relating to the privatisation process.
- To review and monitor the progress of privatisation.
- To instruct the PC to submit reports/information/data relating to the privatisation process or any matter relating thereto.
- To take policy decisions on matters pertaining to privatisation, restructuring, deregulation, regulatory bodies and Privatisation Fund Account.
- To approve the Reference Price in respect of the State Owned Enterprises being privatised.
- To approve the successful bidders.
- To consider and approve the recommendations of the PC on any matter.
- To assign any other task relating to privatisation to the PC.

## Composition of the CCOP

The following table shows the current composition of the CCOP:

|     |  |          |
|-----|--|----------|
| 1.  | Minister for Finance, Revenue, Economic Affairs, Statistics and Planning & Development | Chairman |
| 2.  | Minister for Commerce  | Member   |
| 3.  | Senior Minister for Industries   | Member   |
| 4.  | Minister for Information Technology and Telecom (when appointed)                       | Member   |
| 5.  | Minister for Law, Justice and Parliamentary Affairs                                    | Member   |
| 6.  | Minister for Petroleum and Natural Resources   | Member   |
| 7.  | Minister for Ports and Shipping  | Member   |
| 8.  | Minister for Privatisation   | Member   |
| 9.  | Minister for Textile Industry  | Member   |
| 10. | Minister for Water and Power   | Member   |

Apart from the above mentioned Members, following can also be invited by Special Invitation.

|     |  |
|-----|--|
| 1.  | Deputy Chairman Planning Commission                        |
| 2.  | Chairman, Board of Investment                              |
| 3.  | Governor, State Bank of Pakistan                           |
| 4.  | Chairman, Security Exchange Commission of Pakistan         |
| 5.  | Secretary, Commerce Division                               |
| 6.  | Secretary, Finance Division                                |
| 7.  | Secretary, Industries Division                             |
| 8.  | Secretary, Information Technology and Telecom Division     |
| 9.  | Secretary, Law, Justice and Parliamentary Affairs Division |
| 10. | Secretary, Petroleum and Natural Resources                 |
| 11. | Secretary, Planning & Development Division                 |
| 12. | Secretary, Ports & Shipping                                |
| 13. | Secretary, Privatisation Division                          |
| 14. | Secretary, Production Division                             |
| 15. | Secretary, Textile Industry Division                       |
| 16. | Secretary, Water and Power Division                        |
| 17. | Secretary, Board of Investment                             |

## CABINET COMMITTEE ON RESTRUCTURING

The Prime Minister on 21<sup>st</sup> January, 2010 constituted a Cabinet Committee on Restructuring (CCOR) of Public Sector Enterprises (PSEs) to eliminate the financial bleeding of the country due to loss making institutions. The committee consists of the following members:-

|    |  |               |
|----|--|---------------|
| 1. | Minister for Finance, Revenue, Economic Affairs and Statistics | Chairman      |
| 2. | Minister for Law, Justice and Parliamentary Affairs            | Member        |
| 3. | Minister for Privatisation                                     | Member        |
| 4. | Minister of State for Finance and Economic Affairs             | Co-opt Member |
| 5. | Deputy Chairman, Planning Commission                           | Co-opt Member |

The committee has been empowered to co-opt any other professional, as required. The provincial representatives may also be associated with the committee for taking them on board.

### **The Terms of Reference (TORs):**

TORs of the Committee are as under:-

- To restructure the Boards and Management of the PSEs
- To direct the Boards to prepare and present restructuring plans
- To review and monitor implementation plans on a quarterly basis.

The following framework has been suggested for restructuring effort:

- i. Formation of an independent and professional Board of Directors (BODs) in each PSE.
- ii. Hiring of professional CEOs (nominated by the respective BODs).
- iii. Approved restructuring Plans of respective PSEs.
- iv. Start implementing of approved restructuring plans under the new independent BODs

In the first phase, the following eight PSEs in Pakistan are being considered for restructuring:-

- i) Pakistan Railways
- ii) Pakistan Electric Power Company (PEPCO)
- iii) Pakistan International Airlines (PIA)
- iv) Pakistan Steel
- v) National Highway Authority (NHA)
- vi) Utility Stores Corporation (USC)
- vii) Trading Corporation of Pakistan (TCP)
- viii) Pakistan Agricultural Storage and Services Corp. (PASSCO)

The Cabinet Committee on Restructuring would opt for restructuring of Board of Directors and Management of these PSEs in the first phase. It is would be a continuous process and the Cabinet Committee on Restructuring along with Economic Advisory Council would monitor this on-going process. Services of market professionals would be hired and professional management in the shape of CEOs or MDs would be appointed in the PSEs.

Privatisation Commission (PC) is actively working with Ministry of Finance for the successful implementation of the charter of CCOR, especially for the restructuring of Pakistan Railways, Pakistan International Airlines (PIA), Pakistan Steel, National Highway Authority (NHA), Utility Stores Corporation (USC) and Trading Corporation of Pakistan (TCP).

All the PSEs are included in the Privatisation Program and as soon as they are operationally and financially viable after successful restructuring, they will be considered for privatisation, as it is a fact that;

***“The Government believes that private sector is the engine of growth and the Government has no business to do business”.***

## COUNCIL OF COMMON INTERESTS (CCI)

Article 153 of the Constitution of Islamic Republic of Pakistan provides for a Council of Common Interests (CCI) comprising the Prime Minister, who shall be the chairman of the council, the Chief Ministers of the Provinces and three members from the Federal Government to be nominated by the Prime Minister from time to time. The Council is responsible to the Parliament.

The Council formulates and regulates policies in relation to matters in Part-II of the Federal Legislative List and shall exercise supervision and control over related institutions.

### Composition of CCI

The composition of CCI as on November, 2011 is as under:-

|        |  |          |
|--------|--|----------|
| (i)    | The Prime Minister   | Chairman |
| (ii)   | The Chief Minister, Baluchistan  | Member   |
| (iii)  | The Chief Minister, Khyber Pakhtunkhwa                                 | Member   |
| (iv)   | The Chief Minister, Punjab   | Member   |
| (v)    | The Chief Minister, Sindh  | Member   |
| (vi)   | Mir Changez Khan Jamali,<br>Minister for Science & Technology          | Member   |
| (vii)  | Dr. Arbab Alamgir Khan,<br>Minister for Communications                 | Member   |
| (viii) | Mir Hazar Khan Bijarani,<br>Minister for Inter Provincial Coordination | Member   |

### Privatisation and CCI

Privatisation of any entity that falls within the purview of the Federal Legislative List Part II of the Constitution of Pakistan 1973 has to be approved by the CCI. CCI in 1997 had approved a comprehensive privatisation programme moved by Ministry of Privatisation / Privatisation Commission which was reaffirmed in 2006, as a consequence to Privatisation of Pakistan Steel Mills. CCI in 2011 further approved privatisation of Power Sector Entities i.e. Generation and Distribution Companies.

Out of the approved privatisation programme most of the entities has been disposed-off through various approved privatisation modes. List of the approved entities by the CCI is at Appendix-A.

# PRIVATISATION POLICY

The privatisation process in Pakistan has slowly and gradually moved from simple to complex sectors with the passage of time. During this whole period, the privatisation policy has continuously been reviewed and amended in order to ensure a transparent and competitive privatisation process. It is, without a doubt, the result of this immaculate Privatisation Policy of the country that Pakistan has witnessed the practice of an era of efficient and effective privatisation.

## Privatisation Policy on the basis of Public Private Partnership (PPP Mode)

Since PC's inception 167 entities have been disposed-off via various modes especially through Strategic Sale. PC had successfully privatised State-Owned Enterprises in the chemical, textile, nitrogen fertilizer, phosphate fertilizer, cement, rice, roti, automobile industry, engineering and banking sectors have been privatised.

After such comprehensive privatizations, it was observed that the entities that remain in-hand are of National Interest like Infrastructure, Oil, Gas & Energy, Power and Transport. It would be evident to trigger public sector interest by offering PPP Mode transaction whereby keep track on public sector by the government after the privatisation of such entities.

Thus PPP Policy was implemented in 2009, wherein the management may be transferred to investors through sale of 26% shares while ensuring transparency and safeguard of other interests through comprehensive documentation.

The main objective of Privatisation Policy through PPP model is to put national resources and assets to optimal use, particularly to unleash the productive potential inherent in Pakistan's State Owned Enterprises (SOEs). The policy of Privatisation specifically aims at enhancing the value of Government shareholding, maximization of profits, modernization and up-gradation of State Owned Enterprises; exploration and creation of new assets; management and technological transfer benefit, increasing investments in the SOEs by identifying business benchmarks and outputs, remedial measures, and generation of employment. Government would continue to ensure that divestment does not result in alienation of national assets and reduction in quality of production and service detrimental to its people. In this regard the Cabinet Committee on Privatisation and the Cabinet had approved a comprehensive Privatisation Plan through Public Private Partnership.

The Salient Features of PPP Mode are as under:

- i) As a policy, privatisation will be conducted in the PPP mode for 26% of the equity stake. In order to enhance value of GOP shareholding, maximization of profits, modernization and up-gradation of state enterprises, creation of new assets and management and technological transfer benefits will be ensured by identifying business benchmarks and outputs in order to ensure maximum benefit from these transactions.
- ii) To carry out a two stage prequalification structure including a contractually binding business plan and provisions with regard to management, default, termination, penalties and dispute resolution will be formulated.
- iii) The agreements will have to be restructured on a case to case basis. Additional documentation will have to be carried out for implementation agreements, facilitation agreements, management lease, concession agreements and guarantee agreements etc.
- iv) To provide protection to the employees post-privatisation.

- v) The management arrangement will have to be made in such a way that GOP Directors would, through contractual arrangements provide oversight in a joint consultative body comprising strategic investors and GOP nominees.
- vi) Exit options for GOP, transfer restrictions and lock in period for strategic investors.
- vii) Remedies to GOP in case of right of first refusal and put options including mechanism of sale to third party.
- viii) While divesting residual shareholding of the Government in future divestment, the post privatisation performance of the entities and market conditions including approval of relevant regulatory bodies will be considered. It will also be ensured that agreed benchmarks for performance are made by the strategic investors for consideration for further divestment. Where found expedient, the entity will be listed before adoption of the PPP privatisation mode to benefit, from amongst others, capital market price discovery mechanism.
- ix) Comprehensive contractual regime working under the enabling provisions of the law would be put in place to ensure innovative PPP structure reflecting best international industry practices.
- x) Where possible, manner, methodology and mechanism of PPP structure may be framed after consultative process and due approval of the Board of the PC.
- xi) In order to achieve the most optimal results, in-house capacity will be made formidable through recruitment capacity building and continued learning.
- xii) In cases where due process and investor feedback determines that the 26% PPP structure is not a practicable option, the Privatisation Commission will revert back to the CCOP with alternate structures.

Following 23 entities to be privatised under the Public Private Policy were also approved by the CCoP:-

| Sr. # | Transaction                                     |
|-------|---|
| 1.    | SME Bank Limited                                |
| 2.    | National Power Construction Company (NPCC)      |
| 3.    | Faisalabad Electric Supply Co. Ltd              |
| 4.    | Jamshoro Power Co. (GENCO)                      |
| 5.    | KOT ADDU Power Company Thru GDR                 |
| 6.    | Heavy Electrical Complex                        |
| 7.    | Pakistan Post (Financial Services)              |
| 8.    | Pakistan Machine Tool Factory                   |
| 9.    | Printing Corporation of Pakistan                |
| 10.   | PTDC Motels and Restaurants                     |
| 11.   | Pakistan Mineral Development Corporation (PMDC) |
| 12.   | Morafco Industries Limited                      |
| 13.   | Sind Engineering Limited                        |
| 14.   | Republic Motors                                 |
| 15.   | Services International Hotel                    |
| 16.   | Peshawar Electrical Supply Company (PESCO)      |
| 17.   | Quetta Electrical Supply Company (QESCO)        |
| 18.   | Hyderabad Electrical Supply Company (HESCO)     |

|     |   |
|-----|---|
| 19. | Islamabad Electric Supply Company (IESCO) |
| 20. | Pakistan Railways                         |
| 21. | National Insurance Company                |
| 22. | Pakistan Reinsurance Company              |
| 23. | State Life Insurance Company              |
| 24. | Utility Stores Corporation and Stores     |

## CAPITAL MARKET TRANSACTIONS

Privatisation Commission besides conducting privatisation via traditional modes i.e. strategic sales also conducts transactions of various SOEs in Banking, Oil & Gas, Energy and Financial Sectors through capital markets. Such transactions involve divestment of government owned shares of respective entity in local stock exchange as well as international stock exchange.

PC had conducted some very successful capital market transactions involving Initial Public Offerings (IPOs), Secondary Public Offerings (SPOs) and Global Depository Receipts (GDRs) of banking, power and oil & gas sectors in the past. Details of which are as under:-

### IPOs Undertaken

| Name of the Entity                            | Shares offered |   | Proceeds realized<br>Rs. (million) | Offering Date |
|---|----------------|---|------------------------------------|---------------|
|   | Number         | Percentage                                |                                    |               |
| National Bank of Pakistan (NBP)               | 37,300,000     | 10%                                       | 373.04                             | February 2002 |
| Oil & Gas Development Company Limited (OGDCL) | 215,046,420    | 2.5% with green shoe option of addl. 2.5% | 6,851.0                            | November 2003 |
| Pakistan Petroleum Limited (PPL)              | 102,875,000    | 10% with green shoe option of addl. 5%    | 5,632.6                            | July 2004     |
| KotAddu Power Company Limited (KAPCO)         | 160,798,500    | 10% with green shoe of addl. 10%          | 4,814.8                            | April 2005    |
| United Bank Limited (UBL)                     | 21,743,800     | 4.2%                                      | 1,087.19                           | June 2005     |
| Habib Bank Limited (HBL)                      | 51,750,000     | 7.5 %                                     | 12,161.00                          | July 2007     |

### SPOs Undertaken

| Name of the Entity                            | Shares offered |            | Proceeds realized<br>Rs. (million) | Offering Date |
|---|----------------|------------|------------------------------------|---------------|
|   | Number         | Percentage |                                    |               |
| National Bank of Pakistan (NBP)               | 37,303,932     | 10%        | 782.00                             | November 2002 |
| NBP – 3 <sup>rd</sup> Offer                   | 13,131,000     | 3.52%      | 604.00                             | November 2003 |
| Oil & Gas Development Company Limited (OGDCL) | 21,505,000     | 0.5%       | 2,359.00                           | April 2007    |

### GDRs Undertaken

| Name of the Entity                              | Shares offered |            | Proceeds realized<br>Rs. (million) | Offering Date |
|---|----------------|------------|------------------------------------|---------------|
|   | Number         | Percentage |                                    |               |
| Oil and Gas Development Company Limited (OGDCL) | 408,588,000    | 9.5%       | 46,963                             | December 2006 |
| United Bank Limited                             | 202,343,752    | 25%        | 39,450                             | June 2007     |

CCoPin February, 2011 directed PC to pursue capital market transactions in order to boost the stock markets and help mobilize domestic saving.

Pursuant to CCOP, PC is actively pursuing a capital market road map, which includes a SPO of PPL and an Exchangeable Bond for OGDCL. The transactions will be launched at an appropriate time.

# PRIVATISATION PROCESS

The privatisation process, which is aimed at selling government property in an open and transparent way with a view to obtaining the best possible price, varies somewhat depending on the nature of the asset being privatised, on the proportion of shares being offered for privatisation, and on whether a transfer of management is involved. The Board of the Privatisation Commission decides as to what kind of process will be followed.

The Privatisation Process generally comprises of the following steps:

1. Identification of an entity to be privatised.
2. Approval by the CCI.
3. CCOP / Cabinet approval.
4. Hiring of Financial Advisor (FA) or Valuator.
5. Due diligence by the FA / Valuator.
6. Privatisation strategy.
7. Enacting sectoral reforms (if required).
8. Valuation of Property.
9. Expressions of Interest (EOI).
10. Statement of Qualification (SOQ).
11. Pre-Bid Process.
12. Pre-qualification.
13. Due diligence by potential bidders.
14. Value approved by the PC Board and CCOP.
15. Pre-bid conference.
16. Bidding process approval by PC Board and CCOP.
17. Open bidding.
18. Price approval by PC Board and CCOP.
19. Letter of acceptance to successful bidder.
20. Management Transfer (after 100% receipt of payment).

## DESCRIPTION

A brief description of the steps shared in all transactions is provided below:

### ➤ Identification

The first step is the identification of the entity or list of entities to be privatised. In a typical transaction, the Privatisation Commission, in consultation with the relevant ministry, submits a Summary of the proposed transaction to its Board.

#### ***The Summary***

- justifies the need for privatizing the property,
- outlines the likely mode of privatisation, and
- sometimes seeks guidance on issues relating to such matters as:
  - pricing,
  - restructuring,
  - legal considerations, and
  - the regulatory framework.

Once endorsed by the Board, it is submitted to the Cabinet or its subcommittee, the Cabinet Committee on Privatisation, for approval.

### ➤ Hiring of a Financial Advisor or Valuator

In major transactions, the process to hire a financial advisor is carried out by the transaction manager with the approval of the Board. Then,

- ✓ The terms of reference for the FA are finalized,
- ✓ expressions of interest from prospective FAs are solicited,
- ✓ an evaluation team is constituted, and
- ✓ short listed firms are invited to submit technical and financial proposals in a common format.

The evaluation team scores the technical proposals and the highest ranked firm based on both technical and financial scores is invited for contract negotiations and signing.

In November 2001, the Board approved regulations for hiring a financial advisor in order to make more transparent the procedures that were largely being followed over the last decade Hiring of Financial Advisor Regulations 2001.

In other transactions, a Valuator is hired according to the Hiring of Valuators Regulation 2001. This regulation was amended by the Privatisation Commission in 2007.

### ➤ Due Diligence

The next step is to carry out the legal, technical, and financial due diligence. This is aimed at:

- ❖ Identifying any legal encumbrances,
- ❖ evaluating the condition of the assets, and
- ❖ Examining the accounts of the company in order to place a value on the company.

For most industrial units and some small transactions, this is done using in-house transaction managers and staff, or by sub-contracting out part of the work to a domestic legal, technical, or accounting firm.

However, for major privatizations in banking, infrastructure, or utilities, the FA carries out this function. Following due diligence, the FA finalizes the privatisation plan. This may include recommendations on any needed restructuring, in addition to specifying the amount of shares or assets to be privatised. For major privatizations or when the proposed privatisation mode is different from the initial plan, the plan is then submitted to the Board, the CCOP, or the full Cabinet for approval.

### ➤ Enacting any Needed Regulatory and Sectoral Reforms

For many major transactions, the ability to privatise and the amount of proceeds realizable depend critically on the level of regulated prices for the public enterprise's inputs or outputs and other sectoral or regulatory policies. For many monopolies or quasi-monopolies, the "rules of the game" specifying the competition framework post-privatisation, the manner and type of regulation, and the institutions regulating them are key to investor interest.

In addition to rules determining prices or tariffs, there may be rules determining standards, penalties for non-compliance, the extent, form and timing of any proposed deregulation, and the evolving structure of the market following liberalization. Clarification of these rules and passage of needed laws and regulations will often be necessary before taking the transaction to market.

## ➤ Valuation of Property

In order to obtain an independent assessment of the value of the property being privatised, the Commission relies primarily on external firms. The Financial Advisor, where there is one, carries out the valuation to obtain a “reference price” for the property. In other cases, the Commission contracts with an external valuation firm or accounting firm as specified in the rules on the valuation of property, which can be obtained from the PC website. The methods used for the valuation vary with the type of business and often more than one method is used in determining the value. These include the discounted cash flow method, asset valuation at book or market value, and stock market valuation. Despite using scientific methods, valuation remains more an art than a science. The true value is dependent on many difficult to quantify variables such as country risk, corporate psychology and strategy, and perceptions of future macroeconomic performance. Only the market can determine the true value. Therefore it is important to focus on designing appropriate transaction structures, on advertising in relevant media, in choosing and implementing appropriate pre-qualification criteria for bidders, and in following an appropriate bidding process to obtain a fair price for the privatisation.

## ➤ Pre-bid and Bid Process

Expressions of Interest (EOI) are invited by advertising in the relevant media. The PC Ordinance 2000 spells out some of the advertising procedures. Depending on the kind of transaction, the EOI describes the broad qualifications that potential bidders must possess. Those submitting an EOI and meeting the broad qualifications are provided with the Request for Proposals (RFP) package containing the detailed pre-qualification criteria, instructions to bidders, draft sale agreement, and other relevant documents. Interested parties then submit a Statement of Qualifications (SOQ), which is evaluated to determine whether an interested party meets the requisite qualifications. Pre-qualified bidders are then given a specified period to conduct their own due diligence, following which they are invited to a pre-bid conference where their questions and concerns can be addressed. The meeting is useful in determining the bidding procedure to be followed (for example, open auction, sealed bids, or some combination) and could even determine the proportion of shares that the Government may want to offload. The bidding itself is done openly, with all bidders and media invited.

## ➤ Post-bid Matters

Following bidding and identification of the highest bidder, the Board of the PC makes a recommendation to the CCOP as to whether or not to accept the bid. The reference price is a major determinant in the recommendation, although the Board may recommend the sale even if the offer price is below the reference price. Once the bid price and bidder are approved, the PC issues a letter of acceptance or a letter of intent to the successful bidder, indicating the terms and conditions of the sale. Following negotiations with the bidder, the PC then finalizes the sale purchase agreement, collects the sale proceeds, and transfers the property. Under PC’s current policy, privatisation proceeds are required to be paid upfront rather than over time, as had been the case for many earlier transactions. Within 30 days of the sale, the PC is required to publish the summary details of the transaction in the official gazette. Three transactions, namely LPG business of SSGC, LPG business of SNGPL and divestment of shares of MCB, were published in the gazette in 2001.

## Summary of the Process

In nutshell, the privatisation process is lengthy for major transactions, mainly to assure transparency in the process. After receiving CCOP approval for the privatisation, it typically takes about 18 months to close a major transaction, even when no major restructuring of the company is required see chart. This includes about six or seven months to appoint a Financial Advisor and another three or four months for the FA to complete its legal, technical and financial due diligence and to propose a privatisation strategy.

Following approval of the strategy, the marketing and bidding process may take five or six months (valuation efforts proceed in parallel), while it may take another two months after bidding to obtain approvals, finalize sale documents, and close the transaction. Additional delays in privatisation are often caused by waiting for the necessary regulatory framework and sectoral policies to be put in place and for any needed restructuring to occur.

## ACHIEVEMENTS OF PRIVATISATION COMMISSION

One of the biggest achievements of Privatisation Commission has been the development of a productive and evolving Privatisation Policy and the successful implementation of this program. This is being said due to the fact that Pakistan's Privatisation Program has proved to be the most successful program in whole of South Asia, Central Asia and the Middle East.

In less than two decades of its operation, the Privatisation Commission has successfully managed to complete approximately 167 Privatisation Transactions, while generating revenue of over \$9bn (Rs. 476,421.2 million).

100% of the State-Owned Enterprises in the chemical, textile, nitrogen fertilizer, phosphate fertilizer, cement, rice, roti and light engineering have been privatised. Apart from that, 98% of the automobile industry and 96% of ghee mills have also been successfully privatised.

Pakistan's banking industry has also been substantially privatised, due to which 80% of the banking sector is now under private ownership. This has resulted in a more efficient banking system within the country and has shown significant transformation in the revenues of these newly privatised banks.

### Privatisation Transactions since 1991

Since its inauguration in 1991, the Privatisation Commission has completed 167 transactions with revenue of over Rs. 476,212.2million. Details are as follows:

| Sector                  | No of transactions | Proceeds (Rs M) |
|-------------------------|--------------------|-----------------|
| Banking                 | 7                  | 41,023          |
| Capital market          | 22                 | 133,124         |
| Energy                  | 14                 | 51,756          |
| Telecom                 | 4                  | 187,360         |
| Automobile              | 7                  | 1,102           |
| Cement                  | 17                 | 16,178          |
| Chemical and Fertilizer | 23                 | 41,922          |
| Engineering             | 7                  | 183             |
| Ghee Mills              | 24                 | 843             |
| Rice and Roti Plants    | 23                 | 324             |
| Textile                 | 4                  | 371             |
| Newspapers              | 5                  | 271             |
| Tourism                 | 4                  | 1,805           |
| Others                  | 6                  | 159             |
| <b>Total</b>            | <b>167</b>         | <b>476,421</b>  |

## CURRENT ACTIVITIES

The Privatisation program is part of the economic reforms agenda of Government that along with deregulation, restructuring and good governance seeks to enhance growth and productivity in the economy by harnessing the private sector's capital and managerial potential as engine of growth. Pakistan has been following these policies for quite some time.

Privatisation efforts began in earnest after the creation of Privatisation Commission on January 22, 1991. Although the Privatisation Commission's mandate was initially restricted to industrial transactions, by 1993, it expanded to include Power, Oil & Gas, Transport (aviation, railways, ports and shipping), Telecommunications, Banking and Insurance sectors. To date 167 transactions have been completed at a sale price of Rs. 476,421.2 million. The privatisation programme being implemented is one of the successful programme in the region with most number of offloads in two decades.

Currently there are 65 entities on the agenda for privatisation out of which some entities are on active list, which are expected to be off loaded in near future. A brief description of the entities to be privatized in 2011-12 is as under:-

### OIL AND GAS DEVELOPMENT COMPANY LIMITED (OGDCL) – EXCHANGEABLE BONDS (EB)

OGDCL is the largest Exploration and Production (E&P) Company in Pakistan engaged in exploration and development of oil and gas resources, including production and sale of oil, gas and related products. OGDCL was established in 1961 as a public sector corporation which subsequently was converted into a public limited joint stock company in 1997.

The company is equipped with state of the art equipment and is operating oil & gas processing plants, a mini refinery and LPG and Sulphur recovery units. It has 40 development and production/mining leases and working interest ownership in 13 non-operated leases.

#### Privatisation Process / Capital Market Transactions:

In October, 2003 GoP divested 4.98% of shares through Initial Public Offering (IPO), followed by a Global Depository Receipts (GDRs) of 9.5% of its shares in the Company in December 2006 and a Secondary Public Offering of 0.5% shares in February, 2007.

PC in a CCOP meeting of February, 2011, proposed that PC could assist the Government of Pakistan (GoP) in the process of economic stabilization by helping in curtailing fiscal deficit. PC might achieve this goal by kick starting a line of capital market transactions which can generate significant funds for budgetary support. Subsequently the CCOP in March, 2011 approved a roadmap of Capital Market Transactions in Oil & Gas, Power and Financial Sectors for 2011-2012.

Pursuant to the CCOP decision, PC initiated issuance of Exchangeable Bond of OGDCL in consultation with stakeholders to raise US\$ 500 million for budgetary support.

Moreover, Consortium of Citi Group, Credit Suisse, JP Morgan & BMA Capital Management Limited and a Consortium of Bhandari, Naqvi&Riaz and Fresh Field BrucklansDeringer LLP has been appointed as Book Runner and Issuer Legal Council respectively, whereas KPMG& MYASCO (Deloitte) are accountants.

The transaction was initially targeted for last FY i.e. by the end of June, 2011 but due to Greek Financial Crisis it was advised by the FA to delay the transaction up to October 2011 or till the international capital market stabilizes.

### NATIONAL POWER CONSTRUCTION CORPORATION LIMITED (NPCC)

NPCC was established in 1974 and incorporated under the Companies Ordinance, 1984 by the Government of Pakistan under the Federal Ministry of Water and Power. NPCC undertakes execution of large power construction projects including high and low voltage lines, distribution networks and electrification of large housing/commercial projects on turn-key basis.

#### Privatisation Process:

Previous Expression of Interest (EOIs) for acquisition of 51% shares of NPCC was advertised on 17<sup>th</sup> April, 2008. Seven (7) parties were pre-qualified, but they lost interest due to international economic melt-down and pre-occupation in various other projects. Resultantly, bidding was not materialized. CCOP in its meeting held on February 17, 2009 decided 51% divestment of shares of NPCC. PC Board in its meeting held on April 23, 2010 decided that Expression of Interests (EOIs) be invited for appointment of Financial Advisor (Chartered Accountant Firm) for inviting fresh EOIs from local as well as foreign qualified investors for optimal divestment of GOP shares in NPCC.

Pursuant to above mentioned PC Board decision, M/s KASB has been appointed as Financial Advisor for NPCC transaction. Moreover, PC Board also decided in July, 2011 to divest minimum 88% shares of NPCC. The transaction is expected to conclude by March – April, 2012.

#### PAKISTAN PETROLEUM LIMITED (PPL)

PPL contributes 25 percent of the country's total natural gas supplies besides producing crude oil, Natural Gas Liquid and Liquefied Petroleum Gas.

#### Privatisation Process

15% and 2.5 % of PPL's shares has been divested through Public offerings in July, 2004 and Oct-Nov, 2011. Currently PC intends to further divest 2.5% of PPL's shares via Public Offering, which is targeted for Oct-Nov, 2011. In this regard, Consortium comprising of National Bank of Pakistan, Habib Bank Limited, ArifHabib Limited, and Foundation Securities Limited has been appointment as Lead Manager/Book Runner(s) for PPL Secondary Public Offering. The transaction is expected to conclude by March – April, 2012.

#### HEAVY ELECTRICAL COMPLEX (HEC)

Heavy Electrical Complex (Private) Limited (HEC) was incorporated as a private limited company on 9<sup>th</sup> December 1991 under Companies Ordinance, 1984. HEC is fully owned by State Engineering Corporation (SEC), Ministry of Industries and Production, Government of Pakistan. The project is located at Hattar Industrial Estate - Hattar, District Haripur, Khyber Pakhtoon-Khwa at a distance of 66 Km from the country's capital, Islamabad.

HEC is one of the industrial units of State Engineering Corporation (SEC) engaged in the manufacturing of power transformers of different types with primary voltage rating of 66 and 132 KV. In addition, the HEC undertakes repair and refurbishment of old and damaged transformers up to 500 KV. HEC has six main manufacturing shops namely machine shop, winding shop, core shop, fabrication shop, insulation shop and assembly shop. In addition, HEC has an oil purification shop; high voltage test laboratory equipped with overhead traveling cranes. HEC can diversify its manufacturing range by including other products such as instrument transformers, high voltage circuit breakers and other grid stations equipment for meeting demand of the products in domestic and foreign markets.

#### Privatisation Process

Previous attempt for privatisation of HEC was initiated in October 2006 by inviting EOIs from prospective investors. Eleven (11) parties submitted EOIs out of which five parties were pre-qualified. However, all the parties lost interest due to international economic melt-down. As such bidding was never held.

Cabinet Committee on Privatisation (CCOP) / Cabinet approved the privatisation via Public Private Partnership (PPP) mode of HEC through 26% divestment of HEC shares. Subsequently, PC Board in April, 2010 approved to reactivate privatisation of HEC and to update the valuation; on completion of the valuation; the appropriate mode of privatisation may be determined to invite EOIs from qualified parties.

PC Board in its another meeting of March 2011 decided that HEC is not a major transaction which warrants the appointment of a FA, therefore, in order to save exorbitant amount to be paid to FA the transaction might be conducted internally by the team of PC without appointing FA. Moreover, PC Board in its meeting held in July, 2011 approved divestment of minimum 96% of HEC shares held by the GOP.M/s Riaz Ahmed & Co. was appointed as valuator. The transaction will be expected to conclude in near future.

## FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)

FESCO distributes and supplies electricity to about 2.93 million customers within its territory comprising of Faisalabad, Sargodha, Mianwali, Khushab, Jhang, Bhakker, T.T Singh and Chiniot. FESCO is one of the DISCOs with low degree of loss and high rate of Bill collection.

### Privatisation Process:

The privatisation of FESCO was started in early 2000's by the appointment of International Financial Consultant (IFC) a member of World Bank Group. CCI had accorded its formal approval for the privatisation of 9 DISCOs and 3 GENCOs in April, 2011. PC intends to take up privatisation of one profit making and a loss making power Sector entity simultaneously. Modalities in this regard are being chalked out in consultation with Line Organizations. The FESCO Strategic Sale is expected to conclude by June, 2012.

## KOTADDU POWER COMPANY LIMITED (KAPCO)

KotAddu Power Plant (the "Power Plant") was built by the Pakistan Water and Power Development Authority ("WAPDA") in five phases between 1985 and 1996 at its present location in KotAddu, District Muzaffargarh, Punjab. In April 1996, KotAddu Power Company Limited ("KAPCO") was incorporated as a public limited company under the Companies Ordinance, 1984 with the objective of acquiring the Power Plant from WAPDA. The principal activities of KAPCO include the ownership, operation and maintenance of the Power Plant.

### Privatisation Process

On June 27, 1996, following international competitive bidding by the Privatisation Commission, the management of KAPCO was transferred to National Power (now International Power) of the United Kingdom, which acting through its subsidiary National Power (KotAddu) Limited ("NPKAL"), bought shares representing a 26% stake in KAPCO. Later, NPKAL bought a further 10% shareholding in KAPCO increasing its total shareholding to 36%.

The other majority shareholder in KAPCO is WAPDA with a present shareholding of 46%. Following the successful completion of the Offer for Sale by the Privatisation Commission (on behalf of WAPDA) in February 2005, 18% of KAPCO's shareholding is now held by the General Public. On April 18, 2005 KAPCO was formally listed on all three Stock Exchanges of Pakistan.

PC now strives to divest 5-10% of KAPCO shares held by the GoP through Secondary Offering /Global Depository Receipts. The transaction will be expected to conclude by May –June, 2012.

## NATIONAL BANK OF PAKISTAN (NBP)

NBP is the only Public Sector Bank with major shareholding owned by the GoP and holding assets worth US\$ 9 billion. It has built an extensive branch network with over 1250 branches in Pakistan and operates in major business center abroad. The Bank has representative offices in Beijing, Tashkent, Chicago and Toronto. It has agency arrangements with more than 3000 correspondent banks worldwide. Its subsidiaries are Taurus Securities Ltd, NBP Exchange Company Ltd, NBP Capital Ltd, NBP Modaraba Management Company Ltd, and CJSC Bank, Almaty, Kazakhstan. The Bank's joint ventures are, United National Bank (UK), First Investment Bank and NAFA, an Asset Management Company (a joint venture with NIB Bank & Fullerton Fund Management of Singapore).

### Privatisation Process

23.52% shares of NBP have been diverted through Public Offerings in February & November, 2002 and in November, 2003. Further divestment of 10% shares via Public Offering is expected by June 2012.

## HABIB BANK LIMITED (HBL)

Habib Bank Limited operates in the Commercial banks sector was originally incorporated in 1941. The Bank is engaged in commercial banking, modaraba management and asset management related services in Pakistan and overseas. During the year ended December 31, 2010, the Bank operated 1,459 branches in Pakistan and 42 overseas branches. The geographical segments of the Bank include Pakistan, Asia Pacific, Europe, North America, Middle East and others.

### Privatisation Process

In December, 2003 Agha Khan Fund for Economic Development acquired 51% shares along with Management Rights through open bidding process for the privatisation of HBL. Further divestments of GoP shareholding in HBL were conducted in August, 2005 and June, 2007 through IPO (4.2%) and GDR (21.74%) respectively. SPO of 10% shares is targeted for June, 2012.

# BENAZIR EMPLOYEES STOCK OPTION SCHEME

One of the most important achievements of Privatisation Commission is the implementation of Benazir Employees Stock Option Scheme (BESOS) by offering 12% stock options from the 80 public organizations to the employees of their respective organization, on the directions of Syed YousafRazaGilani, Prime Minister of Pakistan, who announced the scheme on 14th August, 2009. It is expected that around 500,000 employees of 80 SOEs will be benefitted from the said scheme. The objectives of the scheme are as under:

- (i) Ensure Employees' participation in profits and increased worth of the entity
- (ii) Enhance Employees' loyalty and commitment for improvement of efficiency of the entity
- (iii) Enable the Employees to participate at highest level in decision making process.

## SALIENT FEATURES OF BESOS /FORMATION & FUNCTIONS OF TRUST

1. In every SOE an Employees' Empowerment Trust (EET) shall be formed with the following trustees:-
  - 3 Employees' representatives to be nominated by respective SOE.
  - 3 Government nominees to be nominated by the Line Ministry
2. The EET shall be formed with token cash.
3. 12% of GoP shareholdings in each SOE will be transferred to the EET free of cost. Employees' representative on the Board to be nominated by respective Trust of the SOE.
4. Trust will assign units to employees in proportion to their entitlement on the basis of length of service through Units Certificates.
5. Trusts are entitled to receive dividends, if any, from the date of applicability of the BESOS i.e. after shares have been transferred to the Trust.
  - 50% of the dividends to be transferred to Central Revolving Fund by the Trust established in PC.
  - 50% to be distributed amongst the employees by the Trust.

## ELIGIBILITY FOR UNIT ALLOCATION

Following employees are eligible:-

- Regular or permanent employees on payroll of SOE as of 14th August, 2009.
- Contractual employees (with minimum service of five years) on the payroll of SOE as of 14th August 2009
- Employees on deputation or on daily wages shall not be entitled to any benefits under the scheme.

## MECHANISM OF UNIT ALLOCATION TO REGULAR EMPLOYEES

- Minimum of one (1) unit would be allocated to each eligible employee who was on the payroll of the company on August 14, 2009.
- Six months and above would be treated as a one year of service for counting of units. An additional unit for each year will be counted for subsequent working out of units;
- Maximum of twenty (20) units can be allocated even if service is more than 20 years;
- All contractual employees with a minimum 5 years of service are eligible for allocation of one unit.
- An additional unit for each year over and above the said five years will be counted for subsequent working out of units.

## EXIT POLICY

- The eligible employees are required to serve the entity for another five years from August 14, 2009 to be entitled for compensation.
- However, the condition will not apply in the following cases:-
  - Superannuation
  - Retrenchment
  - Medical Grounds and
  - Death / Disability
- Employees either dismissed, removed or whose services are terminated for any disciplinary reasons shall not be entitled.

## MECHANISM FOR BUYBACK OF SHARES:

- Shares / Units Certificates are not saleable; however, Unit Certificates can be pledged or hypothecated.
- Employees will surrender the Units Certificates to their respective Trust on retirement, or when ceasing to be an employee and Trust shall make payment for surrendered units.
- Shares against surrendered units to be returned by the Trust to Federal Government.

The GoP will guarantee buyback of shares against surrendered units on the following basis:

|   |   |
|---|---|
| Listed Companies                                  | On market value                                   |
| Unlisted and Private Limited Companies            | On break-up value excluding revaluation reserves  |
| SOEs established under Special Acts and Ordinance | On net-worth basis excluding revaluation reserves |

## BESOS PROGRESS / IMPLEMENTATION STATUS

|   |   |           |   |
|---|---|-----------|---|
| FINANCIAL<br>The Scheme financial impact 198.7863 billion implementation SOEs through dividend on shareholding of payment of to employees be employee. information as as follows: | No. of entities where Trusts have been registered           | 64        | IMPACT<br>envisages of RS. for of BESOS in 77 payment of 12% GOP and buyback claims on ceasing to Other of 04-08-2011is amounting to billion received of 11 entities; |
|   | No. of benefiting employees                                 | 306,473   |   |
|   | No. of entities where Unit Certificates have been delivered | 47        |   |
|   | No. of benefiting employees                                 | 142,756   |   |
|   | No. of entities where Unit Certificates are in process      | 17        |   |
|   | No. of employees to be benefited                            | 163,717   |   |
|   | No. of entities where Trusts registration are pending       | 09        |   |
|   | No. of entities already de-listed                           | 02        |   |
|   | No. of entities under consideration for de-listing          | 05        |   |
|   | <b>Total Entities</b>                                       | <b>80</b> |   |

- Dividend Rs. 4.77 by Trust
- 50% dividend amounting to Rs. 2.18 billion has been received in Central Revolving Fund
- 50% dividend amounting to Rs. 2.18 billion has been distributed by the Trusts among 24,781 employees.
  - Buyback claims received ----- Rs. 3.01 billion
  - No. of claimants ----- 489
  - No of entities ----- 05

- Amount of claims paid ----- Rs. 1.06 billion
- No of claimants paid ----- 211
- Claims outstanding ----- Rs. 2.23 billion

## Listed Public Limited Companies

| <b>S. No.</b> | <b>Name of SOE</b>                         |
|---------------|--|
| 1             | Habib Bank Limited                         |
| 2             | Karachi Electric Supply Company Limited    |
| 3             | KotAddu Power Company Limited              |
| 4             | National Bank of Pakistan                  |
| 5             | Oil and Gas Development Company Limited    |
| 6             | Pakistan Engineering Company Limited       |
| 7             | Pakistan International Airline Corporation |
| 8             | Pakistan National Shipping Corporation     |
| 9             | Pakistan Petroleum Limited                 |
| 10            | Pakistan Reinsurance Company Limited       |
| 11            | Pakistan State Oil Company Limited         |
| 12            | Sui Northern Gas Pipelines Limited         |
| 13            | Sui Southern Gas Pipelines Limited         |
| 14            | Mari Gas Limited                           |
| 15            | United Bank Limited                        |
| 16            | Pakistan Telecommunication Company Limited |

## Un-Listed Public Limited Companies

| <b>S. No.</b> | <b>Name of SOE</b>   |
|---------------|--|
| 1             | Central Power Generation Company Limited                   |
| 2             | Faisalabad Electric Supply Comapny Limited                 |
| 3             | First Women Bank   |
| 4             | Gujranwala Electric Power Company Limited                  |
| 5             | House Building Finance Corporation Limited                 |
| 6             | Hyderabad Electric Supply Company Limited                  |
| 7             | Industrial Development Bank Limited                        |
| 8             | Islamabad Electric Supply Company Limited                  |
| 9             | Jamshoro Power Company Limited                             |
| 10            | Lahore Electric Supply Company Limited                     |
| 11            | Lakhra Coal Development Company Limited                    |
| 12            | Lakhra Power Generation Company Limited                    |
| 13            | Multan Electric Power Company Limited                      |
| 14            | National Construction Limited                              |
| 15            | National Insurance Company Limited                         |
| 16            | National Investment Trust Limited                          |
| 17            | Northern Power Generation Company Limited                  |
| 18            | Pak Arab Refinery Company Limited                          |
| 19            | Pakistan Agricultural Storage and Supply Corporation       |
| 20            | Pakistan Railway Advisory and Consultancy Services Limited |
| 21            | Pakistan Tourism Development Corporation                   |

|    |  |
|----|--|
| 22 | Peshawar Electric Supply Company Limited         |
| 23 | Quetta Electric Supply Company Limited           |
| 24 | Railways Constructions Pakistan Limited          |
| 25 | Saindak Metals Limited                           |
| 26 | SME Bank Limited                                 |
| 27 | Tribal Electric Supply Company Limited           |
| 28 | ZaraiTaraqati Bank Limited                       |
| 29 | Associated Hotels of Pakistan Limited            |
| 30 | National Transmission & Dispatch Company Limited |
| 31 | Pakistan Television Corporation Limited          |
| 32 | Shalimar Recording and Broadcasting Corporation  |
| 33 | Karachi Shipyard & Engineering Works Limited     |

### Private Limited Companies

| S. No. | Name of SOE   |
|--------|---|
| 1      | Heavy Electrical Complex (Pvt) Limited                  |
| 2      | Heavy Mechanical Complex (Pvt) Limited                  |
| 3      | National Engineering Services of Pakistan (Pvt) Limited |
| 4      | National Power Construction Corporation (Pvt) Limited   |
| 5      | Overseas Employment Corporation (Pvt) Limited           |
| 6      | Pakistan Machine Tool Factory (Pvt) Limited             |
| 7      | Pakistan Mineral Development Corporation (Pvt) Limited  |
| 8      | Pakistan Security Printing Corporation (Pvt) Limited    |
| 9      | Pakistan Steel Mills Corporation (Pvt) Limited          |
| 10     | Pakistan Tours (Pvt) Limited                            |
| 11     | Printing Corporation of Pakistan (Pvt) Limited          |
| 12     | PTDC Motels North (Pvt) Limited                         |
| 13     | Sind Engineering (Pvt) Limited                          |
| 14     | Telephone Industries of Pakistan (Pvt) Limited          |
| 15     | Utility Stores Corporation (Pvt) Limited                |
| 16     | Pakistan Steel Fabricating (Pvt.) Limited               |
| 17     | Pakistan Electric Power Company Limited                 |

### SOEs ESTABLISHED UNDER SPECIAL ACT OR ORDINANCE

| S. No. | Name of SOE                       |
|--------|-----------------------------------|
| 1      | Pakistan Broadcasting Corporation |
| 2      | Karachi Port Trust                |

|           |   |
|-----------|---|
| 3         | National Logistic Cell                        |
| 4         | Pakistan Railways                             |
| 5         | Gawadar Port Authority                        |
| 6         | Export Processing Zone Authority              |
| 7         | National Telecommunication Corporation        |
| 8         | Pakistan Post                                 |
| 9         | National Highway Authority                    |
| 10        | Port Qasim Authority                          |
| 11        | Civil Aviation Authority                      |
| 12        | Water and Power Development Authority         |
| 13        | Hydrocarbon Development Institute of Pakistan |
| 14        | State Life Insurance Corporation of Pakistan  |
| <b>80</b> | <b>Total</b>                                  |

## FUTURE VISION

During the fiscal year under review, the Privatisation Commission mainly aimed at initiating and launching alterations in the original privatisation policy. This was intended in order to revolutionize the preceding guidelines and to come up with a new and improved version of the Privatisation Policy. These policy changes were finally implemented in February 2009 and the new Privatisation Policy was, thus, officially launched.

This new Policy has been modelled on the concept of public-private partnership (PPP) and divestment of 26 % shares of the state owned enterprises (SOEs), with full transfer of management rights. This implies that the owners of 26% equity would be expected to inject new technology and management practices in the acquired entity.

The future vision of Privatisation Commission through this policy ensures that the Government's divestment does not result in alienation of national assets and reduction in quality of production and service.

Apart from that, the Government intends to minimize the detriment of its people through Benazir Employees Stock Option Scheme (BESOS), by reserving 12% of the shares for the workers of State Owned Enterprises being privatised.

In future, the Privatisation Commission has a heavy task before it not only to dispose-off the remaining sick industrial units but also to privatise the large industrial units, public utilities, financial institutions, infrastructure and transportation facilities. Steps are being taken to expedite the privatisation process as well as to rationalise the macro-economic environment for speedy economic development of the country.

## IMAGE GALLERY

## BESOS Unit Certificates Distribution Ceremony



President Asif Ali Zardari distributing certificates for BESOS in Lahore on 16-1-2010

## Appendix-A

### List of entities approved by CCI for Privatisation - 1997

| S.No.  | Units                          | Status     | Approved by             |
|--|--------------------------------|------------|-------------------------|
| <b>Ministry of Industries and Production</b> |                                |            |                         |
| 1  | Millat Tractors Limited        | Privatised | 1997 (Post Facto) - CCI |
| 2  | National Motors Limited        | Privatised | 1997 (Post Facto) - CCI |
| 3  | Al-Ghazi Tractor Limited       | Privatised | 1997 (Post Facto) - CCI |
| 4  | Baluchistan Wheels Limited     | Privatised | 1997 (Post Facto) - CCI |
| 5  | NayaDaur Motors                | Privatised | 1997 (Post Facto) - CCI |
| 6  | Pak Suzuki Company Limited     | Privatised | 1997 (Post Facto) - CCI |
| 7  | Bolan Casting                  | Privatised | 1997 (Post Facto) - CCI |
| 8  | Dandot Cement                  | Privatised | 1997 (Post Facto) - CCI |
| 9  | D.G. Khan Cement               | Privatised | 1997 (Post Facto) - CCI |
| 10   | Garibwal Cement                | Privatised | 1997 (Post Facto) - CCI |
| 11   | Kohat Cement                   | Privatised | 1997 (Post Facto) - CCI |
| 12   | Maple Leaf Cement              | Privatised | 1997 (Post Facto) - CCI |
| 13   | White Cement                   | Privatised | 1997 (Post Facto) - CCI |
| 14   | Zeal Pak Cement                | Privatised | 1997 (Post Facto) - CCI |
| 15   | National Cement Dandot         | Privatised | 1997 (Post Facto) - CCI |
| 16   | General Refractories           | Privatised | 1997 (Post Facto) - CCI |
| 17   | Wah Cement                     | Privatised | 1997 (Post Facto) - CCI |
| 18   | Antibiotics (Pvt) Limited      | Privatised | 1997 (Post Facto) - CCI |
| 19   | KhurramCeamics                 | Privatised | 1997 (Post Facto) - CCI |
| 20   | National Fibres Limited        | Privatised | 1997 (Post Facto) - CCI |
| 21   | Pak Dyes & Chemicals           | Privatised | 1997 (Post Facto) - CCI |
| 22   | Pak PVC Limited                | Privatised | 1997 (Post Facto) - CCI |
| 23   | Sind Alkalis Limited           | Privatised | 1997 (Post Facto) - CCI |
| 24   | Swat Elutantion                | Privatised | 1997 (Post Facto) - CCI |
| 25   | Nowshera PVC                   | Privatised | 1997 (Post Facto) - CCI |
| 26   | Swat Ceramics                  | Privatised | 1997 (Post Facto) - CCI |
| 27   | Ittehad Chemicals              | Privatised | 1997 (Post Facto) - CCI |
| 28   | Ravi Engineering               | Privatised | 1997 (Post Facto) - CCI |
| 29   | Nowshera Chemicals             | Privatised | 1997 (Post Facto) - CCI |
| 30   | Pak China Fertilizers          | Privatised | 1997 (Post Facto) - CCI |
| 31   | Karachi Pipe Mills             | Privatised | 1997 (Post Facto) - CCI |
| 32   | Metropolitan Steel Corporation | Privatised | 1997 (Post Facto) - CCI |
| 33   | Pakistan Switchgear            | Privatised | 1997 (Post Facto) - CCI |
| 34   | Pioneer Steel                  | Privatised | 1997 (Post Facto) - CCI |
| 35   | Quality Steel                  | Privatised | 1997 (Post Facto) - CCI |
| 36   | Indus Steel Pipe               | Privatised | 1997 (Post Facto) - CCI |
| 37   | Textile Machinery Company      | Privatised | 1997 (Post Facto) - CCI |
| 38   | Bara Ghee Mills                | Privatised | 1997 (Post Facto) - CCI |
| 39   | Fazal Vegetable Ghee           | Privatised | 1997 (Post Facto) - CCI |
| 40   | Associated Industries          | Privatised | 1997 (Post Facto) - CCI |
| 41   | ShFazal Rehman                 | Privatised | 1997 (Post Facto) - CCI |

|    |  |                  |                         |
|----|--|------------------|-------------------------|
| 42 | Haripur Vegetable Oil                  | Privatised       | 1997 (Post Facto) - CCI |
| 43 | Kakakhel Industries                    | Privatised       | 1997 (Post Facto) - CCI |
| 44 | United Industries                      | Privatised       | 1997 (Post Facto) - CCI |
| 45 | Asaf Industries                        | Privatised       | 1997 (Post Facto) - CCI |
| 46 | Chiltan Ghee                           | Privatised       | 1997 (Post Facto) - CCI |
| 47 | Wazir Ali Industries                   | Privatised       | 1997 (Post Facto) - CCI |
| 48 | Crescent Factories                     | Privatised       | 1997 (Post Facto) - CCI |
| 49 | Khyber Vegetable                       | Privatised       | 1997 (Post Facto) - CCI |
| 50 | A & B Oil                              | Privatised       | 1997 (Post Facto) - CCI |
| 51 | Bengal Vegetable                       | Privatised       | 1997 (Post Facto) - CCI |
| 52 | Suraj Ghee Industries                  | Privatised       | 1997 (Post Facto) - CCI |
| 53 | Hydri Industries                       | Privatised       | 1997 (Post Facto) - CCI |
| 54 | Sheikhupura Rice                       | Privatised       | 1997 (Post Facto) - CCI |
| 55 | Faisabad Rice                          | Privatised       | 1997 (Post Facto) - CCI |
| 56 | Hafizabad Rice                         | Privatised       | 1997 (Post Facto) - CCI |
| 57 | Dhundkhel Rice                         | Privatised       | 1997 (Post Facto) - CCI |
| 58 | Shikarpur Rice                         | Privatised       | 1997 (Post Facto) - CCI |
| 59 | Eminabad Rice                          | Privatised       | 1997 (Post Facto) - CCI |
| 60 | Srianwali Rice                         | Privatised       | 1997 (Post Facto) - CCI |
| 61 | Mubarikpur Rice                        | Privatised       | 1997 (Post Facto) - CCI |
| 62 | Head Office Lahore Roti Plant          | Privatised       | 1997 (Post Facto) - CCI |
| 63 | Peshawar Roti                          | Privatised       | 1997 (Post Facto) - CCI |
| 64 | Faisalabad Roti                        | Privatised       | 1997 (Post Facto) - CCI |
| 65 | Bahawalpur Roti                        | Privatised       | 1997 (Post Facto) - CCI |
| 66 | Multan Roti                            | Privatised       | 1997 (Post Facto) - CCI |
| 67 | Quetta Roti                            | Privatised       | 1997 (Post Facto) - CCI |
| 68 | Hyderabad Roti                         | Privatised       | 1997 (Post Facto) - CCI |
| 69 | Islamabad Roti                         | Privatised       | 1997 (Post Facto) - CCI |
| 70 | Multan Road, Lahore Roti               | Privatised       | 1997 (Post Facto) - CCI |
| 71 | Gulberg, Lahore Roti                   | Privatised       | 1997 (Post Facto) - CCI |
| 72 | SITE, Karachi Roti                     | Privatised       | 1997 (Post Facto) - CCI |
| 73 | Taimuria, Karachi Roti                 | Privatised       | 1997 (Post Facto) - CCI |
| 74 | Pak Hye Oils                           | Privatised       | 1997 (Post Facto) - CCI |
| 75 | QuaidabadWoolen Mills                  | Privatised       | 1997 (Post Facto) - CCI |
| 76 | Cotton Ginning Factory                 | Privatised       | 1997 (Post Facto) - CCI |
| 77 | Plant & Machinery                      | Privatised       | 1997 (Post Facto) - CCI |
| 78 | Land & Building                        | Privatised       | 1997 (Post Facto) - CCI |
| 79 | Pak - Saudi Fertilizers Limited        | Privatised       | 1997 - CCI              |
| 80 | Pak - Arab Fertilizers Limited         | Privatised       | 1997 - CCI              |
| 81 | Lyallpur Fertilizers Limited           | Privatised       | 1997 - CCI              |
| 82 | Hazara Phosphate & Fertilizers Limited | Privatised       | 1997 - CCI              |
| 83 | Pak- American Fertilizers Limited      | Privatised       | 1997 - CCI              |
| 84 | Bela Engineering Limited               | To be privatised | 1997 - CCI              |
| 85 | Domestic Appliances Limited            | To be privatised | 1997 - CCI              |
| 86 | Mack Trucks of Pakistan Limited        | To be privatised | 1997 - CCI              |
| 87 | Al-Abbas Limited                       | To be privatised | 1997 - CCI              |
| 88 | Bannu Sugar Mills Limited              | To be privatised | 1997 - CCI              |
| 89 | Dir Forest Industries Limited          | To be privatised | 1997 - CCI              |

|   |  |  |                         |
|---|--|--|-------------------------|
| 90  | Larakana Sugar Mills Limited   | To be privatised   | 1997 - CCI              |
| 91  | Shahdadkot Textile Mills Limited   | To be privatised   | 1997 - CCI              |
| 92  | Tarbela Cotton & Spinning Mills Limited                                  | To be privatised   | 1997 - CCI              |
| 93  | Pakistan Steel Fabricating Company Limited                               | To be privatised   | 1997 - CCI              |
| 94  | Export processing Zone Authority   | To be privatised   | 1997 - CCI              |
| 95  | Pakistan Industries and Technical Training Centre                        | To be privatised   | 1997 - CCI              |
| 96  | Pakistan Steel Mills Corp and its units                                  | To be privatised   | 1997 - CCI              |
| 97  | Utility Stores Corporation and its stores                                | To be privatised   | 1997 - CCI              |
| 98  | Ghee Corporation of Pakistan and its units                               | To be liquidated   | 1997 - CCI              |
| 99  | Federal Chemical and Ceramics Corp and its units                         | To be liquidated   | 1997 - CCI              |
| 100   | National Fertilizer Corp and its units                                   | To be liquidated, only one unit remains to be disposed off | 1997 - CCI              |
| 101   | Pakistan Automobiles Corp and its units                                  | To be privatised   | 1997 - CCI              |
| 102   | State Petroleum Refining & Petrochemical Corp. and its units             | To be privatised   | 1997 - CCI              |
| 103   | Pakistan Industrial Development Corp and its units                       | To be privatised   | 1997 - CCI              |
| 104   | State Engineering Corp and its units                                     | To be privatised   | 1997 - CCI              |
| 105   | State Cement Corporation of Pakistan and its units                       | To be privatised   | 1997 - CCI              |
| <b>Ministry of Finance</b>                      |  |  |                         |
| 106   | Muslim Commercial Bank   | Privatised   | 1997 (Post Facto) - CCI |
| 107   | Allied Bank Limited  | Privatised   | 1997 (Post Facto) - CCI |
| 108   | Bankers Equity   | Privatised   | 1997 (Post Facto) - CCI |
| <b>Ministry of Information and Broadcasting</b> |  |  |                         |
| 109   | N.P.T. Building  | Privatised   | 1997 (Post Facto) - CCI |
| 110   | Mashriq-Peshawar   | Privatised   | 1997 (Post Facto) - CCI |
| 111   | Mashriq-Quetta   | Privatised   | 1997 (Post Facto) - CCI |
| 112   | Mashriq-Karachi  | Privatised   | 1997 (Post Facto) - CCI |
| 113   | Progressive Papers Limited   | Privatised   | 1997 (Post Facto) - CCI |
| 114   | Shalimar Recording Company   | To be privatised   | 1997 - CCI              |
| <b>Ministry of Communication</b>                |  |  |                         |
| 115   | P.T.C.   | Privatised   | 1997 (Post Facto) - CCI |
|   | Rs. 30 per Voucher   | Privatised   | 1997 (Post Facto) - CCI |
|   | Rs. 55 per GDR   | Privatised   | 1997 (Post Facto) - CCI |
| <b>Ministry of Water and Power</b>              |  |  |                         |
| 116   | KotAddu Power Company  | To be privatised   | 1997 (Post Facto) - CCI |
| <b>Cabinet Division</b>                         |  |  |                         |
| 117   | Printing Corporation of Pakistan   | To be privatised   | 1997 - CCI              |
| 118   | Convention Centre, CDA, Islamabad  | To be privatised   | 1997 - CCI              |
| <b>Ministry of Commerce</b>                     |  |  |                         |
| 119   | National Insurance Company (previously Pakistan Insurance Corporation)   | To be privatised   | 1997 - CCI              |
| 120   | Pakistan Reinsurance Company (previously Pakistan Insurance Corporation) | To be privatised   | 1997 - CCI              |
| 121   | State Life Insurance Corporation   | To be privatised   | 1997 - CCI              |

|  |  |  |                         |
|--|--|--|-------------------------|
| 122  | Trading Corporation of Pakistan  | To be privatised                         | 1997 - CCI              |
| 123  | Cotton Export Corporation of Pakistan                                  | To be privatised                         | 1997 - CCI              |
| 124  | Rice Export Corporation of Pakistan                                    | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Information and Technology</b>      |  |  |                         |
| 125  | Pakistan Telecommunication Corporation                                 | Privatised                               | 1997 - CCI              |
| 126  | Carrier Telephone Industries of Pakistan                               | Privatised                               | 1997 - CCI              |
| 127  | Telephone Industries of Pakistan, Haripur                              | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Ports and Shipping</b>              |  |  |                         |
| 128  | Port Qasim Authority   | To be privatised                         | 1997 - CCI              |
| 129  | Karachi Port Trust   | To be privatised                         | 1997 - CCI              |
| 130  | Pakistan National Shipping Corp.                                       | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Communication</b>                   |  |  |                         |
| 131  | National Tanker Company  | To be privatised                         | 1997 - CCI              |
| 132  | National Highway Authority   | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Railways</b>                        |  |  |                         |
| 133  | Pakistan Railways, and its allied facilities, factories, workshops etc | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Defense</b>                         |  |  |                         |
| 134  | Civil Aviation Authority   | To be privatised                         | 1997 - CCI              |
| 135  | Karachi Shipyard & Engineering Works                                   | To be privatised                         | 1997 - CCI              |
| 136  | Pakistan International Airlines Corporation                            | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Education</b>                       |  |  |                         |
| 137  | National Book Foundation   | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Housing and Works</b>               |  |  |                         |
| 138  | National Construction Limited  | To be privatised                         | 1997 - CCI              |
| <b>Ministry of Petroleum and Natural Resources</b> |  |  |                         |
| 139  | Oil & Gas Development Corporation                                      | To be privatised                         | 1997 - CCI              |
| 140  | Pakistan Mineral Development Corporation                               | To be privatised                         | 1997 - CCI              |
| 141  | Pak Arab Refinery Company Limited                                      | To be privatised                         | 1997 - CCI              |
| 142  | Pakistan Oilfields Limited   | To be privatised                         | 1997 - CCI              |
| 143  | Pakistan Petroleum Limited   | To be privatised                         | 1997 - CCI              |
| 144  | Pakistan State Oil Company Limited                                     | To be privatised                         | 1997 - CCI              |
| 145  | Sandak Development Corporation   | To be privatised<br>(currently on lease) | 1997 - CCI              |
| 146  | National Refinery Limited  | Privatised                               | 1997 - CCI              |
| 147  | Lakhra Coal Mines  | To be privatised                         | 1997 - CCI              |
| 148  | Sui Northern Gas Pipelines Limited                                     | To be privatised                         | 1997 - CCI              |
| 149  | Sui Southern Gas Company Limited                                       | To be privatised                         | 1997 - CCI              |
| 150  | National Petrocarbon   | Privatised                               | 1997 (Post Facto) - CCI |
| <b>Ministry of Tourism</b>                         |  |  |                         |
| 151  | Pakistan Tourism Development Corporation                               | To be privatised                         | 1997 - CCI              |
| <b>Miscellaneous</b>                               |  |  |                         |
| 152  | Makerwal Collieries  | Privatised                               | 1997 (Post Facto) - CCI |

List of entities approved by CCI for Privatisation - 2006

| Sr. No   | Units  | Status           | Approved By            |
|--|--|------------------|------------------------|
| <b>Ministry of Finance</b>                           |  |                  |                        |
| 1  | National Investment Trust Limited (NITL)   | To be privatised | 2006 - CCI             |
| 2  | Small and Medium Enterprises (SME) Bank  | To be privatised | 2006 - CCI             |
| 3  | First Women Bank   | To be privatised | 2006 - CCI             |
| 4  | United Bank Limited (further divestment of Shares)   | To be privatised | 2006 - CCI             |
| 5  | National Bank of Pakistan (further deinvestment of shares)                                   | To be privatised | 2006 - CCI             |
| 6  | Habib Bank Limited (further divestment of Shares)  | To be privatised | 2006 - CCI             |
| 7  | Habib Credit & Exchange Bank 70% shares (now Bank Al Falah) Bank Al Falah (30% Shares)       | Privatised       | 2006 (Post Facto) -CCI |
| 8  | United Bank Limited (51% Shares)   | Privatised       | 2006 (Post Facto) -CCI |
| 9  | Habib Bank Limited (51% Shares)  | Privatised       | 2006 (Post Facto) -CCI |
| 10   | Investment Corporation of Pakistan (ICP) Lot-A, Lot-B and SEMF                               | Privatised       | 2006 (Post Facto) -CCI |
| 11   | National Bank of Pakistan (10% +10% +3.2% Shares)  | Privatised       | 2006 (Post Facto) -CCI |
| 12   | United Bank Limited IPO (4.2 % Shares)   | Privatised       | 2006 (Post Facto) -CCI |
| <b>Ministry of Petroleum &amp; Natural Resources</b> |  |                  |                        |
| 13   | GoP Working Interests in Oil & Gas Fields: Badin I, Badin II, Adhi, Dhurnal, Ratana, Turkwal | Privatised       | 2006 (Post Facto) -CCI |
| 14   | Mari Gas (2% Shares)   | Privatised       | 2006 (Post Facto) -CCI |
| 15   | Attock Refinery Limited Shares (CDC)   | Privatised       | 2006 (Post Facto) -CCI |
| <b>Ministry of Industries &amp; Production</b>       |  |                  |                        |
| 16   | Roti Plant Korangi, Karachi  | Privatised       | 2006 (Post Facto) -CCI |
| 17   | Roti Plant Mughalpura, Lahore  | Privatised       | 2006 (Post Facto) -CCI |
| 18   | Roti Plant Gulshan-e- Iqbal, Karachi   | Privatised       | 2006 (Post Facto) -CCI |
| 19   | Duty Free Shops  | Privatised       | 2006 (Post Facto) -CCI |
| 20   | Republic Motors (Plot)   | Privatised       | 2006 (Post Facto) -CCI |
| 21   | Al Haroon Building, Karachi  | Privatised       | 2006 (Post Facto) -CCI |
| 22   | International Advertising (Pvt) Limited  | Privatised       | 2006 (Post Facto) -CCI |
| 23   | Tomato Paste Plant (PARC)  | Delisted         | 2006 (Post Facto) -CCI |
| 24   | Karachi Electric Supply Corporation (73% Shares)   | Privatised       | 2006 (Post Facto) -CCI |
| 25   | National Tubewell Construction Corporation   | Privatised       | 2006 (Post Facto) -CCI |
| 26   | National Power Construction Co.(NPCC)  | To be privatised | 2006 - CCI             |
| <b>Ministry of Tourism</b>                           |  |                  |                        |
| 27   | Service International Hotel, Lahore  | To be privatised | 2006 - CCI             |

List of entities approved by CCI for Privatisation - 2011

| Sr. No                             | Units  | Status           | Approved By |
|------------------------------------|--|------------------|-------------|
| <b>Ministry of Water and Power</b> |  |                  |             |
| 1                                  | Islamabad Electric Supply Company Limited (IESCO)  | To be privatised | 2011 - CCI  |
| 2                                  | Faisalabad Electric Supply Company Limited (FESCO) | To be privatised | 2011 - CCI  |
| 3                                  | Lahore Electric Supply Company Limited (LESCO)     | To be privatised | 2011 - CCI  |
| 4                                  | Gujranwala Electric Power Company Limited (GEPCO)  | To be privatised | 2011 - CCI  |
| 5                                  | Multan Electric Power Company Limited (MEPCO)      | To be privatised | 2011 - CCI  |
| 6                                  | Peshawar Electric Supply Company Limited (PESCO)   | To be privatised | 2011 - CCI  |
| 7                                  | Hyderabad Electric Supply Company Limited (HESCO)  | To be privatised | 2011 - CCI  |
| 8                                  | Quetta Electric Supply Company Limited (QESCO)     | To be privatised | 2011 - CCI  |
| 9                                  | Sukkur Electric Power Company (SEPCO)              | To be privatised | 2011 - CCI  |
| 10                                 | Jamshoro Power Generation Company Limited (JPCL)   | To be privatised | 2011 - CCI  |
| 11                                 | Central Power Generation Company Limited (CPGCL)   | To be privatised | 2011 - CCI  |
| 12                                 | Northern Power Generation Company Limited (NPGCL)  | To be privatised | 2011 - CCI  |