



EXTRAORDINARY
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PART II

Statutory Notifications containing Rules and Orders issued by all Ministries and Divisions of the Government of Pakistan and their Attached and Subordinate Offices and Supreme Court of Pakistan

GOVERNMENT OF PAKISTAN

MINISTRY OF PRIVATISATION AND INVESTMENT

[Privatisation Commission]

NOTIFICATION

Islamabad the 22nd January, 2007

S.R.O. 68(I)/ 2007. - In exercise of the powers conferred by section 40 of the Privatisation Commission Ordinance, 2000 (LII of 2000), read with section 24 thereof, and the Privatisation Commission, with the Approval of the Federal Government is pleased to make the following rules, namely:-

**PRIVATISATION COMMISSION
(Valuation of Property) Rules, 2007**

1. **Short title and commencement.** - (1) These rules may be called the Privatisation Commission (Valuation of Property) Rules, 2007.

(2) They shall come into force at once.

2. **Definitions.** - (1) In these Rules, unless there is anything repugnant in the subject or context, -

(a) "Adviser" means the Adviser as defined in the Privatisation Commission Hiring of Financial Advisers Regulations 2007;

(b) "Ordinance" means the Privatisation Commission Ordinance 2000 (LII of 2000); and

- (c) “Valuer” means a firm of Chartered Accountants, Chartered Surveyor, Surveyors, Engineers, other experts in the field in which the entity to be privatised falls, hired by the Adviser or the Privatisation Commission or both and includes a firm of experts hired by the Adviser or Valuer as defined in the Privatisation Commission (Hiring of Valuers) Regulations, 2001.

(2) All other terms and expressions used, but not defined in these rules, shall have the same meaning as assigned to them in the Ordinance.

3. Application of Privatisation (Modes and Procedures) Rules. - If, and to the context, the Commission deems necessary to allow a fair and independent valuation of the property being privatised in terms of sub-clause (ii) of clause (a) of sub-rule (1) of rule 3 of the Privatisation (Modes and Procedures) Rules, 2001. The procedure provided in rule 4 or rule 5 of these rules shall apply.

4. Manner and procedure for valuation of property by the Adviser or its contracted agents or Valuer hired by the Commission.- (1) The Adviser appointed in terms of Privatisation Commission Hiring of Financial Advisor Regulations 2007¹ or Valuer appointed in terms of Privatisation Commission (Hiring of Valuers) Regulations, 2001, shall associate a legal firm, a firm of chartered accountants, chartered surveyors, surveyors and other experts as may be applicable and include their reports with the valuation report. For the avoidance of doubt, it is clarified that where the Adviser is appointed, a Valuer shall not be required to be separately appointed.

(2) Relying on the annual audited and latest interim audited accounts provided by the management of the enterprise, the Adviser or Valuer shall submit a valuation report containing an executive summary, terms of reference provided by or approved by the Commission, summary of valuation, the different basis used for carrying out valuation along with a recommendation on the recommended basis of valuation and a value of the entity for the purpose of determining a reference price.

(3) In light of international best market practices *inter alia* the following methodologies may be used by the Adviser or Valuer for valuation of Property, namely: -

- (a) Discounted Cash Flow (DCF) and Discounted Dividend Model (for valuation of banks) methodologies and their variants.
- (b) Balance Sheet Methodologies and their variants.
- (c) Transaction Multiple Methodologies and their variants.
- (d) Asset Valuation Methodologies and their variants.

(4) It is clarified that valuation methodologies specified in clauses (a), (b) and (c) of sub-rule (3) are generally used for valuation of a going concern whilst the methodology in clause (d) may be relevant mainly for valuation of assets in case of liquidation or asset sale of a company.

¹ Replaced with the Privatisation Commission (Hiring of Financial Advisers) Regulations, 2018, notified vide S.R.O. 2 (KE)/2019, dated December 24, 2018.

5. **Manner and procedure for valuation of property by the Adviser hired by the Commission.** - The Adviser or Valuer hired by the Privatisation Commission as per procedure shall carry out the Valuation in terms of Financial Advisory Services Agreement.

6. **Processing of valuation report.** - (1) Upon receipt of valuation report from the Adviser or Valuer, a valuation note shall be prepared in the Commission and submitted to the Board of the Commission for recommending a reference price.

(2) The reference price recommended by the Board of the Commission shall be submitted to the Cabinet for approval.

7. **Repeal.** - The Privatisation Commission (Valuation of Property) Rules, 2001, are hereby repealed.

[F. No. 16(26)/P&C/PC/2001]

ASHIQ HUSSAIN,
Director General