



PRIVATE POWER & INFRASTRUCTURE BOARD  
MINISTRY OF ENERGY (POWER DIVISION)  
GOVERNMENT OF PAKISTAN

08<sup>th</sup> October 2021

Ref: C(C02)PPIB/2021/LGL/O-56447

The Registrar

National Electric Power Regulatory Authority (NEPRA)  
NEPRA Tower, Attaturk Avenue, Sector G-5/1  
Islamabad.

Subject: Application for the Registration of Private Power & Infrastructure Board ("PPIB") as Independent Auction Administrator ("IAA") in the Competitive Trading Bilateral Contract Market ("CTBCM")

Pursuant to Section 25A of the Regulation Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act"), any person providing electric power services is required to be registered with NEPRA, in the manner and subject to such conditions as may be prescribed.

2. The Private Power & Infrastructure Board ("PPIB") hereby submits its Application for Registration as the Independent Auction Administrator ("IAA") for the purposes of the Competitive Trading Bilateral Contract Market ("CTBCM") under Section 25A of the NEPRA Act for the Authority's consideration and approval.

3. Given that rules and regulation under NEPRA Act are not available and at this stage exact legal or other regulatory requirements for registration as IAA under CTBCM Design cannot be conceived or contemplated with precision, in the Application an attempt has been made to comprehensively identify PPIB's expertise, experience, achievements, HR resource (including its future requirement), financial resources and suitability for the role of IAA in the CTBCM. However after framing of rules and regulations, PPIB may submit additional documents/ data/ information, if so required.

4. As is evident in the Application, PPIB as a "One-Window" facilitator created in 1994, to promote, encourage, facilitate and safeguard private investments in the power sector, has rendered invaluable services to the sector over the years. PPIB's achievements and unprecedented industry experience make it a well-placed suitable fit to assume the role of IAA in the competitive electricity market of the future. PPIB has performed and will continue to perform its functions akin to those required of an IAA in a multi seller and multi buyer market, such as the auctioning, preparation/execution of security package documents and issuance of guarantees on behalf of the GOP as per the relevant and applicable power policies. Accordingly, PPIB's wealth of experience cements its suitability for successfully assuming the IAA role. As a testimony to its previous achievements, suffice would be to state that PPIB has an impressive track record of successful procuring almost half of generation mix of the country and aspires to maintain the same momentum with respect to its responsibilities as IAA in the CTBCM.

5. PPIB looks forward to a favorable consideration and approval of the attached Application by the Authority and remains available for any further clarification/information, as and when required.

For information k u / a p l.

Yours sincerely,

- DG (LIC)  
- Const (CTBCM)  
- MF  
Copy to:  
- LACKIPD - SACIENH  
- ADGENT

- VC / M (MKE)  
- m (TICA)  
- m (LIC)  
Shah Jahan Mirza  
Managing Director

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D. No: 11/13/21  
Dated: 11/13/21

**Application for Registration  
of  
PRIVATE POWER & INFRASTRUCTURE BOARD  
as  
Independent Auction Administrator**

GOVERNMENT OF PAKISTAN  
MINISTRY OF ENERGY (Power Division)

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## ACRONYMS

<u>AEDB</u>	<u>Alternative Energy Development Board</u>
<u>AJ&amp;K</u>	<u>Azad Jammu and Kashmir</u>
<u>ARE</u>	<u>Alternative and Renewable Energy</u>
<u>CPPA-G</u>	<u>Central Power Purchasing Agency Guarantee</u>
<u>CTBCM</u>	<u>Competitive Trading Bilateral Contract Market</u>
<u>CPEC</u>	<u>China Pakistan Economic Corridor</u>
<u>CV</u>	<u>Curriculum Vitae</u>
<u>DISCO</u>	<u>Distribution Company</u>
<u>EPA</u>	<u>Energy Purchase Agreement</u>
<u>GENCO</u>	<u>Generation Company</u>
<u>GoP</u>	<u>Government of Pakistan</u>
<u>HR</u>	<u>Human Resource</u>
<u>IAA</u>	<u>Independent Auction Administrator</u>
<u>IGCEP</u>	<u>Indicative Generation Capacity Expansion Plan, prepared by NTDCL (Grid Company) under NEPRA's Grid Code</u>
<u>IA</u>	<u>Implementation Agreement</u>
<u>IPP</u>	<u>Independent Power Producer</u>
<u>JD</u>	<u>Job Description</u>
<u>LOI</u>	<u>Letter of Intent</u>
<u>LOS</u>	<u>Letter of Support</u>
<u>MD</u>	<u>Managing Director</u>
<u>MIMG</u>	<u>Market Implementation Monitoring Group</u>
<u>NEPRA</u>	<u>National Electric Power Regulatory Authority National Transmission and Dispatch Company</u>
<u>NTDCL</u>	<u>Limited</u>
<u>PPA</u>	<u>Power Purchase Agreement</u>
<u>PPIB</u>	<u>Private Power &amp; Infrastructure Board</u>
<u>RLNG</u>	<u>Re-gasified Liquified Natural Gas</u>
<u>SHPP</u>	<u>Small Hydro Power Project</u>
<u>WAPDA</u>	<u>Water and Power Development Authority</u>

## 1. ORGANIZATION'S BACKGROUND AND PROFILE

### 1.1- PREAMBLE

The first major policy reforms in Pakistan's power market were envisaged in WAPDA's strategic plan approved by Council of Common Interest in 1992 (the "Restructuring Plan"). The Restructuring Plan envisioned a blue print of future wholesale market and a clear road map to implement those reforms was clearly set out. As a first step, WAPDA as single vertically integrated power market utility was unbundled into well knitted various independent manageable corporate entities such as DISCOs, PEPCO, GENCOs and NTDC with active participation of private sector, and all such entities to be overseen by a robust and independent power sector regulator. For number of reasons the reform process remained unsteady, yet some major breakthrough were made with promulgation of first private sector generation policies in 1994 and 1995 followed by 2002 and 2015 generation policies. As the process and development of power generation projects and allied infrastructure through private sector cross-cut various stakeholders within and outside the Federal Government and needed robust coordination, PPIB as one-widow organization was established in 1994 to promote and facilitate such investments followed by establishment of power sector regulator NEPRA in 1997. Despite the above major accomplishment and hiving off DISCOs from WAPDA, power purchasing from public and private sectors based on single-buyer model remained central, initially housed in NTDC and then with CPPA-G.

Finally, in 2015 realizing that the reform process needs to be geared up to extricate the sector with malaises of inefficiency, lack of planning and competition and burgeoning circular debt in the power sector, Federal Government directed the CPPA-G to prepare a comprehensive CTBCM Plan for transition of the power market to a competitive trading bilateral contract market in consultation with stakeholders that will consist of regulatory, legal, technical, commercial and financial actions that will set the ground work for the transition to the wholesale power market by 2020.

Accordingly, CPPA-G initially prepared a high level/conceptual Multiple Buyers' Wholesale Electricity Market Model and submitted it to NEPRA which was approved on December 05, 2019. In the said determination NEPRA directed CPPA-G to submit a detailed design for CTBCM along with its implementation roadmap for its approval. CPPA-G, in pursuance of NEPRA's above decision submitted a comprehensive and detailed design for CTBCM along with its implementation roadmap on February 05, 2020, which has been approved by NEPRA on November 12, 2020 (the "CTBCM Design") and its commercial operation is targeted in the month of April in the 2<sup>nd</sup> Quarter of 2022.

The aforementioned transition of the power market to a competitive regime requires considerable changes to its current structure and the creations/registration of new entities and structures for its functioning. The CTBCM is a bilateral contract market with two key products i.e. Energy and Capacity to be traded in the Market along with energy and capacity balancing mechanism. CTBCM will ensure competition for and in the market whereby all the future contracts for the sale and purchase of electricity will be bilateral between the DISCOs and Generators. In contrast with the existing regime where CPPA-G as an agent of the DISCOs procures power on their behalf, in the CTBCM, DISCOs, as last resort suppliers, will directly execute and administer bilateral contracts with the generators to meet their capacity obligations in the market.

In order to manage the transition from current single buyer's regime to a completely bilateral contract market where DISCOs will procure electricity directly, the CTBCM Design envisions an Independent Auction Administrator (the "IAA") that will facilitate DISCOs in the procurement of generation capacity. The IAA will aggregate the demand from all DISCOs as provided in the procurement plan to be submitted to it and will procure power through competitive auctioning. However, the contracts will be signed by the DISCOs that require the energy and capacity to be procured in order to meet the needs of their consumers. As per approved design of the CTBCM, PPIB will perform the role of IAA to procure new power generation capacity for DISCOs through competitive auctions as per applicable Power Procurement Rules/Regulations.

IAA will observe the Procurement Planning for DISCOs based on new capacity addition requirement for the system as worked out in the IGCEP. Further, in case DISCO is not credit worthy to provide the credit cover, the IAA will provide support in arranging guarantees and it will also provide security cover against financially weak DISCOs. This application is premised on the fact that the IAA will not be responsible for the determination and monitoring of the DISCOs' capacity obligations, which is expected to fall on the System and Market Operator, and the IAA will only be entitled to liaison with the said entities as and when required.

Pursuant to CTBCM Design and implementation road map, PPIB is required to submit a registration application with NEPRA for registration as the IAA in order to perform the role of the independent auction administrator in the CTBCM. Accordingly, through this Application, PPIB is placing a request before the Authority, for registration as the IAA and assumption of the corresponding role/functions contemplated under the CTBCM Design for the IAA. PPIB desirous of being registered as IAA partly has and is building the necessary experience, skill set, human resource, market reputation and credibility amongst national and international sponsors, lenders, multilateral institutions, government and private stakeholders to perform the said role of IAA in a diligent, efficient and effective manner in the future electricity market. It is also pertinent to mention that PPIB has in place adequate financial resources to successfully assume the role of IAA and has the capacity to arrange additional capital if required.

Therefore, in view of submissions made hereinafter, the Applicant under Section 25A of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (the "NEPRA Act") is filing the instant Registration Application before NEPRA for registration as IAA for the CTBCM.

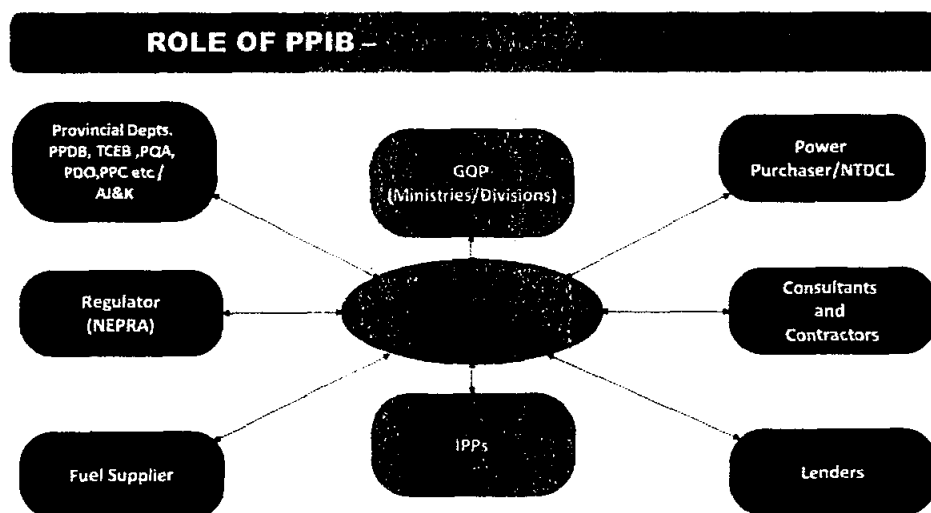
## 1.2- PPIB'S HISTORICAL BACKGROUND AND FUNCTIONS

The Private Power and Infrastructure Board ("PPIB" or the "Applicant") was created in 1994 as a "One-Window Facilitator" on behalf of the Government of Pakistan (the "GOP") to promote encourage, facilitate and safeguard the private investments in the power sector of Pakistan. Initially PPIB was established through an administrative order of Federal Government and later in order to engender more operational and administrative independence, in 2012, PPIB was re-constituted as a statutory organization through Private Power and Infrastructure Board Act 2012 (Act VI of 2012) (the "PPIB Act") (Annex-I). On power generation side, PPIB's mandate initially extended to all kind of power generation including hydel, thermal, coal, gas, RFO, Diesel including alternative and

renewable resources. Realizing that a focused approach towards development of ARE resources was required, the ARE mandate was hived off from PPIB in 2003 with the establishment of Alternative Energy Development Board initially established through an administrative order and then as a statutory organization created pursuant to Alternative Energy Development Board Act 2010 (the “AEDB Act”). Now Federal Government has recently decided in principle that mandate for development of ARE resources will be brought back in the fold of PPIB with planned merger of AEDB with PPIB. Furthermore, PPIB Act was amended in November 2015 vide Private Power & Infrastructure Board Amendment Act, 2016 (**Annex-II**) pursuant to which now PPIB’s scope of services was further expanded to process public sector projects in IPP mode. This provides a unique opportunity to the GOP to cause the development of power projects through public finance replicated as typical project finance that can be easily privatized later.

PPIB’s creation was motivated by the need to create a dedicated sector institution to cause the development of private power and infrastructure projects. There has been long realization at policy level that developing power generation capacity and associated infrastructure is very capital intensive, that cannot be carved out from the annual budget of GOP. As noted earlier with the approval of WAPDA’s strategic unbundling plan in 1992, the GOP made a principle decision to pave the way for reforms. As a necessary consequence it was also planned that private sector investment shall be sought in power generation so that constant pressure on GOP’s fiscal targets is lessened. Attracting investment of such a big magnitude required a team of highly qualified professionals who were trained in projects, finance and contract management /analysis, besides being courteous and imbued in corporate culture. Long and tedious experimentations by various governmental agencies on part time basis with HUBCO (the first private power generation project) and other prospective IPPs in the late 1980’s convinced the GOP to create a dedicated easily accessible organization that could provide a suitable interface to private sector entrepreneurs, their consultants, lawyers. PPIB was therefore created as a dedicated “one window facilitator” for attracting private investments in power sector. The success of PPIB over the years has been so impressive that PPIB’s model has been followed by many other countries.

The graphical depiction of PPIB’s central role amongst various stakeholders as one window facilitator is shown below:



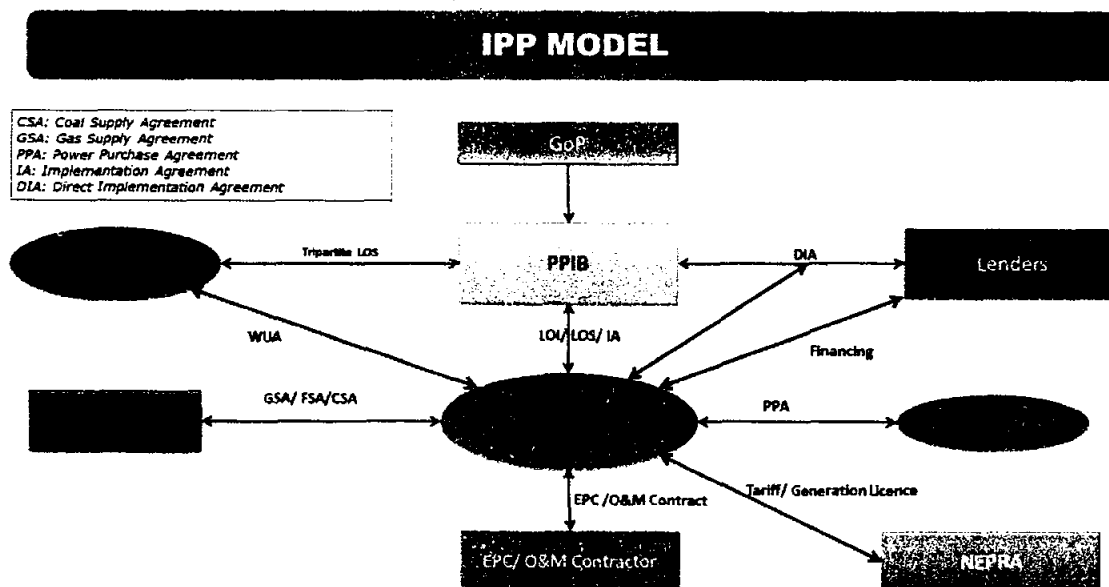
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Notably, the PPIB Act in its preamble envisions the overarching objective of PPIB to implement GOP's power related policies. In line with such objectives, PPIB has been entrusted with following powers and core functions under the PPIB Act:

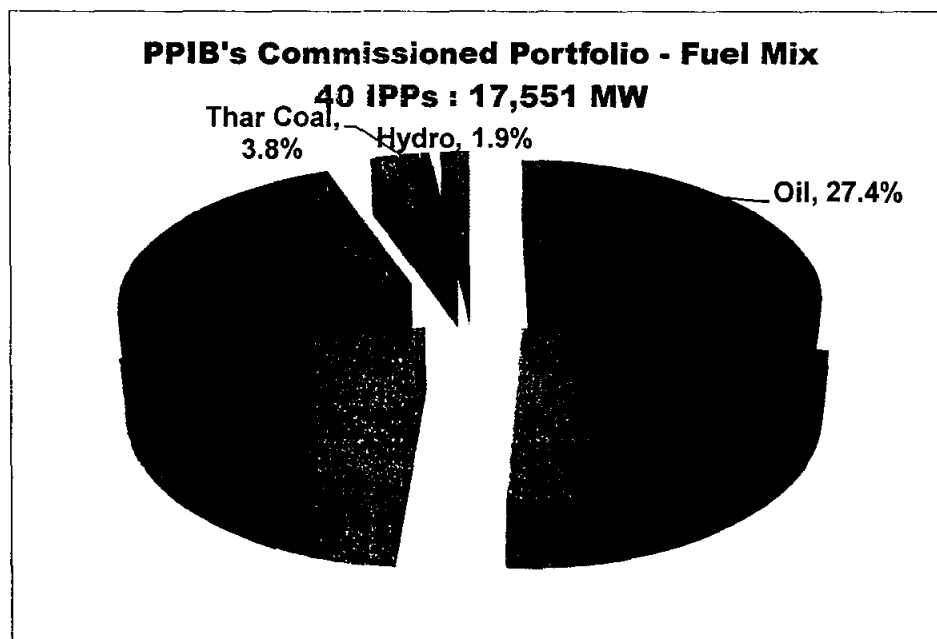
- Recommend and facilitate development of power policies;
- Consult the concerned Provincial Government, prior to taking a decision to construct or cause to be constructed a hydroelectric power station in any Province and to take decisions on matters pertaining to power projects set up by public sector, private sector or through public private partnership and other issues pertaining thereto;
- Coordinate with the Provincial Governments, local governments, Government of Azad Jammu and Kashmir (AJ and K) and regulatory bodies in implementation of the power policies, if so required;
- Coordinate and facilitate the sponsors in obtaining consents and licenses from various agencies of the Federal Government, Provincial Governments, local governments and Government of AJ and K;
- Work in close coordination with power sector entities and play its due role in implementing power projects in private Sector or through public private partnership or for public sector power projects as per power system requirements;
- Function as a one-stop organization on behalf of the Federal Government and its Ministries, Departments and agencies in relation to private power companies, sponsors, lenders and whenever necessary or appropriate, other interested persons;
- Draft, negotiate and enter into security package documents or agreements and guarantee the contractual obligations of entities under the power policies;
- Execute, administer and monitor contracts;
- Prescribe and receive fees and charges for processing applications and deposit and disburse or utilize the same, if required;
- Obtain from sponsors or private power companies, as the case may be, security instruments and encash or return them, as deemed appropriate;
- Act as agent for development, facilitation and implementation of power policies and related infrastructure in the Gilgit-Baltistan areas and AJ & K;
- Prescribe, receive, deposit, utilize or refund fees and charges, as deemed appropriate;
- Open and operate bank accounts in local and foreign currencies as permissible under the laws of Pakistan;
- Commence, conduct, continue and terminate litigation, arbitration or alternate dispute resolution mechanism at whatever levels may be necessary or appropriate and hire and pay for the services of lawyers and other experts therefor;
- Appoint technical, professional and other advisers, agents and consultants, including accountants, bankers, engineers, lawyers, valuers and other persons;
- Hire professional and supporting staff and, from time to time, determine the emoluments and terms of their employment, provided always that at no stage shall such emoluments be reduced from such as are agreed in the contracts with such persons; and
- Perform any other function or exercise any other power as may be incidental or consequential for the performance of any of its functions or the exercise of any of its power or as may be entrusted by the Federal Government to meet the objects of this Act.

### 1.3- PPIB'S PORTFOLIO AND ACHIEVEMENTS

PPIB as a key player in the power sector of Pakistan has made significant contributions to the economic development of the country by assisting in formulation and implementing various power policies of Government and facilitating investors/IPP's in setting up power generation and related infrastructure projects in various regions of the country. A typical IPP model is given below:



So far, the organization has successfully managed the completion and commissioning of forty (40) multiple fuel based IPPs with a cumulative gross capacity of 17,551 MW with investment of around US\$ 20 billion. These Projects contribute to more than 50% of the countries' generating capacity and up to 70% to 80% electricity injection in the national grid at most of the time in a year.

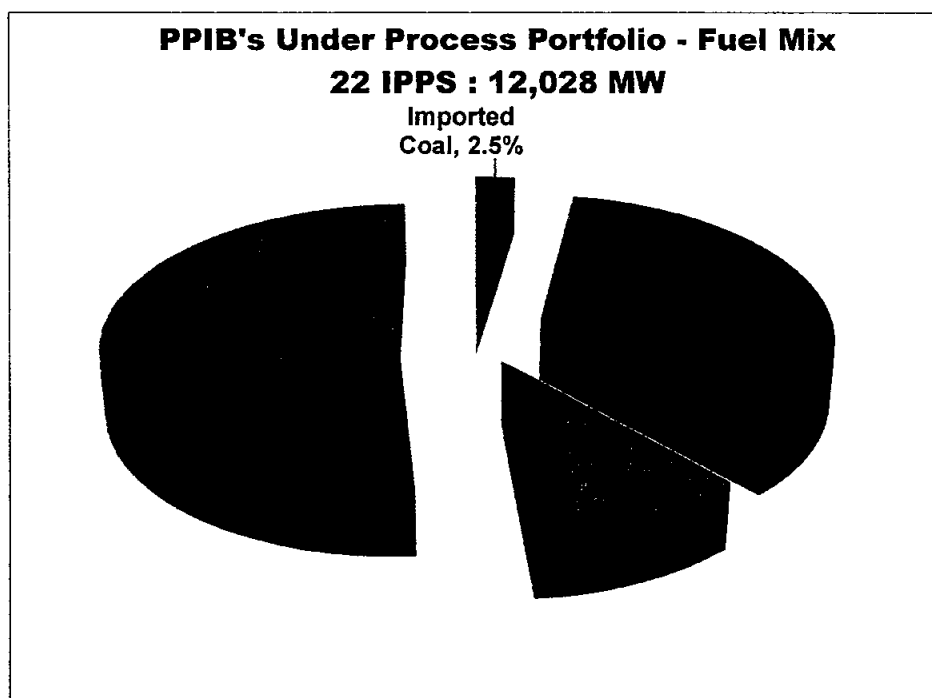


The following table shows the break-up of number of projects and investment successfully attracted by PPIB under aforementioned policies:

Independent Auctioning Agent Registration Application

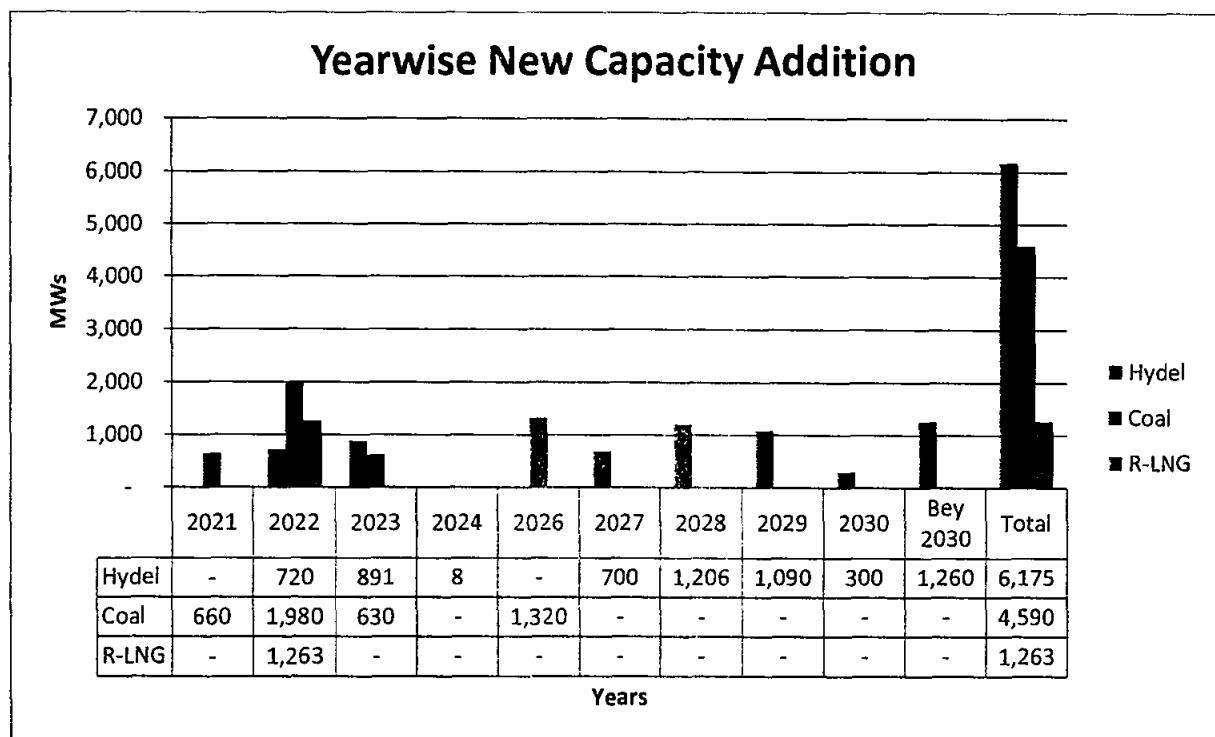
Sr#		Number of Projects	Capacity (MW)	Investment (Million US\$)
1	Projects Prior to 1994 Power Policy	1	1,292	1,608
2	Projects Under 1994 Power Policy	15	3,100	3,490
3	Projects Privatized from Public Sector	1	1,638	1,583
4	Projects Under 1995 Hydel Policy	1	84	215
5	Projects Under 2002 Power Policy	15	3,183	3,927
6	Projects Under 2015 Power Policy	7	8,253	9,153
<b>Total</b>		<b>40</b>	<b>17,551</b>	<b>19,976</b>

Currently PPIB is handling portfolio of Twenty-Two (22) new multiple fuel (coal, hydro, R-LNG/Gas) based IPPs with cumulative capacity of around 12,028 MW worth multi billion dollars. These projects are at different stages of implementation, the current portfolio of under process projects include 51% share of clean and green hydropower.



The technology-wise break-up of these generation Projects is as follows:

- 14 Hydro IPPs of 6,175 MW
- 07 Coal based IPPs of 4,590 MW and
  - One Imported Coal based Project of 300 MW
  - Six Thar Coal based Projects of 4,290 MW
- 04 R-LNG based power project of approx. 2800 MW
- Handling / facilitating  $\pm 660$  kV Matiari-Lahore HVDC (High Voltage Direct Current) Transmission Line Project, first ever transmission line project of the country in private sector, being sponsored by State Grid Corporation of China.
- Further Commissioning Targets: Seven projects of around 4,700 MW by Year end 2022

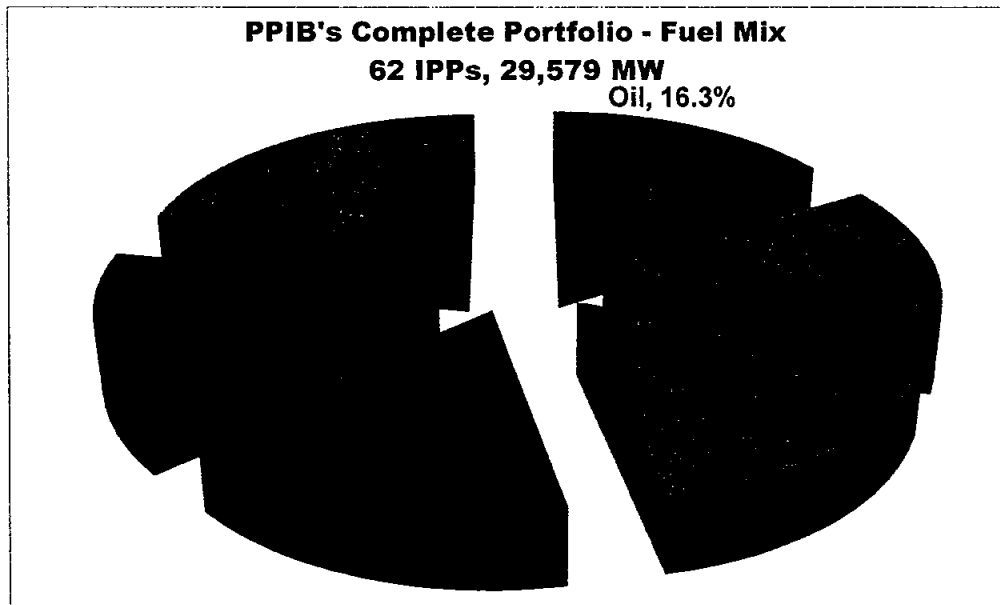


PPIB is currently focusing on following areas for development with the objective to increase share of indigenous energy resources in overall energy mix;

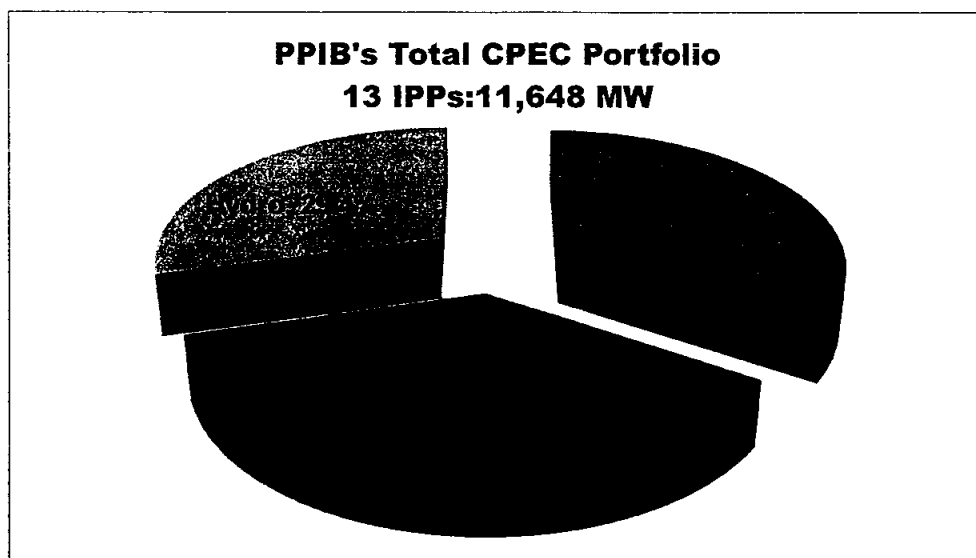
- PPIB encouraging Hydropower Projects, being Indigenous and Clean Resource - Award of projects on BOOT basis through Solicitation for Raw Sites and ICB where Feasibility Studies and detailed design available
- Transmission Line Projects in Private Sector under Transmission Lines Policy 2015 - PPIB is developing a framework and security package for award of projects to private sector through ICB. on BOOT basis
- Thar Coal based Projects to achieve Economy of Scale on the Mining Operations - 175 billion tons lignite coal divided into thirteen (13) Blocks with only two blocks at advanced stage

*[Signature]*  
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The fuel mix of PPIB's total portfolio including under process and commissioned projects is shown in the chart below:



Amongst its array of achievements, PPIB is also acting as the frontline institution of the GOP in implementing the flagship CPEC Program by processing a major chunk of the Power Sector's projects under the auspices of CPEC. PPIB's current portfolio includes thirteen Power Projects under CPEC Regime of 11,648 MW worth 18.5 Billion US\$, out which Four Projects of 4,620 MW have been commissioned and Nine Power Projects of 7,028 MW and one HVDC Transmission Line Projects are at different stages of implementation; The break-up is given below:

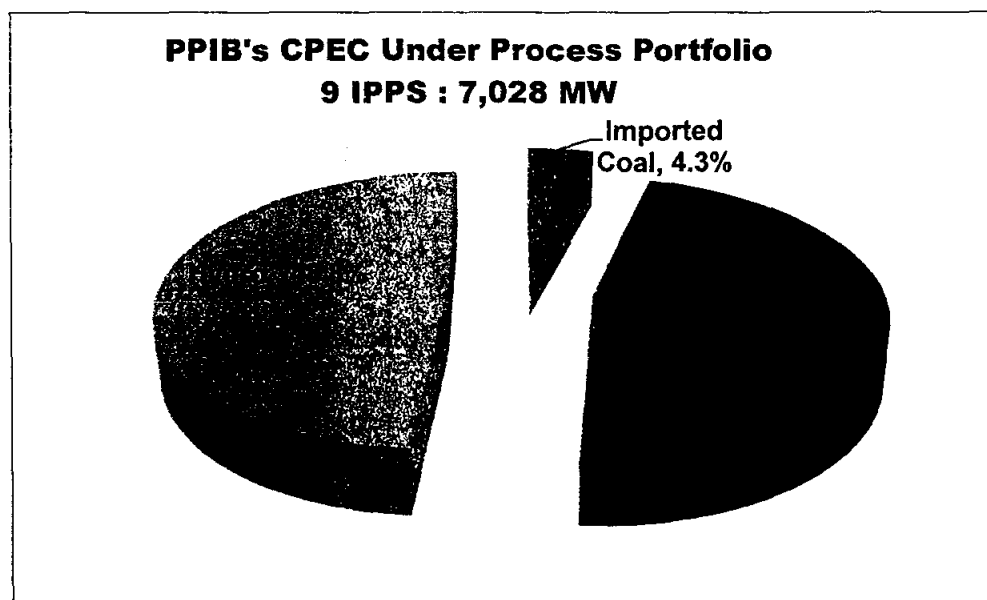
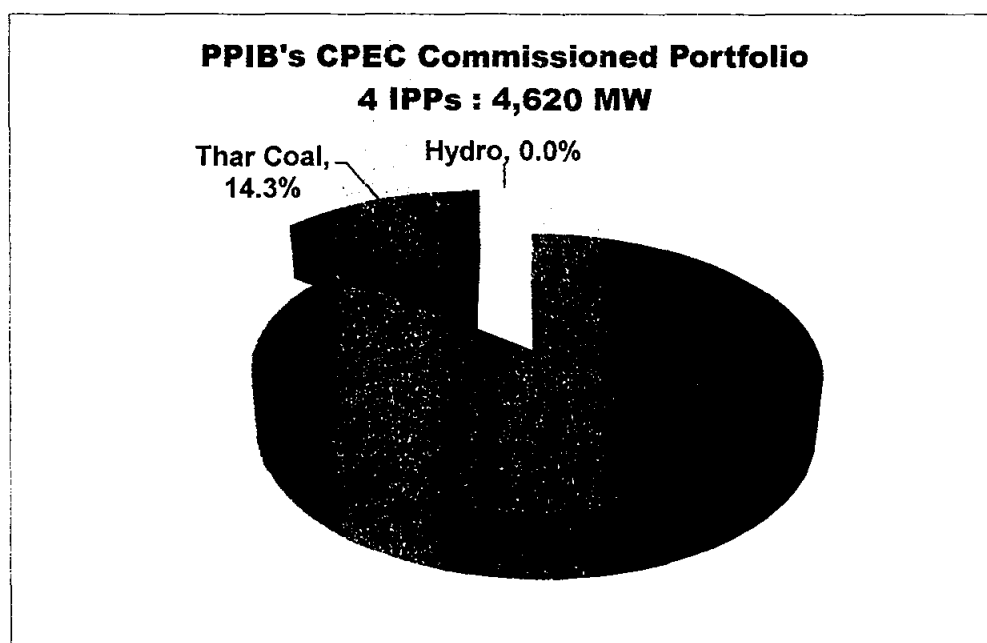


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- Nine coal-based power projects of 8,220 MW including:
  - Four Imported Coal based Project of 4,260 MW
  - Five Thar Coal based Projects of 3,960 MW
- Four hydropower projects of 3,428 MWs
- 878 KM long, 4,000 MW capacity,  $\pm 660$  kV Matiari-Lahore HVDC Transmission Line Project worth 1.6 Billion US\$.

Furthermore, out of this PPIB's CPEC portfolio of 11,648 MW, 1320 MW Imported coal-based Sahiwal Power Project, 1320 MW Port Qasim imported Coal based Project, 660 MW Engro Powergen Thar (Pvt) Limited and 1320 MW Hubco imported coal-based project have already been commissioned.



Accordingly, PPIB's transition journey is an ongoing one and its team of professionals is continuously endeavoring to add to its pool of achievements over the years through pro-active approach, innovation, hard work and unwavering dedication. PPIB's accomplishments outlined herein are thus a glimpse of its abundant potential and ambitious plans to perform a key role as the IAA for the prospective CTBCM.

It is of significance to emphasize that PPIB has been promoting private and public sector participation in the Pakistani power sector in an efficient, fair and transparent manner in line with the power Policies of the GOP, as well as the electricity demand/supply projections. Furthermore, PPIB's merger with the AEDB is presently underway, which is expected to further diversify and expand PPIB's existing portfolio.

#### 1.4- SUMMARY

In summation, PPIB has a plethora of achievements to its credit as detailed in this section. The said achievements and unprecedented industry experience have equipped PPIB with the necessary skills to undertake the role of IAA in the future competitive power market. Further, it has necessary in-house expertise for the development of a budget to ensure that adequate financial resources are available to provide services as IAA. Thus, PPIB is all geared up to assume the said role and has already initiated in-depth research and thorough planning to effectively discharge this function. Further, PPIB has an impressive track record of successful implementation of several power projects and aspires to maintain the same momentum with respect to its responsibilities as IAA in the CTBCM.

## 2. BOARD AND MANAGEMENT

This section lays down the administrative structure of the Board and management and their working and internal control system. In particular it also includes particulars of the Managing Director, Senior Management and Senior Officers of PPIB holding certain key posts in the organization. Furthermore it would also provide insight into the human resource capacity of the organization.

PPIB is a body corporate established through statutory instrument i.e. PPIB Act, its composition and administrative structure mimics the corporate boards in its functions and powers. From the perspective of public administration, PPIB is an organization akin to Next Step Organizations called QUANGO (quasi administrate non-governmental organization) created within the broader framework of Federal Government to achieve specific objectives by way of better administration and more efficient use of human resources. It carries a distinct legal personality from its members, in legal parlance called a juristic person which can sue and be sued its own name and which can buy and sell property and enter into contracts etc. Similar to corporate structure, for the smooth and efficient functioning, PPIB has also two tier broader administrative structures: (i) the head which constitutes the Board comprising of Members and Chairman and (ii) the body which comprises of Managing Director and its employees that carry out the decisions and directions of the Board. The former carries the authority to make decision headed by Chairman whereas the latter is enjoined to perform functions as per decisions and directions of the Board and this tier is headed by Managing Director.

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PPIB is an organization led and managed by qualified leadership with diverse experience in the industry in general and in the power sector in particular. The organization is headed by the Managing Director (Mr. Shah Jahan Mirza) under whose command the operations of the organizations are currently performed.

At present, PPIB has sanctioned strength of 117 employees. There are Grades 1 to 6 in Executive Cadre and Grades 1 to 5 in Staff Cadre. Collectively, these individuals provide strategic direction to the organization to ensure that it achieves its goals and objectives. The combination of experience and expertise of senior, middle and junior management has enabled PPIB to operate independently, since its establishment. The organization treats its all employees equally and understands that its goals and objectives will only be achieved if the entire staff is geared towards achieving them. For the purposes of internal control, better management and administration, PPIB has formulated elaborate regulations under Section in 2013 entitled PPIB Regulations 2013 (**Annex-III**).

The IAA function requires highly skilled, capable, motivated and experienced human resource to operate effectively. Although, the combination of core organizational pillars i.e. right people, efficient processes and technology makes an organization effective; perhaps the human resource dimension is most significant. The IAA function can be effectively integrated within the current PPIB structure since there are minimal overlaps with ongoing functions and the organization may leverage on its everlasting successful performance through project implementation and securing of necessary guarantees for these initiatives.

Since inception, PPIB has attracted experienced and high-quality professionals through a carefully designed recruitment process, coming from diverse backgrounds ranging from engineering, finance, law energy management, policy and projects operations. The management is dedicated to ensure that the organization remains compliant and fulfills its current duties and obligations, while paving the path for the future competitive power market regime under the given policy direction and regulatory frameworks.

## **2.1- PARTICULARS OF ITS DIRECTORS AND CHAIRMAN**

PPIB Board's composition is unique in its characteristics. Its Chairmanship has been bestowed upon Federal Minister for Energy in order to entrench ownership of decisions at the highest echelons of political power. Then under him four federal secretaries of Power, petroleum, finance and planning, four Chief Secretaries of all provinces, chief secretaries of Azad Jammu & Kashmir and Gilgit Baltistan, Chairman FBR, Chairman WAPDA, four private members being prominent power sector experts nominated by each province and Managing Director of PPIB have been nominated as members.

Each member of the board is well qualified and possesses over 20 years' of professional experience in their respective fields.

The PPIB's Board ensures that the organization adheres to the corporate governance best practices while being compliant with the policy, legal and regulatory requirements. The board through its collective wisdom provides strategic direction to the organization to ensure that it achieves its goals

and objectives. It aims to make PPIB a body corporate imbued with core values of good governance by setting standards at the Board level, practicing them and creating an environment to ensure that such values and practices permeate throughout the organization. PPIB's Board achieves this goal by way of constituting various committees to cater to its business needs and ensure that goals set by GOP are efficiently met. In this regard following committees have been created:

### **Project Committee**

The Project Committee being the core committee of the Board performs wide array of functions as follows:

- Any matter which results in commitment involving financial liability or impact on the Federal Government
- Approval of annual procurement plan under CTBCM
- Processing and approval of award of projects to project sponsors under various modes as provided under the respective power policies
- Finalization of standard Security Package Documents i.e. implementation Agreements, Power/Energy Purchase Agreements, Water Use Agreements etc, and approval of Project Specific documents
- Change of main sponsor or majority shareholder sponsors where approval of PPIB is required
- Termination/cancellation of projects
- Extension in the milestones of projects such as Financial Closing or Commercial Operations Date etc.
- Major operational, technical, financial, legal issues of projects which cannot be resolved at management level
- Proposals for settlement of disputes with IPPs and other persons
- Issues that require approval of the GOP (ECC, CCOE, CCI, DDWP, CDWP, and ECNEC etc.)
- Any other projects related matters not covered above, that require consideration/approval of the Board
- Any matter referred by the Board for consideration and review of the committee

### **Audit and Finance Committee**

This committee is mandated to oversee, monitor and conduct due diligence of all matters of financial nature of PPIB such as budget approval, matters involving financial liability or implication for GOP, audit of financial expenditures etc.

### **HR Committee**

HR Committee is responsible to do following functions approved by the Board:

- Assist the Board in discharging its duty to oversee the establishment of appropriate Human Resource policies and strategies that are aligned with the organization's Values, Vision and Mission and provide the PPIB with the capability to achieve its short and long term objectives
- Be responsible for review and recommendations of the organizational structure and HR Policies of PPIB
- Review and recommend the compensation and benefits policies of PPIB
- Ensure that mechanism is in place to ensure that sufficiently competent and capable personnel are appointed and retained at the key management positions
- In consultation with the MD PPIB periodically review the succession and continuity plan of executives and management including the appropriateness of the current and future organizational structure of PPIB
- Review, as appropriate, the PPIB's value statements, and practices for supporting diversity in the workplace and programs in support of employee morale and satisfaction
- Review long range strategic plans and performance in regard to its management of all human resource activities, including safety, health, working environment, employee relations and equality of treatment
- Review the Service Regulations of PPIB as and when required and submit to the Board of PPIB for approval
- Encourage a high performance culture and employee engagement that will drive organization success
- Recommend perquisites and benefits policies for approval of the Board
- Shall recommend Voluntary Separation Plan of the PPIB as and when required
- Evaluate and recommend human resource outsourcing policies and opportunities
- The HR Committee shall meet at least once in three months

Given PPIB forthcoming role as IAA, a few more committees are under consideration based on the expected needs of the organization, particularly in transitioning towards CTBCM. In this regard, a Procurement Committee of the Board is being proposed to be constituted with following scope of mandate.

#### **Procurement Committee**

The committee will have a specific object for its establishment. Operations and members of the committee will be timely defined. The Procurement Committee will be mandated to ensure transparency and accountability in power procurement transactions and the management of power contracts. It will also support the procurement team in PPIB in the assessment of tender documents during the public consultation phase required, including potential legal issues related to auctions documentation after the consultation phase has been completed. If required, PPIB Board may form additional committees to perform any other essential function of IAA.

#### **2.2- PARTICULAR OF THE SENIOR MANAGEMENT**

PPIB's current team comprises of a number of competent, experienced and motivated employees. Its senior management/senior officers consist of a balanced mixed of professionals belonging to Executive Grades 5 and 6 who have extensive professional experience in the engineering, legal,

regulatory, policy, strategy, project finance, project management, information technology and human resource domains. Indeed, the combination of the three organizational pillars i.e. right people, efficient processes and technology makes PPIB an effective and efficient organization. Assumption of the role of IAA requires highly skilled and experienced human resource, which PPIB's eclectic pool of qualified professionals abundantly offers. The list of officials of PPIB with their qualifications and experience is attached at **Annex-IV**.

### **2.3- INTERNAL CONTROL SYSTEM OF HUMAN RESOURCES (HR)**

The HR at PPIB is fully involved in people management and with their relationships within the organization. PPIB has played a prominent role in achieving the organization's strategic plans and objectives during the past years through its good HR practices.

Employee development and knowledge management of employees is one of the major priorities of PPIB. With the mechanism of training need assessment and feedbacks from employees, annual training plan is chalked out every year for capacity building of the employees in technical as well as in Management, HR, IT, Finance and Legal fields. PPIB has also remained extra vigilant for health and safety of its employees during the COVID-19 pandemic. Advisories for prevention and containment of COVID-19 were issued and necessary precautionary measures were taken to reduce the risk of exposure to COVID-19. Social distancing and other required safety measures including but not limited to wearing face masks, sanitizing/washing hands etc. have been taken. Most of the operations managed through "Work from Home Mode" by using Virtual Private Network (VPN) through specific IT system developed in-house, as well as Official WhatsApp Group for all employees other than the essential employees required in the office. Official meetings were conducted through video conferencing. Furthermore, healthcare facilities related to COVID-19 were allowed to the employees and their dependents free of cost including laboratory tests.

Employees at PPIB have been provided the environment to progress further for taking more responsibilities at senior level. Employees have been given competitive market based salary, benefits and rewards so that brain drain can be stalled. Special emphasis is given on Ergonomics at PPIB. A healthy workplace environment is provided to employees enabling them to maintain a positive outcome in a stressful atmosphere. A healthy workplace environment improves employee motivation, efficiency, productivity and reduces costs related to absenteeism, turnover and medical claims.

PPIB encourages its employees to participate in sports activities for their physical and mental fitness and in this regard a separate budget is allocated every year. PPIB cricket team often participates in cricket tournaments and also plays friendly cricket matches during the season. An in-house gym facility with state-of-the-art gym equipment has also established at PPIB to adopt a healthy life style.

HR policies and procedures were rationalized to make them more efficient which include clearer and fair performance appraisal plans and reward systems. In order to provide clear SOPs various policies are in vogue in pursuance in addition to PPIB Regulations 2013. Some major policies/procedures are as under:

- Promotion Policy
- Recruitment & Selection
- Hospitalization Policy

- Training Policy
- Policy for treatment & disposal of Gifts
- Overtime Policy
- Travel Policy
- Attendance Procedures
- Procurement Procedures
- Leave Procedures

HR Controls focus on employee performance, behaviour and developing and maintaining internal policies and procedures. To properly implement internal HR controls, following different internal committees have been formed which fully deliberate the matters before them and give suitable recommendations to the competent authority for implementation:

- **Selection Committee**

All appointments are made on merit as per the required criteria, and on recommendation of the Selection Committee constituted by the MD PPIB in accordance with the PPIB Regulations. Recommendations of the Selection Committee are based on rigorous interviews with or without written tests.

- **Promotion Committee**

Promotion is based on the PERs for at least the immediately preceding two years and, wherever applicable, three years of service at PPIB. An employee possessing minimum qualification and length of service as specified in the Appendix-2 of the Regulations is eligible for promotion to a higher post subject to (a) suitability of the incumbent for the next higher post, (b) availability of vacancy in the next grade and (c) any additional criteria determined by the Competent Authority and considered mandatory for promotion to the higher post. As per the Regulations, the PPIB Board is the competent authority for promotions of PPIB employees from EG-IV to EG-V and EG-V to EG-VI grades on recommendations of the HR Committee of the Board. Below EG-IV grade, MD PPIB is the competent authority.

- **Procurement Committee**

All procurements above Rs. 100,000/- are recommended by the Procurement Committee for approval of MD in accordance with the procurement SOPs and PPRA Rules.

- **Auction Committee**

The Committee is responsible to oversee the process of auction or redundant items as per the approved SOPs.

- **Medical Committee**

Mandate of the Medical Committee is to recommend the following for MD's approval:

- Inclusion/exclusion of a hospital/clinic in the panel of PPIB.
- Revision of medical entitlements
- Any critical/unique medical case which requires the Committee's consideration

- **Loan & Advances Committee**

The Committee recommends sanction of loan to employee up to maximum of ten months gross salary after completing all formalities required under Chapter-15 of the PPIB Regulations 2013 and the Guidelines for Loans and Advances. 10% of the PPIB annual budget is kept for sanction of loans.

- **Grievances Redressal Committee**

This Committee has been formed in pursuance to Rule 48 of PPRA Rules 2004 to address the complaints of bidders that may occur prior to entry into force of the procurement contract.

- **Design & Construction Committee**

The Committee is responsible to oversee planning, design and later construction of PPIB main office building.

- **Investment Committee**

The Committee is responsible for submit suitable recommendations regarding investment of surplus funds for approval of competent authority, as per the guidelines defined by the GOP.

- **Official Gift Committee**

The Committee is responsible to assess the value of the gifts deposited in the HR Section and its disposal as per provisions of the PPIB Regulations 2013 and Gift Policy.

- **Committee against Sexual Harassment**

Upon advice from the Federal Ombudsman, this Committee was constituted in accordance with the Protection against Harassment of women at the Workplace Act, 2010. Procedure for holding inquiry, penalties, appeal, etc. have been laid down in the Act.

## **2.4- PPIB'S CONSULTANTS' TEAM**

To discharge its role as an effective IAA, PPIB is in the process of enhancing its technical capacity by engaging consultants with vast international and or local experience in the areas of power procurement auctioning, energy and demand forecasting, human resources and IT systems design and implementation.

Since July 2021, MRC Consultant has been engaged by PPIB with the processes leading towards the assumption of the role of IAA from Q1 2022 onwards. PPIB is/will be seeking necessary support from reputed consultants to have in place a sound structure to lead the procurement process from Q1 2022.

## **3. FUTURE ACTIONS AND STRATEGY FOR TRANSITION TOWARDS THE ROLE OF IAA**

### **3.1- PPIB, ITS RESTRUCTURING AND PROGRESS**

PPIB has gained tremendous momentum over the years and has attained several major milestones to become a proficient IAA of the future. Notably, it has strengthened its internal processes, devised internal strategies, undertaken meticulous planning, hired key staff members alongside training existing ones in order to efficiently perform a future novel function. PPIB has a well thought out plan to build itself for future competitive market operations. It is undergoing a profound adaptation

to assume its forthcoming responsibilities, wherein the structure of the organization is being fine-tuned to meet the current and emerging business requirements. The current organizational chart is placed at **Annex-V** for reference (section 4.3- outlines the location of the IAA division within the PPIB current structure). Moreover, PPIB is playing its well defined role through concerted efforts, coordination and significant contributions so that CTBCM is fully and effectively implemented as per its envisaged objectives. This together with PPIB's expertise and experience make it a suitable fit to become a proficient IAA in the future. Moreover, it is significant to mention that PPIB is presently pursuing a well thought out plan to build itself for the bilateral contract market and its prospective role thereunder. In summation, PPIB is all geared up to assume the role of IAA in due course.

### **3.2- STRATEGY FOR FUTURE PROCUREMENT**

There have been a number of national strategies, draft regulations, concept papers, etc. around the definition and structuring of the future procurement process. Due to impressive generation capacity addition over the last few years for which PPIB has played an instrumental role, Pakistan has achieved adequacy or (some argue) even surplus in terms of generation capacity. With this, the strategy for future power procurement shall also change. Now the procurement process shall be driven by the demand side than the supply side. The demand side shall call for offers of the quantity that it considers necessary for future procurement and the supply side shall act in response to that call. Generation costs need to be optimized through long-term least cost optimization plans. Except some strategic projects and nascent technologies, the competitive procurement shall be the only method to procure further generation. For this purpose, the policy framework needs to be revised and intuitions shall be strengthened. Some of the key provisions affecting this newly adopted role by PPIB are going to be outlined in the procurement rules which are yet to be framed by NEPRA.

## **4. POWER MARKET TRANSITION AND CHANGING DYNAMICS**

### **4.1- THE POWER MARKET OF THE FUTURE**

PPIB has not only witnessed massive reforms in Pakistan Power Sector but also actively contributed in various restructuring initiatives of Government of Pakistan and accordingly soon after the approval of conceptual design of CTBCM by NEPRA in December 2019, PPIB constituted dedicated Market Implementation Group (**MIG**) of its professionals which was subsequently reconstituted as Joint Implementation Group including members from AEDB as per direction of MIMG. PPIB's MIG with full support of Managing Director has been working on achieving the tasks assigned to PPIB under NEPRA's CTBCM determination. The Group has been working in close collaboration with CPPA-G team assuring full organizational support in implementation of approved Market Model and subsequently updated Road Map. PPIB is actively working on the assigned tasks and has already submitted first draft of policy framework for power generation to Power Division, reviewing the security package documents to align it with CTBCM, completed the merger plan of AEDB into PPIB, diligently working on HR & IT strengthening to be ready for its role as an IAA in future electricity market.

NEPRA under Section 25A of NEPRA Act is empowered to register an entity as the IAA so that it can perform the functions envisaged under the CTBCM Design and implementation roadmap for CTBCM. This together with PPIB's expertise and experience make it a suitable fit to become a proficient IAA in the future. Furthermore, it is significant to mention that PPIB is presently pursuing a well thought out plan to build itself for the bilateral contract market and its prospective role thereunder. In summation, PPIB is all geared up to assume the role of IAA in due course.

#### 4.2- TRANSITION PLAN AND THE BUSINESS PLAN

Under the new competitive regime of the CTBCM, DISCOs, as last resort suppliers, will directly execute and administer bilateral contracts with the generators to meet their capacity obligations in the market. The role of the IAA is to essentially procure new power generation capacity for DISCOs through competitive auctions as per applicable Power Procurement Rules/Regulations. For the purposes of assuming this core function PPIB will be developing comprehensive Transition Plan and Business Plan. The Transition Plan and Business Plan will entail *inter alia* the vision, mission, core values, the corporate level objectives, scope, schedule and costs of various projects including the operational costs. Furthermore, apart from PPIB, all the market participants and the service providers will also have to include the actions identified under CTBCM Plan into their respective transition and business plans. The Transition Plan and Business Plan are expected to be comprehensive in nature covering all issues, tasks and responsibilities which are due to fall within PPIB's mandate as IAA.

#### 4.3- FUNCTIONS TO BE ASSUMED BY THE IAA

##### **Preparation of Annual Procurement Plan**

These functions are still to be assigned to the PPIB, since the necessary institutional and regulatory decisions have not been taken yet. Therefore, what follows is our understanding of the functions that may be developed by the IAA:

- Liaison with the NTDC in establishing the additional capacity requirements for the system, based on IGCEP elaborated by NTDC.
- Obtain annual and monthly demand forecast of DISCOs and identify needs for new capacity procurement for each DISCO.
- Segregate total new capacity additions of the system into shares for different DISCOs and procuring the total gap.
- Involve with the DISCOs to estimate their Capacity Obligations according to NEPRA regulation.
- Calculation of the gap for each DISCO in consultation and consistency with demand forecast by each DISCOs and system long term load forecast provided by the Planner.
- Consolidate and aggregate capacity and energy demand gaps received from DISCOs based on determination of capacity obligation as per applicable mechanism (in liaison with MO).
- Preparation and finalization of procurement plan for DISCOs based on least cost generation plan parameters including size, technology, fuel, location etc.
- Prepare the overall Capacity Procurement Plan based on the calculated gaps.
- Obtain NEPRA approval for Procurement Plan.

### **Preparation of Standard Bidding Documents**

- Prepare and obtain the regulatory approval of the market-based contracts/PPAs/EPAs templates for the centralized auctions for procurement of new contracts (new generation) for DISCOS (in their role as suppliers) and coordination as applicable with relevant agencies on procedures and system to exchange data and clear allocation of rights and responsibilities of each one.
- Draft the standard bidding documents and submit as necessary for NEPRA review on compliance with regulation for competitive tariffs.
- Obtain the required regulatory approvals or clearance for the plan and auction documents as outlined in the procurement regulations.

### **Administration of the Competitive Auctions**

- Carry out centralized competitive auctions for procuring the energy and capacity for aggregated need of all DISCOs (in their role as Last Resort Suppliers).
- Launch the capacity procurement plan, according to pre-defined stages.
- Provide services to competitive suppliers, traders and BPCs for competitive procurement.
- Carry out pre-bid conferences, evaluation of technical and financial bids, preparation of bid evaluation report, submission of evaluation report to competent forum to obtain approval, and award of project to successful bidder for development.
- Liaise with DISCOs for assessment of their financial health and creditworthiness, and their ability to provide credit cover. Credit covers will be required both for bilateral transaction and participation in the centrally administered markets by Market Operator.

### **Preparation of Market Based Contracts and Regulatory Approvals**

- Coordination and liaison with stakeholders, Ministry, NEPRA, CPPA-G, DISCOs, NTDC, Market Operator, System Operator and other market participants and service providers on issues related operation, gathering information and data to procure new capacity on competitive terms through auctions.
- Prepare and obtain the regulatory approval of the market-based contracts/PPAs/EPAs templates for the centralized auctions for procurement of new contracts (new generation) for DISCOs.
- Coordinate as applicable with relevant agencies on procedures and system to exchange data and clear allocation of rights and responsibilities of each entity.

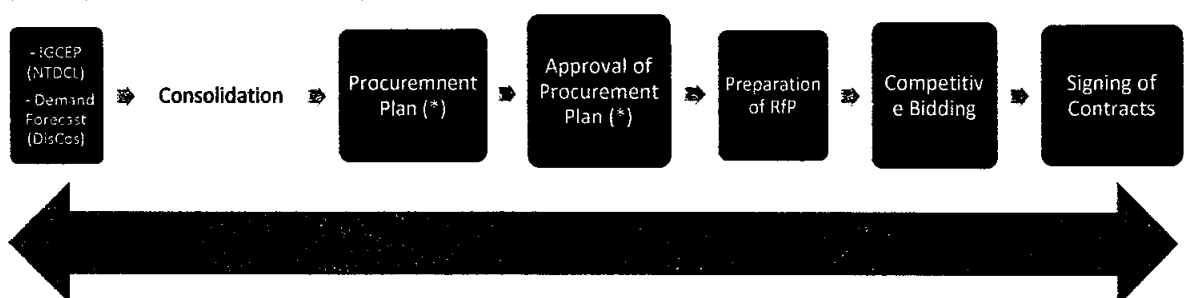
### Post Auction support

- Facilitate the successful bidder in obtaining the licenses, permits, consents etc. in relation to development of the projects.
- Assist the DISCOs in the signing of the bilateral contract/commercial PPAs/EPAs with each generator that has been awarded in the auction.
- Assess the financial health of all DISCOs on regular basis to evaluate their credit rating.
- Assist financially weak DISCOs in arrangement of security covers.
- Manage the required processes to get the guarantees granted to the eligible DISCOs under the guarantees support scheme from the GOP to facilitate eligible DISCOs their participation in the CTCBM.
- Administer the GOP guarantee support for DISCOs.

### Other functions

- Coordinate with various ministries, foreign missions, investors, international financial institutions and other agents on queries related to future market, power policies and investment opportunities in CTCBM.
- Comply with regulatory affairs arising due to changing market dynamics.
- Support PPIB in ongoing and future electricity market reform process.
- Assist PPIB on overall Pakistan power sector scenarios, new initiatives, energy strategies paper / policy notes etc.
- Handle proposals for bilateral / multilateral energy corporation with diff countries.
- Coordinate with Multilateral Development Institutes for seeking technical and financial assistance.
- Research on changing market trends, technologies, policy tools, financing options, procurement processes and auctioning techniques etc.
- Assist Managing Director for international conferences / events / seminars/workshops etc.

The IAA will take part across the whole process of contracting with different degree of involvement. The exhibit below outlines the stages of the procurement plan and IAA involvement from the definition of additional capacity requirements to the actual launching of the tenders and closure of the relevant contracts:



IGCEP: Indicative Generation Capacity Expansion Plan, currently prepared by NTDCL as transmission licensee. System Operator will develop this plan in the future, as prescribed by the NEPRA Act, as amended in 2018.

(\*) Functions pending on institutional and regulatory decisions

☐ No IAA role  
☐ IAA Leading in Liaison with MO  
☐ IAA Leading

As substantiated herein, PPIB with its wealth of experience, array of achievements, solid human resource capability, determination and motivation has the key skill set necessary to assume the role of IAA in the CTBCM. PPIB is all geared up to assume the said role and has high hopes of seeing the CTBCM up and running at the earliest. In parallel, PPIB will continue its ongoing strategic and policy roles within the energy sector.

#### 4.4- BENCHMARK: INTERNATIONAL REFERENCE CASES

Within the ultimate goal of formulating the most efficient corporate structure for this new role, the MRC team advising PPIB has been assessing worldwide experiences whereby similar auctioning processes have been successfully implemented.

IAA as an independent auction agency aimed to promote competitive capacity procurement for regulated distribution companies has successful international precedents whose reference may facilitate the implementation of this entity in the Pakistani context. Some lessons used from the Brazilian case to share this draft application are depicted below.

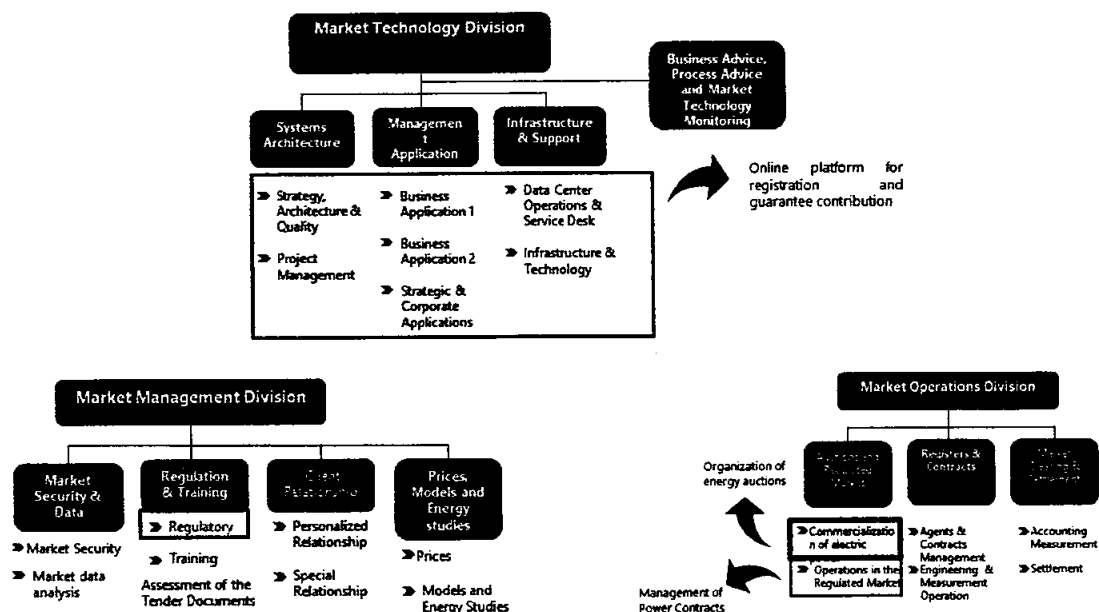
The case of the Chamber of Electric Energy Commercialization (CCEE) in Brazil is a relevant reference.

It should be noted that CCEE has no influence on the planning and operation of the system's physical dispatch; this is managed and operated by the National System Operator (ONS).

Overall, CCEE's functions are several, although the highlighted ones are the only relevant for the case of IAA:

- **Promotion of energy procurement auctions**
- Management of power trading in the regulated and free markets
- Conduction of market clearing and settlement for both regulated and free trading environments
- Disclose of market information and auction results
- Technology and systems to improve market operation
- Training for agents and institutions
- **Registering of the power contracts**
- Metering (generation and consumption)

The relevant functions for IAA within the CCEE are highlighted below:



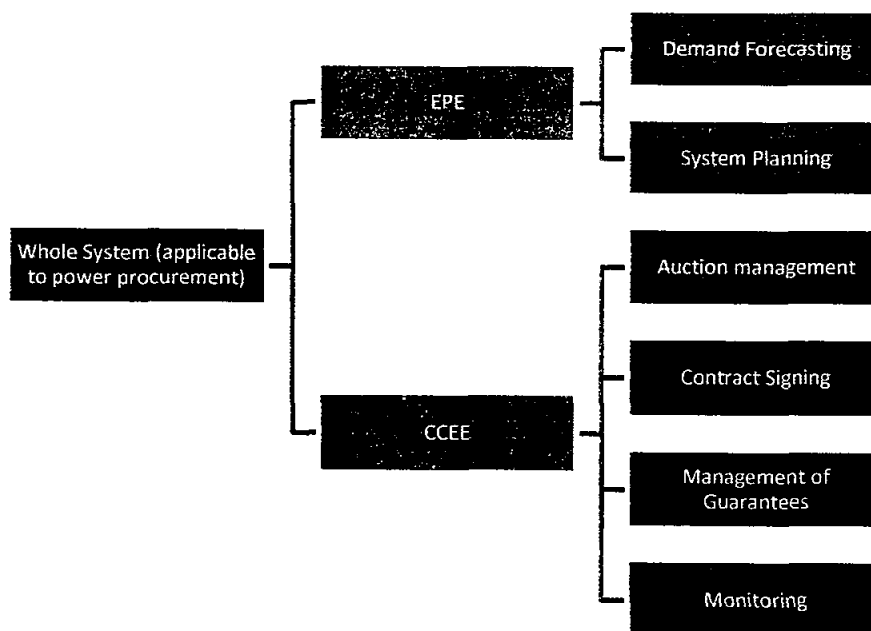
In the case of Brazil, planning and energy procurement plans are developed by a separate entity from CCEE, the Energy Planning Company (EPE). EPE has been created by the market reform and its objective is to support the Brazilian Ministry of Mines and Energy (MME) energy policies with technical studies and research on energy planning covering electricity, oil, natural gas and its derivatives and biofuels.

EPE has the following main responsibilities:

- Development of studies for the definition of the energy matrix, including the 10-year Energy Expansion Plan, which is a comprehensive report that signals, but does not determine, the prospects for future expansion of the entire energy sector from the Government's perspective over a ten-year horizon, indicating some strategies to be pursued and the targets to be met in the long term.
- Promotion of energy potential studies, including the feasibility studies of hydro basins.
- Obtain the prior environmental license and declaration of hydraulic availability required for the auctions of new (big) hydro power plants.
- Conduct technical studies for the (new) energy supply auctions, including the calculation of the physical guarantee of generation assets.

IAA will solely take part in the above-mentioned activities as an observer but in any case, is worth highlighting the components of the process in which the auction needs will be defined.

Despite not being 100% aligned with the role and responsibilities, PPIB will hold enables the adequate definition and structuring of the internal processes needed to comply with the specific roles outlined in the section above. The strengthening plan prepared and under implementation by the consultant will ensure the necessary capabilities and systems are built in-house and supplemented by external support where needed.



The final mapping of processes and definition of systems and tools required for these functions will take into consideration the findings from this and other relevant cases. During the coming months PPIB will build the internal systems required to be prepared for the first auctions early 2022.

#### 4.5- TRANSITION AN INCLUSIVE PROCESS

PPIB is facilitating the transition journey through an inclusive process that entails mainly the capacity building of its own staff, consultations and market coordination that entails handholding, coaching and then understanding and liaison with stakeholder entities specially dealing with certain important functions which will drive IAA's activities such as the determination of the capacity obligations by DISCOs.

Moreover, in the coming year PPIB in its IAA role will develop the sufficient technical and institutional mechanisms to ensure prompt and effective coordination with the relevant authorities including and without limitation the considerations on the grid code, commercial code and other legal instruments. Apart from strengthening its internal capabilities, PPIB will endeavor to secure international strategic partnerships with sister organizations ensuring top notch approach during the execution of its newly adopted responsibilities.

#### 5. Additional human resource requirement and structure

For the current activities, PPIB organizes its structure in a rather horizontal manner covering the main typology of projects which it has been promoting in the recent years. PPIB's existing human capital having a versatile experience in the power sector has also been involved in the bidding processes conducted for the procurement of power on least cost principle. However, due to extraneous considerations the ventures were abandoned. Nevertheless to cater to additional business and commercial requirements of the auctioning function, PPIB would require additional human resource in key core functions including Business Development, Commercial, Finance and Market Operations etc. In addition to this, support functions involving Accounts, Human Resource Management, IT will be required.

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Accordingly, the organizational structure of PPIB is proposed to be based on the following Sections broadly divided into two categories:

**Existing Sections**

1. Projects (Hydropower, Thermal, Coal, Transmission Line and Renewable Energy will be brought its fold after merger of AEDB with PPIB)
2. Law
3. Finance and Policy
4. Human Resources and IT
5. Corporate Affairs

**New Section**

6. Market Strategy and Implementation (MS&I)
  - Planning and Procurement
  - Market Operations (including Environment Compliance and Economic Analysis)
  - Market Technology

All the existing sections alongwith new section will work in close coordination to perform the role of IAA in the future electricity market.

The new MS&I section will also be headed by an officer at the level of Director General under Managing Director. It will comprise of three units i.e. Planning and Procurement, Market Operations and Market Technology.

At a higher level of detail, the **Planning and Procurement Section** will be in discharge following functions (as classified in Section 4.3):

- Support DISCOs in Capacity Obligation estimations
- Preparation of Procurement Plan
- Liaison and co-ordination with NEPRA and obtain approval of procurement plan

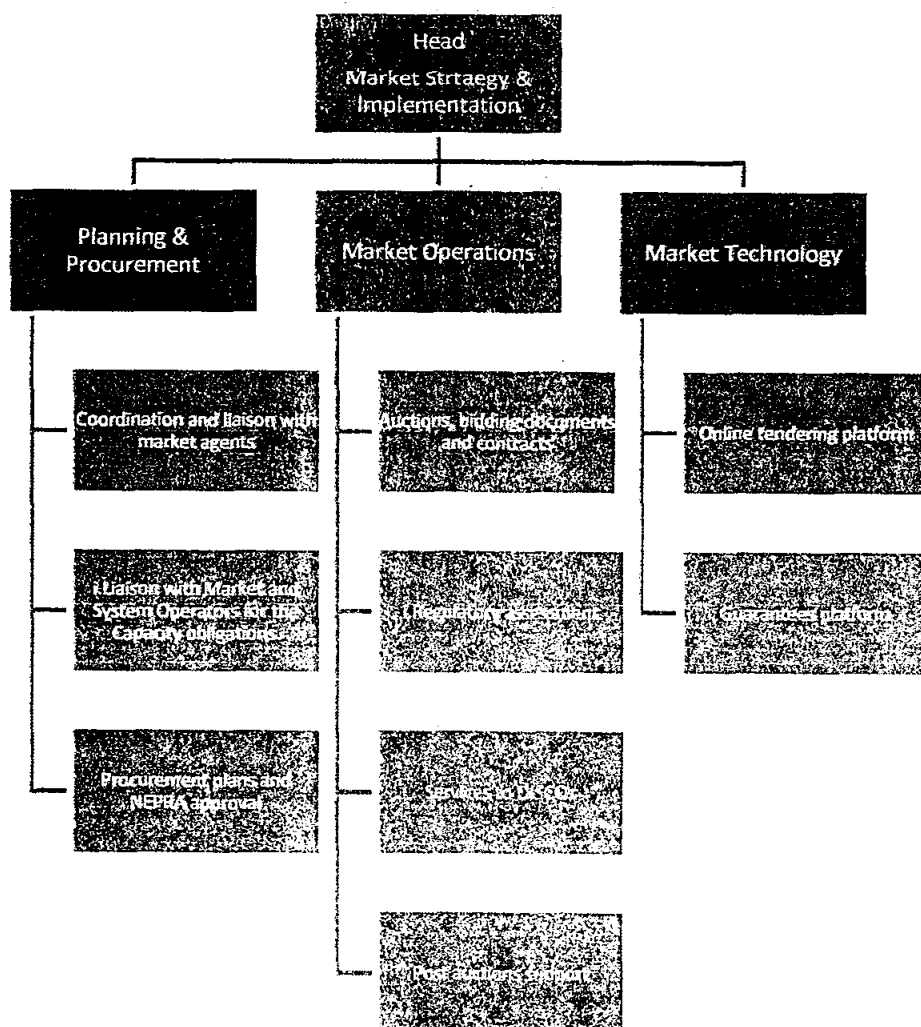
At a higher level of detail, the **Market Operation** is in charge of the following roles (as classified in Section 4.3):

- Regulatory Assessment and preparation of Standard Bidding Documents
- Administration of the Competitive Auctions
- Preparation of Market Based Contracts and Regulatory Approvals
- Post Auction support

At a higher level of detail, the **Market Technology** is in charge of the following roles (as classified in Section 4.3)

- Administer and develop an Online Tendering Platform
- Administer and develop a Guarantees Registering and Monitoring Platform

The following exhibit outlines the key departments specific to IAA and its key responsibilities<sup>1</sup>:



In addition to the above, in order to perform its IAA role, PPIB would require human resources in the fields of “Environment” and “Economics”; these skills are broadly required for the environmental assessment of the proposals, and economic evaluation of bids based on forecasted economic indicators etc. It is pertinent to mention that these skills will be added on the as and when required basis, as per the timelines perceived in the overall CTBCM model. The detailed organogram of PPIB depicting the existing and additional required human resources is placed at **Annex-VI**.

However, a detailed manpower need assessment (including utilization of existing HR resource in relation to MS&I functions) will be undertaken to determine the number of resources required in each department / core function for effective discharge of day-to-day duties / works.

<sup>1</sup> IAA shares corporate service departments (Business Development and Strategy, Legal and Regulatory, Finance and Accounts, IT and HR) with the current PPIB departments.

## Independent Auctioning Agent Registration Application

Based on the proposed structure for this agency and the benchmark analysis performed, the initial staff to kick-off the specific MS&I section has been estimated to be additional 32 members, structured within the organization as depicted above.

The specific staffing requirements and internal processes within the organization to perform the auctioning processes and monitoring of its performance will be thoroughly defined and substantiated in the coming months.

### 5.1- HR QUALIFICATIONS

According to the qualifications found along the international experience in these kinds of agencies, our initial thought was that at least half of the team should have a high technical qualification in subjects relating to engineering, industry, energy and economics, preferably with strong background on planning, regulation, new technologies. The MRC Consultant is in the process of evaluating international experience assessing the main skills that are deemed crucial to perform this evaluation. Based on this ongoing work, the following Staff Qualification Matrix is envisaged.

About 15% of the staff will be required for administrative purposes, 85% should be technical staff (professionals with high degree) for this division.

An illustrative snapshot of the proposed skills and experience is depicted below. Detailed positioning will be shaped depending upon the assessment of the workload foreseen in the coming years.

## Independent Auctioning Agent Registration Application

Position	Academic Background	Skills	Knowledge
Director General Staff 1	<ul style="list-style-type: none"> <li>High degree relating to engineering/economics.</li> <li>Experience: Minimum 15 years.</li> </ul>	<ul style="list-style-type: none"> <li>Leading, Management &amp; Coordination. High reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Professional experience on power sector. Insight of sectoral policy issues and regulatory affairs, market development &amp; reforms process, PPAs administration, project finance and tariff structuring of power generation.</li> <li>Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources.</li> </ul>
Director Staff 1	<ul style="list-style-type: none"> <li>Graduation degree relating to engineering/economics.</li> <li>Experience: Minimum 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>Management and coordination of complex sectoral studies.</li> <li>Institutional interrelation skills.</li> </ul>	<ul style="list-style-type: none"> <li>Professional experience on power sector planning, market development &amp; reforms process, project finance and tariff structuring of power generation.</li> </ul>
• Coordination and liaison with market agents Staff 2	<ul style="list-style-type: none"> <li>Graduation degree relating to engineering/economics.</li> <li>Experience: 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>Professional experience on power sector planning and modelling</li> </ul>
• Capacity Obligations / Staff 2	<ul style="list-style-type: none"> <li>Graduation degree relating to engineering/economics.</li> <li>Experience: 4 years.</li> </ul>	<ul style="list-style-type: none"> <li>Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>Professional experience on power sector planning and modelling</li> </ul>
• Procurement Plans and NEPRA approval Staff 2	<ul style="list-style-type: none"> <li>Graduation degree relating to engineering/economics.</li> <li>Experience: 4 years.</li> <li>Master Degree in Engineering / Energy / Economics / Finance</li> </ul>	<ul style="list-style-type: none"> <li>Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>Professional experience on power sector planning and modelling</li> </ul>
Research and Development Staff 1	<ul style="list-style-type: none"> <li>Experience 5 Years in R&amp;D</li> </ul>		

## Independent Auctioning Agent Registration Application

<ul style="list-style-type: none"> <li>• Director Staff 1</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to engineering/economics/accountancy</li> <li>• Experience: 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Management and coordination of complex procurement processes.</li> <li>• Institutional interrelation skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on power sector regulation, market development &amp; reforms process, procurement processes, PPAs administration and tariff structuring of power generation.</li> </ul>
<ul style="list-style-type: none"> <li>• Regulatory Assessment and Standard Bidding Documents Staff 2</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to engineering/economics/legal</li> <li>• Experience: More than 4 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes, PPAs administration and tariff structuring of power generation.</li> </ul>
<ul style="list-style-type: none"> <li>• Administration of Competitive Auctions Staff 4</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to engineering/economics/accountancy</li> <li>• Experience: More than 4 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes, PPAs administration and tariff structuring of power generation</li> </ul>
<ul style="list-style-type: none"> <li>• Market Contracts and Regulatory Approvals Staff 2</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to engineering/economics/legal</li> <li>• Experience: More than 4 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes, PPAs administration and tariff structuring of power generation.</li> </ul>
<ul style="list-style-type: none"> <li>• Post Auction Support Staff 2</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to engineering/economics.</li> <li>• Experience: More than 4 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, reporting and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes, PPAs administration and tariff structuring of power generation</li> </ul>
<ul style="list-style-type: none"> <li>• Director Staff 1</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to IT systems and commercial platforms.</li> <li>• Experience: 12 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Management and coordination of team work on complex technology environments.</li> <li>• Institutional interrelation skills.</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes and commercial guarantees information management platforms.</li> </ul>
<ul style="list-style-type: none"> <li>• Online Tendering Platform Staff 4</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to IT systems</li> <li>• Experience: More than 4 years</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, development and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on information management platforms.</li> </ul>
<ul style="list-style-type: none"> <li>• Guarantees Platform Staff 2</li> </ul>	<ul style="list-style-type: none"> <li>• Graduation degree relating to IT systems</li> <li>• Experience: More than 4 years</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, development and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on information management platforms.</li> </ul>

## Independent Auctioning Agent Registration Application

<p>Director</p> <p>Staff 1</p>	<ul style="list-style-type: none"> <li>• Master degree relating to Environmental Science.</li> <li>• Experience: Minimum 8 years.</li> <li>• Master degree relating to Environmental Science</li> <li>• Experience: More than 5 years</li> </ul>	<ul style="list-style-type: none"> <li>• Management and coordination of team work on complex environmental interventions</li> <li>• Institutional interrelation skills.</li> <li>• Analytical, development and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes and Environmental aspects of project processing.</li> <li>Professional experience on procurement processes and Environmental aspects of project processing</li> </ul>
<p>Compliance</p> <p>Staff 1</p>	<ul style="list-style-type: none"> <li>• Graduation degree relating to IT systems</li> <li>• Experience: More than 4 years</li> </ul>	<ul style="list-style-type: none"> <li>• Analytical, development and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes and Environmental aspects of project processing</li> </ul>
<p>Economist</p> <p>Staff 1</p>	<ul style="list-style-type: none"> <li>• Master degree relating to Economics.</li> <li>• Experience: Minimum 12 years.</li> <li>• Master degree relating to Economics</li> <li>• Experience: More than 5 years</li> </ul>	<ul style="list-style-type: none"> <li>• Management and coordination of team work on complex environmental interventions</li> <li>• Institutional interrelation skills.</li> <li>• Analytical, development and teamwork skills</li> </ul>	<ul style="list-style-type: none"> <li>• Professional experience on procurement processes and economic aspects of project processing.</li> <li>Professional experience on procurement processes and economic aspects of project processing</li> </ul>

[..] → Stands for the number of staff holding the specified qualification.

## 5.2- OPERATIONAL PLAN AND BUDGET

PPIB's operational budget for financial year 2021-22 is Rs. 700 million and it is anticipated that the operational budget for financial year 2022-23 will increase to Rs. 925 million that includes capacity building in terms of human resources and other related activities specific to IAA functions. The budget pertaining to the IAA functions comprises of operating costs that include salaries and benefits, rent for office building, printing & stationery, utilities, repair & maintenance, advisory/consultancy charges communication, office supplies etc. Further, this operational budget is expected to increase by 15% per annum for the next four years.

The capital costs include IT equipment and software, office equipment, vehicles, furniture and fixtures, R&D activities, dissemination campaigns, potential development or support provided to various market participants, etc. The initial capital budget related to Auction Management System (AMS) and other infrastructure is expected to be around US\$ 2-2.5 million, and approximately Rs. 50 million per annum for next four years.

PPIB has been steadily meeting operational and capital expenditures from its own resources without obtaining any funding from the GOP. To substantiate this, PPIB's Audited Financial Statements for the last three (3) years are attached for ready reference (**Annex-VII**).

The proposed additional budget to perform functions of IAA will be transparently reviewed and approved by the PPIB Board composed and will include (but not limited to) the following cost components:

- CAPEX investment in Auction Management System (AMS)
- Operation and maintenance expenditures of AMS
- Procurement Planning and R&D
- Organization and execution of capacity/energy auctions
- Regulatory and administrative support
- Dissemination and assistance to market agents

Budgeted expenses will be met through following revenue sources:

- (a) It is estimated that fees as prescribed under Private Power & Infrastructure Board (Fee and Charges) Rules 2018 (as amended), which is payable by private sector generation companies facilitated by PPIB, will initially suffice to meet the budgeted cost of IAA.
- (b) In case additional funds are needed, fee from DISCOs and other Market participants to whom IAA will provide services may be proposed on various transactions.

Thus, at present PPIB has not only adequate financial resources to render services in its capacity as an IAA, but also has plans to generate additional financial resources as and when required in future.



5.3- PERFORMANCE ASSESSMENT

Any good governance process should involve a review of performance against key performance indicators (KPIs). Section 6 outlines the guidelines to implement capacity building program for the IAA, however, the performance should be monitored on annual basis with a thorough analysis upon completion of the proposed 5-year operational plan.

In this sense, the success of IAA would be more widely recognized if a simple and transparent evaluation and monitoring scheme is developed for reporting on its activities. The format of such indicators to conduct periodic reviews efficiently is hard to define without references on the specific activities which will be actually implemented. IAA will endeavor to have sensible indicators to adequately monitor its activities in the coming years.

6. HIGH LEVEL HR STRENGTHENING AND CAPACITY BUILDING PLAN

The skills and knowledge required to address the challenging tasks to be allocated to the IAA lead to the realization that establishing a capacity building program for the staff is a must. The tentative approach on how to implement the capacity building program is outlined below. Nonetheless, this structure and the accurate training program should be fine-tuned and updated once the new entity is launched and its performance thoroughly analyzed prior to the commencement of the auctions. The plan foreseen for this aspect will be as follows.

6.1- TRAINING NEEDS ASSESSMENT

The overall goal of the Training Needs Assessment is to evaluate the baseline of capacity and to determine the capacity building activities that are needed for the sustainable implementation of the different activities expected to be developed by the IAA.

Since PPIB already performs a number of activities as outlined at the beginning of this application, the training needs will be targeted to building up the required skills and capabilities from the additional resources the PPIB will need to incorporate to assume this new role. The assessment will involve verge on international experiences and the final roles. Based on the outcomes of this assessment the program should be tailored to the different needs.

Key requirements	Challenges	Areas of support	Mechanism/ Initiatives
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In general terms, capacity is evaluated according to an individual's or institution's collective knowledge and skills to undertake an initiative or to see it through to completion. In this process, and at this stage, the capacity should be measured also by the level of willingness among decision makers to engage and commit to the development of the IAA.

## **6.2- APPROPRIATE CAPACITY BUILDING AND TRAINING METHODS**

Interactive training is based on the main principles of the theory of trainee learning and helps get the participants involved, making the training process more active. The proposed trainees digest the information in the most effective way when working on own problem solving, performing practical exercises or while training others.

Training is also more effective if its outcomes can be applied within the context of the work of the IAA or the everyday life of the training participants. Good trainers can give the participants an opportunity to understand the objective character of the difficulties they face in their work and to start developing ways together to overcome them.

In summary, the capacity building and training courses should focus on the mixed use of:

1. mini-lecture process;
2. group discussions;
3. case studies and study tours
4. tests, simulations, role plays;
5. Small group exercises.

## **6.3- EXPECTED RESULTS AND FOLLOW-UP**

At the conclusion of the training, it is expected that all members of the IAA have a clear idea of their roles, duties and overall goal of the organization.

Following the activities and performance of these institutions, case studies (how is this been developing in other similar agency?) are considered to be the most important section of the capacity building since its analysis will provide valuable knowledge to agency members in the following issues: process organization, flow of activities, projects developed in other countries, etc. Furthermore, the analysis of other experiences will enable spreading messages more quickly and effectively.

PPIB staff can also learn about the latest technology developments and best practices in the use of new technologies (e.g. auction and guarantees platforms) by analysing case studies produced by colleagues from other organizations and creating a working network.

Additionally, the assessment of other experiences will give a hint on how these organizations have dealt with barriers during its development and performance of activities. In this respect, study tours to reference countries (Brazil, Colombia) may give relevant insight understanding of those issues in real cases.

The previous activities may favor entering into cooperation agreements with other agencies in other countries, which seems to be milestone in the process of consolidation of this new agency. Additionally, participate as member or observer in some international associations of power agencies is also important.

This initial capacity building process should be just the beginning of an ongoing process; with the aim of being up to date in these rapidly evolving markets for sustainable energy products and services, as well as with the continuing evolution of the policy and legislation, PPIB staff needs to participate in regular training, capacity building and networking activities.

## 7. AUCTION ADMINISTRATOR FEE

As noted earlier PPIB being a statutory body provides various services to market players and it requires significant financial resources to meet its expenses that include general establishment and administration expenses, repair and maintenance, insurance, depreciation, finance charges and other relevant costs and capital expenses. PPIB was conceived as financially self-sustaining organization with no budgetary support from Federal Government. Therefore from its very inception PPIB has been meeting its operational expenses through income from various investments and nominal fee during project processing. Towards that end, the PPIB Act fully empowers the Board to prescribe fee and charges for various stages of processing of projects and otherwise. Accordingly Board of PPIB has approved Private Power & Infrastructure Board (Fee and Charges) Rule 2018 as further amended vide Private Power & Infrastructure Board (Fee and Charges) (Amendment) Rules, 2021 (the “**Fee Rules**”) (**Annex-VIII**). A power project has various milestones to achieve and requires constant support and facilitation from PPIB besides number of consents, permits, licenses and authorizations from various other government agencies during its concession life. Accordingly the Fee Rules prescribe fee and charges to be paid by project developers/companies for such services starting from their initial registration to achieving Financial Closing and Commercial Operations and then annually during operations phase till the end of concession period. It is very pertinent to record here that the Fee Rules, amongst others, also adequately cover various stages of projects processed through competitive bidding similar to auctioning as contemplated in the CTBCM. Though it is being anticipated that PPIB can meet its future expenditures including for its function as an IAA based on fees to be received under the Fee Rules, as and when required PPIB may by rules prescribe:

- (a) A one-time fee and charges to meet capital expenditures to be incurred on account of Auction Management System (though during initial years, paper based auctioning will be preferred); and
- (b) A permanent fee to be charged to DISCOs for services to be rendered as IAA.

**8. FURTHER INFORMATION/DATA/DOCUMENTS**


As the rules under Section 25A of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 for registration that would provide the manner and conditions for entities providing Electric Power Services including for Independent Auction Administrator (IAA) and NEPRA's regulations thereunder are yet to be approved/framed, at this stage the exact legal or other regulatory requirements for registration as IAA under CTBCM Design cannot be conceived or contemplated with precision, PPIB, therefore, expressly reserves its right to add, delete, modify and substitute any information/data/document or ground for registration at later stage in view of such rules and regulations.

**9. SUBMISSION**

In view of the foregoing, NEPRA is requested to register PPIB under Section of 25A of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 as an exclusive Independent Auction Administrator to perform all functions and exercise all powers that are ordained for Independent Auction Administrator under approved CTBCM design and to do all things and take all actions that are incidental and ancillary to such functions and powers.

**Private Power & Infrastructure Board**

Through

  
**Shah Jahan Mirza**  
Managing Director

REGISTERED No. M - 302  
L.-7646

# The Gazette of Pakistan

EXTRAORDINARY  
PUBLISHED BY AUTHORITY

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ISLAMABAD, TUESDAY, MARCH 6, 2012

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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

*Islamabad, the 6th March, 2012*

**No. F. 22(60)/2010-Legis.**—This Act of Majlis-e-Shoora (Parliament) received the assent of the President on the 2nd March, 2012, and is hereby published for general information:—

ACT No. VI OF 2012

*An Act to provide for establishment of the Private Power and  
infrastructure Board*

WHEREAS it is expedient to establish the Private power and infrastructure Board for implementing the power policies, the development and implementation of Power projects and related infrastructure in the private sector and public-private partnership basis and to provide for matters connected therewith or incidental thereto;

AND WHEREAS it is expedient to establish the aforesaid Board to promote, encourage, facilitate private sector investment in the power sector and to safeguard the investments already made therein and to provide one window facility to investors;

It is hereby enacted as follows:—

(99)

[2244(2012)/Ex.Gaz.]

Price : Rs. 10.50

Ok

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**PART-I****GENERAL**

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1. **Short title, extent and commencement.**—(1) This Act may be called the Private Power and Infrastructure Board Act, 2012.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

- (a) “Board” means the Private Power and Infrastructure Board, hereinafter referred to as the PPIB;
- (b) “Chairman” means the Chairman of the Board;
- (c) “Fund” means the PPIB fund established under section 14;
- (d) “Managing Director” means the Managing Director appointed under section 7;
- (e) “member” means a member of the Board designated under section 6 or appointed under section 7, as the case may be;
- (f) “person” includes an individual, partnership, trust association, company, body corporate or body of individuals, whether or not having separate legal personality, other than the Federal Government or any enterprise owned or controlled by the Federal Government;
- (g) “prescribed” means prescribed by rules or regulations;
- (h) “private power” means all activities concerning generation, transmission and distribution of electricity and the related infrastructure, which may be carried out by or on behalf of private sector under power related policies and applicable laws;
- (i) “property” includes any right, title or interest in property, moveable or immovable, tangible or intangible and in whole or in part;

- (j) "regulations" means the regulations made under section 24;
- (k) "rules" means the rules made under section 23;
- (l) "sponsor" means a person, including consortium from the private or public sector who intend to invest or have already invested in the power sector as per provisions of power policies; and
- (m) "staff" means the officers and employees of PPIB and includes deputationists and regular and contract employees.

## PART-II

### PRIVATE POWER AND INFRASTRUCTURE BOARD

#### 3. Establishment of the Private Power and Infrastructure Board.—

(1) There is hereby established the Private Power and Infrastructure Board for carrying out the purposes and objectives of this Act.

(2) The PPIB shall be independent in the performance of its functions and shall be a body corporate having perpetual succession and a common seal, with power, subject to the provisions of this Act, to enter into agreements and contracts, acquire and hold property and to sue and be sued in its own name.

4. Location of office.—The principal office of PPIB shall be at Islamabad and it may establish regional offices at such other place or places in Pakistan, as it deems appropriate.

5. Functions and Powers of PPIB.— (1) The PPIB shall exercise all powers which shall enable it to effectively perform its functions as specified in sub-section (2).

(2) In particular and without prejudice to the generality of the foregoing power the PPIB shall—

- (a) recommend and facilitate development of power policies;
- (b) consult the concerned Provincial Government, prior to taking a decision to construct or cause to be constructed a hydroelectric power station in any Province and to take decisions on matters pertaining to power projects set up by private sector or through public private partnership and other issues pertaining thereto;

- (c) coordinate with the Provincial Governments, local governments, Government of Azad Jammu and Kashmir (AJ and K) and regulatory bodies in implementation of the power policies, if so required;
- (d) coordinate and facilitate the sponsors in obtaining consents and licences from various agencies of the Federal Government, Provincial Governments, local governments and Government of AJ and K;
- (e) work in close coordination with power sector entities and play its due role in implementing power projects in private Sector or through public private partnership as per power system requirements;
- (f) function as a one-stop organization on behalf of the Federal Government and its Ministries, Departments and agencies in relation to private power companies, their sponsors, lenders and whenever necessary or appropriate, other interested parties;
- (g) draft, negotiate and enter into security package documents or agreements and guarantee the contractual obligations of entities under the power policies;
- (h) execute, administer and monitor contracts;
- (i) prescribe and receive fees and charges for processing applications and deposit and disburse or utilize the same, if required;
- (j) obtain from sponsors or private power companies, as the case may be, security instruments and encash or return them, as deemed appropriate;
- (k) act as agent for development, facilitation and implementation of power policies and related infrastructure in the Gilgit-Baltistan areas and AJ and K;
- (l) prescribe, receive, deposit, utilize or refund fees and charges, as deemed appropriate;
- (m) open and operate bank accounts in local and foreign currencies as permissible under the laws of Pakistan;
- (n) commence, conduct, continue and terminate litigation, arbitration or alternate dispute resolution mechanisms at whatever levels may be necessary or appropriate and hire and pay for the services of lawyers and other experts therefor;

- (o) appoint technical, professional and other advisers, agents and consultants, including accountants, bankers, engineers, lawyers, valuers and other persons in accordance with section 11;
- (p) hire professional and supporting staff and, from time to time, determine the emoluments and terms of their employment, provided always that at no stage shall such emoluments be reduced from such as are agreed in the contracts with such persons; and
- (q) perform any other function or exercise any other power as may be incidental or consequential for the performance of any of its functions or the exercise of any of its powers or as may be entrusted by the Federal Government to meet the objects of this Act.

### PART-III

#### MANAGEMENT AND ADMINISTRATION

6. **Composition of the PPIB.**—(1) The general management and administration of affairs of the PPIB shall vest in the Board, which shall consist of the following, namely:—

- (a) Minister for Water and Power, Government of Pakistan—*Chairman*;
- (b) Secretary, Ministry of Water and Power, Government of Pakistan—*Member*;
- (c) Secretary, Ministry of Finance, Government of Pakistan or his nominee not below the rank of Additional Secretary or equivalent—*Member*;
- (d) Secretary; Ministry of Petroleum and Natural Resources, Government of Pakistan or his nominee not below the rank of Additional Secretary or equivalent — *member*;
- (e) Secretary, Planning Commission, Government of Pakistan or his nominee not below the rank of Additional Secretary or equivalent—*Member*;
- (f) Chairman, Federal Board of Revenue — *Member*;
- (g) Chairman WAPDA — *Member*;
- (h) Managing Director, PPIB — *Member*;

- (i) Chief Secretaries of Provinces and AJ and K or their nominees not below the rank of Additional Secretary or equivalent – *Member*;
- (j) One representative each from Gilgit-Baltistan (G.B) and FATA to be nominated by Chief Minister, G.B. and Governor Khyber Pakhtunkhawa respectively; and
- (k) One representative from private sector from each Province to be nominated by the respective Provincial Government.

(2) The Board shall appoint a Secretary to the Board.

(3) The Federal Government may increase or decrease the number of members of the Board from time to time as it may consider appropriate and specify the qualifications and procedure of appointment of the members.

(4) No act or proceedings of the Board shall be invalid by reason only of the existence of a vacancy in or defect in the constitution of the Board.

**7. Managing Director and other members.**—(1) There shall be a Managing Director of PPIB who shall be appointed by the Federal Government.

(2) The Managing Director shall be responsible for the day-to-day administration of the affairs of PPIB and shall, subject to the regulations, be assisted by the staff in carrying out the functions of PPIB.

(3) The Managing Director shall be a Pakistani professional of known integrity and competence with a minimum of twenty years of related experience in law, business, engineering, finance, accounting, economics or the power industry.

(4) The Managing Director shall be paid such remuneration and allowances and shall be entitled to such privileges and facilities as may be determined by the Board and the same shall not be varied to his disadvantage during his term of office. The members shall be entitled to such privileges and facilities as may be prescribed by regulations.

(5) The Managing Director shall, unless he resigns or is removed from office earlier by the Federal Government, hold office for three years or for such period as may be extended by the Federal Government or on attaining the age of sixty-five years, whichever is earlier.

(6) The members of the Board other than the *ex-officio* members shall, unless they resign or are removed from office earlier by the Federal Government,

hold office for three years or for such period as may be extended by the Federal Government or on attaining the age of sixty-five years, whichever is earlier.

(7) No person shall be appointed or continue as managing Director or a member, if—

- (a) he has been convicted of an offence involving moral turpitude or has been found guilty of misconduct;
- (b) he has been or is adjudged insolvent;
- (c) he is incapable of discharging his duties by reason of physical or mental unfitness and has been so declared by a special medical board appointed by the Federal Government; or
- (d) he fails to disclose any conflict of interest at or within the time provided for such disclosure by or under this Act or contravenes any of the provisions of Act pertaining to unauthorized disclosure of information.

(8) A member other than *ex-officio* member may, at anytime, resign from his office by written notice addressed to the Federal Government. The office of a private sector member shall become vacant upon the death or resignation of such member. A vacancy caused by resignation or any other reason shall be filled by the appointment of a person qualified to fill such vacancy.

(9) The Managing Director shall not, during his term of office in the PPIB, engage himself in any other service, business, vocation or employment and enter into the employment of or accept any advisory or consultancy relationship.

(10) Subject to section 9 and any policy of the Board made in this behalf, the Managing Director may, at his discretion, delegate any of his functions to any other officers of PPIB.

**8. Meeting of the Board.**—(1) The meetings of the Board shall be presided over by the Chairman and in his absence a member designated by the Chairman shall preside over the meeting of the Board.

(2) At least fifty *per cent* of the total membership of the Board shall constitute a quorum for meetings of the Board.

(3) The meetings of the Board shall be held at such time and place as the Chairman of the Board or a majority of members may from time to time determine. The members shall have reasonable notice of the time and place of the meeting and the matters on which a decision by the Board is to be taken in such meeting.

(4) Decisions of the Board shall be taken by the majority of its members present and in case of a tie the Chairman or the member presiding over the meeting shall, as the case may be, have a casting vote.

(5) The Secretary shall keep minutes of the proceedings of every meeting of the Board. The decisions of the Board shall be recorded in writing.

9. **Delegation.**—(1) The Board may, for carrying out its functions, constitute such committees, from time to time, as may be considered necessary. The Board or any of its committees may invite any technical expert or other representative of a government or reputable private institution for assistance in the performance of its functions. The proceeding of the committees shall be duly reduced in writing and recommendation etc., shall be sent to the Board for approval.

(2) The Board may, subject to such conditions and limitations as it may deem fit to impose, delegate any of its functions or powers to the Managing Director or one or more members of the Board or any officer of PPIB, except—

- (a) the power to approve the audited accounts;
- (b) the power to incur annual expenses in excess of any limits set out in the regulations;
- (c) the power to commit anything involving financial liability or impact on the Federal Government; and
- (d) the power to make or repeal regulations.

(3) A delegation under this section shall not prevent the concurrent performance or exercise by the Board of the functions or powers so delegated.

10. **Employees.**—(1) To carry out the purposes of this Act, PPIB may, from time to time, employ persons to be staff of PPIB who shall be paid such remuneration and allowances and shall hold their employment on such terms and conditions as may be prescribed by regulations.

(2) The staff of PPIB shall be liable to disciplinary action in accordance with the regulations.

11. **Employment of agents, advisers and consultants.**—(1) Subject to sub-section (2) the PPIB may employ any technical, professional and other advisers, agents and consultants, including accountants, bankers, engineers, lawyers, valuers and other persons to transact any business or to do any act required to be

transacted or done in the exercise of its powers, the performance of its functions or for the better implementation of the purposes of this Act.

(2) The decision to employ and the terms of employment of advisers, agents and consultants shall be made by PPIB in accordance with the regulations.

12. **Public servants.**— The Chairman, Managing Director, members, staff and other persons employed or authorized to perform or exercise any function or power under this Act or rendering services to PPIB as advisers, agents or consultants shall be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

13. **Disclosure of interest.**— (1) Where a person is present at a meeting of the Board or any committee of the Board and that person or his family or his professional or business partner or associate has direct or indirect interest in the subject for consideration in that meeting, such person shall—

- (a) forthwith disclose such interest; and
- (b) not take part in any consideration on that matter unless the Board or the committee thereof otherwise directs.

(2) Where a member or staff, including an adviser, agent, consultant or family member of such person has a direct or indirect interest in any matter relating to PPIB, such person shall forthwith disclose such interest to the PPIB and the PPIB shall take such action as it deems appropriate.

#### PART-IV

#### FINANCIAL PROVISIONS

14. **Fund of the PPIB.**— (1) There is hereby established, for the purposes of this Act, a Private Power and Infrastructure Board Fund to be administered and controlled by the PPIB. The operation of the PPIB shall be funded from the Fund. The Fund shall consist of —

- (a) grants and loans from the Federal Government and by donor agencies;
- (b) proceeds from encashment of security instruments;
- (c) other loans or funds obtained by the PPIB subject to prior approval of the Federal Government;
- (d) fees and all other sums collected by it as prescribed from time to time;

(e) all other sums or property which may in any manner become payable to or vested in the PPIB in respect of any matter incidental to the exercise of its functions and powers; and

(f) returns and profits on the investments.

(2) It shall be the duty of the PPIB to conserve the Fund while performing its function and exercising its powers under this Act.

**15. Expenditure to be charged on Fund.**—The Fund shall be expended for the purposes of—

- (a) paying any expenditure lawfully incurred by the PPIB, including the remuneration and allowances of the Chairman, Managing Director, members, staff, employees, accountants, advisers, agents, consultants, lawyers, valuers and other experts appointed and employed by PPIB, including provident fund contributions, superannuating allowances or gratuities and legal fees and costs and other fees and costs, if any;
- (b) paying for expenditure incurred on—
  - (i) marketing and publicity;
  - (ii) capacity building, seminars and conferences, and
  - (iii) restructuring;
- (c) purchasing or hiring equipment, machinery and any other materials, acquiring land and constructing buildings and carrying out any other work and undertakings by PPIB in the performance of its functions or the exercise of its powers under this Act.
- (d) re-paying any financial accommodation received or moneys borrowed under or pursuant to or by virtue of this Act and the profit, mark-up or return due thereon; and
- (e) paying any other expenses, costs or expenditure properly incurred or accepted by the PPIB in the performance of its functions or the exercise of its powers under this Act.

**16. Investment.**—The PPIB may, in so far as its moneys are not required to be expended under this Act, invest amounts in such manner as prescribed by the Board from time to time.

17. **Bank accounts.**—The PPIB may open and maintain its accounts in local and foreign currencies in such scheduled banks and other financial institutions as it may from time to time determine in accordance with the instruction of the Federal Government in this regard.

18. **Account.**—(1) The PPIB shall maintain proper accounts and other records relating to its financial affairs and shall, as soon as practicable after the end of each financial year, cause to be prepared for that financial year statements of accounts of the PPIB which shall include a balance sheet and an account of income and expenditure.

(2) The financial year of PPIB shall be the period of twelve months ending on the 30th June in each year.

19. **Audit.**—The accounts of PPIB shall be audited annually by a reputable firm of chartered accountants approved by the Board from amongst the approved list of Auditor General of Pakistan:

Provided that the Federal Government may also require the Auditor-General of Pakistan to conduct special audit of the PPIB, as and when it considers necessary.

## PART-V

### MISCELLANEOUS

20. **Information.**—The PPIB may call for any information required by it for carrying out the purposes of this Act or as is required under contracts entered into by the PPIB from any person involved, directly or indirectly, in the power sector or any matter incidental or consequential thereto and any such person shall provide the required information called by the PPIB.

21. **Annual report.**—(1) As soon as practicable but no later than three months after the end of each financial year, Secretary shall prepare and submit to the Board an annual report concerning its activities during the financial year within three months. The Chairman of the Board shall submit the same before the Council of Common Interests and both Houses of the Majlis-e-Shoora (Parliament).

(2) The report referred to in sub-section (1) shall include—

- (a) activities of PPIB during the financial year;
- (b) an audited statement of income and expenditure;

(c) an audited balance sheet; and

(d) any other matter which the PPIB may consider appropriate.

**22. Indemnity.**—No suit, prosecution or other legal proceedings shall lie against the Chairman, Managing Director, members, consultants, officers or other employees of PPIB in respect of anything done or intended to be done in good faith under this Act.

**23. Power to make rules.**—The Board may, by notification in the official Gazette, make rules, not inconsistent with the provisions of this Act, for exercising its powers and carrying out of its functions under this Act and any other matter incidental or consequential to the implementation of this Act.

**24. Power to make regulations.**—The Managing Director may, with the approval of the Board, make regulations, not inconsistent with this Act and the rules, concerning the internal affairs of PPIB.

**25. Act to override other laws.**—The provisions of this Act shall have effect notwithstanding anything inconsistent contained in any other law for the time being in force.

**26. Common seal.**—The PPIB shall have a common seal and such seal shall be kept in the custody of the Managing Director or such other person as may be authorized by the regulations. Documents required or permitted to be executed under seal shall be specified in and authenticated in such manner as shall be authorized by regulations.

**27. Support of the Federal Government.**—The Federal Government and all its agencies, particularly the concerned enterprises owned and controlled wholly or partially, directly or indirectly by the Federal Government shall render such support to the PPIB as may be necessary to fulfill its objective and functions under this Act.

**28. Removal of difficulties.**—If any difficulty arises in giving effect to any provision of this Act the Federal Government may make such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary for the purposes of removing the difficulty.

**29. Dissolution of the Board.**—(1) Upon commencement of this Act, the Private Power and Infrastructure Board established and reconstituted *vide* the

Federal Government's Notification No. PPC-3(33)/94, dated the 2nd August, 1994 and other related notifications issued from time to time hereinafter referred to as the former board, shall stand dissolved and upon such dissolution:—

- (a) all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former board subsisting immediately before its dissolution shall stand transferred to and vest in PPIB constituted under this Act;
- (b) notwithstanding anything contained in this Act or any other law for the time being in force or in any agreement, deed, document, or other instrument.—
  - (i) Chairman of the former board shall continue as the Chairman of PPIB;
  - (ii) the Managing Director of the former board shall continue as the Managing Director unless and until a Managing Director is appointed under section 7;
  - (iii) a member of the former board shall continue to be a member of the PPIB unless and until such member is appointed under section 7; and
  - (iv) all officers, consultants, advisers, auditors and other employees and staff of the former board shall stand transferred to and be officers consultants, advisers, auditors and employees and staff of PPIB;
- (c) the persons mentioned in clause (b) shall be deemed to have been appointed or engaged by PPIB in accordance with the same terms and conditions of service as were applicable to them, immediately before such continuance in office or transfer under this Act and shall not be entitled to compensation because of such continuance or transfer:

Provided that the civil servants appointed to or working in the former board shall upon their transfer to the PPIB continue to be governed by the Civil Servants Act, 1973 (LXXI of 1973) and rules made thereunder;

- (d) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the former board shall be deemed to have been incurred, entered into, acquired or engaged to be done by, with or for the PPIB;
  - (e) all suits and other legal proceedings instituted by or against the former board before its dissolution shall be deemed to be suits and proceedings by or against the PPIB and shall be proceeded or otherwise dealt with accordingly; and
  - (f) any reference to the former board in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.
- (2) All rules, regulations, notifications, orders or instructions in force pertaining to or in anyway concerned with or affecting the former board immediately before the commencement of this Act, shall, so far as they are not inconsistent with any of the provisions of this Act, continue to be in force until repealed, altered or rescinded by rules or regulations made under this Act.

KARAMAT HUSSAIN NIAZI,  
*Secretary.*



## ACT NO. XXXIX OF 2016

*An Act to amend the Private Power and Infrastructure Board Act, 2012*

WHEREAS, in the interest of smooth functioning of the power sector of Pakistan and in order to enable processing of public sector power projects through Private Power and Infrastructure Board under the applicable power policies, it has become expedient to amend certain provisions of the Private Power and Infrastructure Board Act, 2012;

It is hereby enacted as follows:—

1. **Short title and commencement.-** (1) This Act may be called the Private Power and Infrastructure Board (Amendment) Act, 2016.

(2) It shall come into force at once.

2. **Amendment of section 2, Act VI of 2012.**— In the Private Power and Infrastructure Board Act, 2012 (VI of 2012), hereinafter referred to as the said Act, in section 2,—

- (i) in clause (f), the comma and words, “other than the Federal Government or any enterprise owned or controlled by the Federal Government” shall be omitted; and
- (ii) the existing clause (j), clause (k), clause (l) and clause (m) shall be renumbered as clause (k), clause (l), clause (m) and clause (n), respectively, and after clause (i) the following new clause shall be inserted, namely:—

“(j) “Public Sector Power Projects” means power generation, transmission or distribution facilities constructed or to be constructed, owned, managed or controlled by the Federal Government, a Provincial Government, a local authority or any entity owned or controlled by any such Government or authority where such facilities are specifically sanctioned by Federal Government to be established under the applicable power policies to be processed by Private Power and Infrastructure Board;”.

3. **Amendment of section 5, Act VI of 2012.**— In the said Act, in section 5, in sub-section (2),—

- (i) in clause (e), after the word “partnership” the words and comma “or for public sector power projects,” shall be inserted; and
- (ii) in clause (f), the word “their” shall be omitted and for the word “parties” the word “persons” shall be substituted.

ABDUL JABBAR ALI,  
*Secretary.*

# PRIVATE POWER & INFRASTRUCTURE BOARD REGULATIONS 2013



GOVERNMENT OF PAKISTAN

March 13, 2013

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# Regulations

## **CHAPTER-1**

### **GENERAL PROVISIONS**

#### **1. SHORT TITLE, APPLICATION AND COMMENCEMENT:**

- (i) These Regulations shall be called the Private Power and Infrastructure Board (PPIB) Regulations 2013.
- (ii) These Regulations shall come into force with immediate effect.
- (iii) These shall apply to all Regular Employees of PPIB, who shall be provided a copy thereof on its approval by the Board or at the time of induction in the service of PPIB.
- (iv) These shall also apply to persons engaged by PPIB on contract to the extent to which provision is made in their contract, or in these Regulations.
- (v) These shall also apply to employees of PPIB on deputation to the extent to which provision is made in their terms of deputation, or in these Regulations.
- (vi) These shall not apply to:
  - a) A person employed on work charged basis.
  - b) A person employed for a short term not exceeding three months.
  - c) Students / others engaged for internships.
- (vii) Throughout these Regulations, and unless the context requires otherwise: all references to the male gender shall include the female gender, and *vice versa*; and all references to the singular shall include the plural, and *vice versa*.
- (viii) The Board may, at any time, modify, amend or cancel any part of these Regulations or make any fresh Regulations provided that the modifications so made shall not be to the disadvantage of any employee governed by the previous Regulations. After notice or publication or modification, amendments or cancellation of these Regulations, the employees of PPIB shall be deemed to have accepted the terms of the revised Regulations.

**2. DEFINITIONS:**

- 2.1 **Allowance** means an allowance granted to meet personal expenditure necessitated by special circumstances in which official duty is performed. It includes traveling allowance, conveyance allowance, house rent allowance, entertainment allowance, cost of living allowance and any other similar allowance provided by PPIB.
- 2.2 **Authorized Officer** means an officer authorized by the PPIB Board to perform functions under these Regulations
- 2.3 **Approved Hospital** means a hospital approved by the MD on the recommendation of the medical committee constituted by the MD.
- 2.4 **Basic pay** means the part of remuneration so designated without any allowances.
- 2.5 **Board** means the Board pursuant to Section 6 of the PPIB Act 2012, hereinafter referred to as the Board.
- 2.6 **Bonus** means a lump sum payment given on basic pay basis as approved by the MD/Chairman on the basis of Annual Performance Evaluation Reports or on an appropriate occasion or meritorious services.
- 2.7 **Category** is a specific category of employees belonging to specified grades for executive and staff cadres.
- 2.8 **Competent Authority** in relation to exercise of any power means the Board or the Chairman or the Managing Director, in whom the power is vested or any authority in which the power is delegated by the Board or under these Regulations.
- 2.9 **Contract Basis Appointment** means an appointment to a post carrying a specified rate of remuneration and benefits sanctioned for a specified period.
- 2.10 **CPF** means the Contributory Provident Fund established by PPIB.
- 2.11 **Daily Allowance** means an allowance granted to an employee to meet daily expenses incurred on boarding and lodging while the employee is on tour on behalf of or in the interest of the service of PPIB, duly authorized by the competent authority.
- 2.12 **Daily Worker** means a worker hired on daily basis to carry out a specific work for a specific period.

- 2.13 **Dental Treatment** will cover treatment for cure of all types of dental ailments and shall not include cosmetic orthodontics, provision of removable dentures, gold crowns and gold inlays.
- 2.14 **Deputation** means service in which the services of an employee belonging to the Federal Government have been temporarily lent to PPIB on standard terms and conditions of the Federal Government.
- 2.15 **Duty** includes:
- a) service as a probationer
  - b) joining time during transfer; and
  - c) period of instruction or training spent either inside or outside Pakistan, after becoming an employee of PPIB, if approved by the MD/Chairman.
- 2.16 **Employee** means a serving employee of PPIB.
- 2.17 **Executive** means a regular employee of PPIB belonging to the executive cadre.
- 2.18 **Family** means and includes parents, spouse and legitimate children of the regular employee.
- 2.19 **Fare** means cost of tickets by the class of accommodation to which an employee is entitled to travel or, if he travels by a lower class, the cost of ticket of such lower class.
- 2.20 **Federal Government** means the Government of Pakistan.
- 2.21 **Grade** means a sub-division according to pay of a class of PPIB's employees.
- 2.22 **Gross Salary** means the aggregate of an employee's basic pay and permitted allowances due and payable at the end of each calendar month.
- 2.23 **Headquarters** means the Head Office of PPIB.
- 2.24 **Holidays** means a holiday notified by the Government.
- 2.25 **Honorarium** means an amount granted to an employee as remuneration for a specific work of occasional nature.

- 2.26 **Initial Appointment** means an initial appointment of an employee made otherwise than through promotion or transfer or in the case of existing employees and staff from their initial appointment in the former Board.
- 2.27 **Loan Committee** means the Loan Committee constituted by the MD.
- 2.28 **Managing Director** means the chief executive of PPIB as appointed by the Federal Government, howsoever designated, and hereinafter referred to as the MD.
- 2.29 **Medical Officer** means any physician so designated by the MD.
- 2.30 **Medical Treatment** means the provision of all medical and surgical facilities, including administration of injections at an Approved Hospital, or under PPIB's Medical Insurance Scheme, during the period of Medical Attention and includes:
- a) supply of such Medicines as may be prescribed, including stents in major heart surgeries;
  - b) supply or /and transfusion of blood;
  - c) such accommodation, according to entitlement, as is ordinarily provided in an Approved Hospital, as prescribed under these Regulations;
  - d) such nursing as is ordinarily provided to in-patients at an Approved Hospital;
  - e) such diet, excluding special diet, as is ordinarily provided to in-patients by an Approved Hospital;
  - f) supply of such vitamins and tonics (for therapeutic purposes) and glucose prescribed as part of treatment;
  - g) dental treatment including the treatment of jaw bone disease, gum boils, pyorrhea or cavities, removal/extraction of one or more teeth, odontoma and removal of impacted wisdom teeth, and filling of teeth (other than with gold crown) but does not include dentures;
  - h) treatment of eye diseases, but does not include provision of frames, and contact lenses used for cosmetic purposes ;
  - i) treatment of diseases of the ear, nose and throat;

- j) provision of stents for heart ailments and artificial limbs; and
- k) specialized tests like CT scan, MRI, Angiography, and Endoscopy including specific tests related to dreaded diseases or day care surgeries etc. in accordance with a limit specified by the MD from time to time, for which admission in a hospital is not necessary.

2.31 **Medicines** include, injections, sera and all other therapeutic substances, except for hormonal enhancement, and do not include the following items even if these items have been prescribed by a medical officer or specialist:

- a) Medicated Soap, Medicated Gel, Cream, and Cosmetics etc.
- b) Medicated Shampoo and Tooth Paste
- c) Mouth Wash
- d) Baby Milk
- e) Food Supplements
- f) Family-planning procedures and instruments, infertility treatment etc.

2.32 **Move Over** means move over to next salary scale of an employee on reaching the maximum of his current scale provided that his performance evaluation report for the relevant year is at-least good.

2.33 **Patient** means an Employee including any member of his family to whom these Regulations apply and who falls ill.

2.34 **Pay** means the amount to be drawn by an employee as pay fixed for him/her in a pay scale or otherwise, and includes special pay and any other emoluments classed as pay but does not include allowances.

2.35 **Penalty** means a penalty, which may be imposed on an employee under these Regulations.

2.36 **Permanent Post** means a post carrying a specified rate of remuneration sanctioned without limit of time.

2.37 **Procurement Committee** means the Procurement Committee constituted by the MD.

- 2.38 **Promotion Committee** means the MD, Head of HR and Head of relevant Section.
- 2.39 **PPIB** means the Private Power & Infrastructure Board established under the Private Power and Infrastructure Board Act, 2012.
- 2.40 **Regular Employee:** An employee holding a permanent post in PPIB excluding that on deputation.
- 2.41 **Remuneration**, at any given time, means the aggregate amount drawn by an employee as pay and allowances and any other allowances of any nature approved by the Board, including the following:
- a) Basic Pay
  - b) House Rent Allowance
  - c) Utility Allowance
  - d) Conveyance Allowance
  - e) Medical Allowance
  - f) Cost of Living Allowance
  - g) Any other emoluments which may be classified as remuneration by the PPIB
- 2.42 **Salary** means the amount drawn by an employee on monthly basis as
- a) Basic Pay
  - b) Technical /Special Pay
  - c) House Rent Allowance
  - d) Conveyance Allowance
  - e) Utilities Allowance
  - f) Cost of living allowance or
  - g) Any other emoluments which may be classified as salary by the PPIB.
- 2.43 **Service** includes the periods of duty and the periods of leave duly sanctioned by the competent authority but does not include any periods of absence or overstay of leave without express permission of the competent authority, and leave without pay.
- 2.44 **Selection Committee** means the Committee constituted by the MD comprising of professionals, which shall make recommendations to the MD for initial appointment.
- 2.45 **Special Pay** means any additional pay granted to an employee to compensate such employee for any loss of basic pay in respect of any revision of remuneration or grade.

- 2.46 **Staff** means employees of PPIB other than Employees in Executive Cadre.
- 
- 2.47 **Subscriber** means Regular Employee of PPIB who has satisfactorily completed the probation period.
- 2.48 **Travel Allowance** means an allowance granted to an employee to meet expenses wholly and necessarily incurred on approved traveling on behalf of, and in the business interests of PPIB.
- 2.49 **Vehicle Maintenance and Usage Allowance** means an allowance indicating vehicle maintenance and fuel usage (as an equivalent price of petrol prevailing in mid of the month for which salary is payable to the employee), allowed to an employee according to his entitlement.

## **CHAPTER-2**

### **GENERAL CONDITIONS OF SERVICE**

#### **1. SERVICE AND CADRE**

There shall be two cadres of service as follows:

- (a) **Executives** – This cadre will comprise of employees who are employed for providing professional assistance to the Board in matters and shall generally possess basic qualification and experience in the profession of law, business, engineering, finance, accounting, information technology, human resources, economics or the power industry.
- (b) **Support Staff** – This cadre will comprise of employees who are employed to support the executives in performing their duties at PPIB. This group shall include private secretaries, executive secretaries, drivers, office attendants and those approved by the Board as support staff employees. Generally the support staff shall be appointed at PPIB pay scales I-V.
- (c) **Change of Cadre:**
  - 1) The Competent Authority may for reasons to be recorded in writing change the cadre of an employee from a Support Staff cadre to the Executive cadre provided that the employee possess the required qualification of the professional cadre and the Competent Authority is satisfied that the employee's experience and expertise is relevant and that the employee is suitable for induction on competitive basis in the Executive cadre.
  - 2) The current organizational requirement of Executives is indicated in the organogram of the PPIB subject to future modification through creation/abolition of posts as approved by the Board from time to time.

#### **2. TERMS AND CONDITIONS OF SERVICE:**

- 2.1 Terms and conditions of an Employee shall be as laid down in these Regulations or in such subsequent orders and instructions, which may be issued from time to time with the approval of the Board.
- 2.2 In all matters not expressly provided for in these Regulations, the decisions taken by the Board in the matter shall be applicable to the employees.

3. **EMPLOYMENT TO BE FOR WHOLE TIME:**

Unless otherwise provided, the employee shall be considered a whole time employee and he may be employed in any manner required by the Board with or without any claim for additional remuneration.

4. **CLAIMS TO BE REFERRED WITHIN THREE MONTHS:**

No monetary claim by the employee will be entertained if it is not submitted within three months of its becoming due, unless the time limit is specifically relaxed in individual cases by the MD or by a person to whom powers have been delegated in this regard.

5. **CREATION AND ABOLITION OF POSTS:**

5.1 The Board may create or abolish posts from time to time based on operating requirements.

5.2 The HR Section shall forecast manpower requirements of each section of PPIB based on inputs from functional heads. Each position shall be approved by the Board, and shall be identified through a unique identification number.

5.3 New posts shall be created by the Board based on demonstrated need presented by the HR Section.

6. **QUALIFICATIONS, EXPERIENCE AND AGE:**

6.1 Qualification and experience for appointments to various posts in PPIB shall be laid down by the HR Section from time to time. However, the HR Section may relax conditions in consultation with the MD in any case as deemed appropriate, with reasons being recorded in writing subject to the approval of the Board.

6.2 The minimum age for entry into PPIB service shall be eighteen (18) years and the maximum age shall be fifty-seven (57) years.

6.3 The age of superannuation shall be sixty (60) years.

7. **APPOINTMENT:**

7.1 All vacant posts shall be advertised in at least three daily newspapers with national circulation and filled up by direct appointment including deputation.

- 7.2 Subject to such general and specific directions as the Board may give from time to time, appointments in staff grades I to III shall be made by the MD. However, appointments against staff grades IV to V, and Executive Grades I to IV shall be made by the MD on the recommendations of a Selection Committee to be constituted for the purpose. Appointments in Executive Grades V & VI shall be made by the Chairman on the recommendations of the Selection Committee.
- 7.3 All appointments shall be made on the recommendation of the Selection Committee in accordance with these Regulations.
- (i) Recommendations of the Selection Committee shall be based on interviews with or without written tests on dates to be notified by PPIB.
  - (ii) Only citizens of Pakistan shall be considered for appointment. Appointments against temporary posts created for special purposes, may be made from amongst foreign nationals (excluding nationals of India and Israel) if no Pakistani citizen possesses the required qualifications and experience prescribed for the post.
  - (iii) Appointments shall be made purely on merit.
  - (iv) A candidate for appointment must be in good mental and physical health and free from any deficiency likely to interfere with the discharge of his duty. Candidates shall be required to obtain a physical fitness certificate from a medical officer authorized in this behalf by PPIB. The certificate shall be in such form as may be specified for the purpose.

**7.4 Appointment by Promotion:**

Promotion to a higher post shall be made on the recommendations of the Promotion Committee.

**7.5 Appointment by Deputation:**

Appointment on deputation to posts in PPIB may be made by the Chairman or MD in the interests of PPIB subject to following terms and conditions:

- (i) A civil servant of the Federal Government desirous of deputation to appropriate posts in PPIB shall apply through proper channel in response to such post as advertised in the national press, in accordance with these Regulations for an initial period not

exceeding three years and on standard terms and conditions of the Federal Government.

- (ii) Extension in deputation period of Federal Government employee will only be allowed further for a period of two (2) years subject to applicable rules of the Federal Government.
- (iii) After completion of five (5) years both borrowing and lending organizations should ensure immediate repatriation of the deputationist.
- (iv) The deputationist will be entitled to avail traveling allowance of the Federal Government or the PPIB whichever is favorable.
- (v) Medical facility will be provided to the deputationist as per medical/hospitalization rules of the PPIB provided that it will not be inferior to those admissible under the Federal Government.
- (vi) Deputationist shall not be entitled to any terminal benefits like GP Fund, Gratuity, leave encashment etc.

## 8. EMPLOYMENT OF RELATIONS:

The induction or placement of an employee in a position leading to possible conflict of interest situation involving another employee shall be avoided.

- 8.1 Employees in Executive Cadre (Grade III and Above) shall be required to disclose names of their close relatives working for PPIB, or existing private power projects.
- 8.2 As part of screening process, the HR Section of PPIB shall evaluate relationships of applicants with existing employees which could lead to a conflict of interest situation.
- 8.3 Related employees shall not be placed in positions where a conflict of interest situation can arise
- 8.4 In case a relationship is established after joining of service, both incumbents shall be under obligation to report their relationship to the HR Section.
- 8.5 In case no suitable job(s) exists assignment to which would resolve the anomaly, or the incumbent(s) refuse acceptance, of PPIB's offer, one of the incumbents may be asked to resign. The MD/Chairman shall take the final decision in this regard.



- 8.6 Non-declaration by employees that could lead to a conflict of interest situation shall amount to concealment of essential facts which can lead to termination of service.

9. **PROBATION:**

- 9.1 An initial appointment to a post shall be made on probation for a period of three months extendable by PPIB for a further period not exceeding three months. During probation period the services may be terminated on 7 day notice from either side.
- 9.2 On successful completion of probation period, a Confirmation Order shall be issued evidencing completion of probation. If no such order is issued, the probation period on initial appointment shall stand automatically extended by another three months.
- 9.3 If no orders are issued on the expiry of the second three month probation, the employees' probation will automatically stand terminated.
- 9.4 An employee appointed on probation shall, on satisfactory completion of probation, be eligible for confirmation only in the post he was selected for.
- 9.5 Confirmation of an employee in a post shall take effect from the date of appointment in that post.

10. **SENIORITY:**

- 10.1 For the proper administration of the posts in an equal pay scale, PPIB shall cause a seniority list of the employees for the time being occupying such posts or holding lien thereon to be prepared separately, but nothing contained therein shall be construed to confer any vested right to a particular seniority in such post.
- 10.2 **Seniority on Initial Appointment:** Persons initially appointed on the recommendation of the selection committee through an earlier open advertisement, shall rank senior to those appointed through a subsequent open advertisement.
- 10.2.1 If two or more persons are recommended in open advertisement by the selection committee, their inter-se seniority shall be determined in order of the date of joining PPIB.
- 10.2.2 If only one candidate is recommended in open advertisement by the selection committee, his seniority shall be computed from the date of joining the post.

10.3 **Seniority on Promotion:** Seniority in a post to which an employee is promoted, shall take effect from the date of regular promotion to that post, provided that:

- 10.3.1 an employee appointed against higher post through promotion shall be senior to those appointed by promotion to that post at a later date;
- 10.3.2 employees selected for promotion to a higher post in one batch shall, on their promotion to the higher post, retain *inter se* seniority as in the lower post;
- 10.3.3 employees eligible for promotion but not considered for promotion in the original reference due to circumstances beyond their control and whose case was deferred while their juniors were promoted to the higher post, shall, on promotion without being superseded, retain their original seniority in the lower post.

11. **PROMOTION:**

Subject to the policy of PPIB, and also subject to such conditions as may be prescribed in this behalf, an employee possessing such minimum qualifications and experience as may be prescribed, shall be eligible for promotion to a post for the time being reserved under the Regulations for promotion in the higher grade of the cadre to which he belongs. Merit will be the sole criterion for promotion, and no employee can claim promotion on the basis of qualifications and length of service as a matter of right. Promotion will be based only on employees' ability to perform a higher level job that is currently vacant. A detailed promotion policy is at **Appendix-1**.

12. **DEDUCTIONS FROM SALARY:**

12.1 In addition to the deductions permitted to be made from an employee's salary by any statute for the time being in force, PPIB shall be entitled to make the following deductions from salary:

- a) Any advance paid by PPIB to the employee.
- b) Full or part amount of damages assessed by PPIB for any loss suffered and/or damage to or loss of instruments, tools, office equipment, furniture, fittings and/or any property of PPIB due to the proven negligence of the employee.
- c) Any other admissible deduction.

**13. CONFLICT OF INTEREST:**

- 13.1 The HR Section of PPIB shall be responsible for identifying potential for, and preventing influencing of decisions by personal interests of decision makers insofar as they affect PPIB's business.
- 13.2 Employees and support staff in all cadres, and advisors shall be under obligation to disclose any and all conflicts of interest situations involving their relationships with PPIB and other stakeholders.
- 13.3 Conflict of interest shall be deemed to exist when inter-alia any of the following conditions are met:
- a) Supply of goods and services to PPIB by an entity in which the incumbent, spouse or children have an interest.
  - b) Employment of a close relative by an IPP or its affiliate, supplier, or service provider.
  - c) Non-disclosure of conflict of interest situations shall be treated as misconduct, and can lead to termination of service if willful withholding of information is proved.
  - d) Incumbents believed to have with-held information shall be provided a chance of being heard by the MD.
  - e) In cases where a conflict of interest is proved, the HR Section shall initiate a change in the employee's current job assignment, or other appropriate action as decided by the MD.

**14 OTHER EMPLOYMENT:**

- 14.1 An employee shall not, without the previous sanction of the MD, engage in any trade or undertake any employment other than his official duties.
- 14.2 No employee shall engage in or undertake any trade or business or private work which in any way affects the performance of his official duties or results in conflict of interest between PPIB and his private business in any manner whatsoever. The MD shall be the sole authority to decide whether a conflict of interest situation exists or whether such work affects or is likely to affect employment at PPIB.
- 14.3 An employee may undertake occasional work of a literary or artistic character provided that his official duties do not suffer thereby. However, PPIB may, at its discretion and, at any time refuse permission to any employee to undertake or require him to abandon any such work which in its opinion is undesirable.

- 14.4 The honorary position of a club does not constitute employment in the sense of this Regulation, provided that it does not occupy so much of the employee's time as to interfere with his official duties, and provided further that it is not remunerated by any payment in cash or any other equivalent other than the customary concessions of free quarters and personal exemption from messing charges only.
- 14.5 Any person proposing to hold the honorary position of a club should first inform his immediate superior, who will report all such instances to the MD for decision.
- 14.6 No Employee may undertake work for a State or a private or public body or a private person, or accept the fee therefor without the sanction of the MD, who shall certify that the work can be undertaken without detriment to his official duties and responsibilities.
- 14.7 One third of any fee in excess of Rs. 25,000/- or if a recurring fee of Rs. 25,000/- per year paid to the employee for services rendered in Pakistan shall be credited to the PPIB. One third of any fee in excess of US\$ 1,000/- or equivalent, or if a recurring fee of US\$ 1,000/- per year or equivalent paid to the employee for services rendered outside Pakistan shall be credited to the PPIB.

**15. INCENTIVES AND AWARDS:**

- 15.1 The MD, based on recommendations of Head of HR Section shall determine whether any additional qualification or degree proposed to be obtained, or course taken by an employee is relevant to the job or whether the institution from which the qualification is, or has been obtained, is acceptable to PPIB.
- 15.2 An employee who successfully completes higher than his original qualifications from an institution of good standing acceptable to PPIB, or professional courses undertaken with the prior approval of the MD relevant to his job may be allowed one time cash award equal to two month basic pay.

**16. LONG SERVICE AWARDS:**

- 16.1 PPIB officially recognizes services of employees through Long Service Awards.
- 16.2 The awards are made to employees upon completion of each recurring 10 years of service.

16.3 The award comprises a Certificate of Merit and a monetary token of appreciation amounting to one Basic Pay.

**17. LEAVE:**

An employee shall be allowed leave in accordance with these Regulations, provided that grant of leave will depend on exigencies of service and be at the entire discretion of PPIB.

**18. RIGHT OF APPEAL OR REPRESENTATION:**

18.1 Where a right to prefer an appeal or to apply for review in respect of any order relating to the change in terms and conditions of service is provided to an employee under any applicable regulations, such appeal or application shall, except as may be otherwise prescribed, be made to the Head of HR Section within thirty days of the date of such order, who shall communicate a decision thereon within ten working day. Appeals of Section Heads shall lie with the Chairman whose decisions thereon will be final.

18.2 No representation shall lie on matters relating to the determination of fitness of a person to hold a particular post.

18.3 An appeal against decisions of the Head of HR Section may be made within 14 days to the MD whose decision thereon will be treated as final.

**19. CHANGE IN PARTICULARS TO BE NOTIFIED:**

An employee shall, as soon as possible, notify to PPIB of any change in his personal status including educational and professional qualification, address, telephone number, marital status, additions or changes in family, etc.

**20. EXCLUSIVE SERVICE:**

Every employee shall conform to and abide exclusively by these Regulations, and shall comply with and obey all orders and directions which may from time to time be given by any person or persons under whose jurisdiction, superintendence or control he may for the time being be placed. Every employee shall hold himself in readiness to perform any duties required of him by PPIB to the best of his ability. An employee may be called upon to and, on being so called upon, shall serve PPIB anywhere within Pakistan and in any capacity. Every employee shall serve PPIB honestly, efficiently and faithfully, and make his best endeavor to promote the interests of PPIB. He shall conduct himself in a manner calculated to maintain the respect and prestige of PPIB.

**21. RESIGNATION:**

- 21.1 A regular Employee, other than employee working on deputation or on contract, may resign from service of PPIB by tendering his resignation in writing by giving one month notice or making payment in lieu thereof an amount equivalent to one month basic pay. The period of notice of resignation shall commence from the date of submission of notice in writing.
- 21.2 An Employee engaged on contract may terminate his contract with the PPIB by giving a notice or making the stipulated payment in lieu thereof as per the terms and conditions of the contract.
- 21.3 The Employee who tenders his resignation from the service continues to be in service until the resignation is accepted by the Competent Authority.
- 21.4 In case an Employee withdraws resignation before it is accepted by the Competent Authority or in case an employee withdraws resignation after its acceptance but before it becomes effective, the Competent Authority at its sole discretion may allow the employee to withdraw resignation.
- 21.5 If an Employee who has provided any undertaking/surety/bond and intends to resign or leave the service, he/she shall have to fulfill/discharge the obligation and/or liability undertaken in such undertaking/surety/bond , as the case may be in addition to pay in lieu of the notice.
- 21.6 Settlement of the outstanding dues if any will only be made after acceptance and effectiveness of resignation of the employee.

## **CHAPTER-3**

### **RECRUITMENT AND SELECTION**

#### **1. INITIAL APPOINTMENT:**

Appointments to various posts of the cadre shall be made by the Competent Authority as described in these Regulations. The appointments will generally be made at the minimum of the various pay scales. The Competent Authority may however grant advance increments on initial appointment to deserving candidates possessing additional qualification and/or relevant experience required for the job.

##### **1.1 Citizen of Pakistan – Eligibility:**

Persons having citizenship of Pakistan shall be preferred for appointment. Dual nationality holders in addition to being citizen of Pakistan may be considered for appointment where the Federal Government has not placed any bar on such induction.

##### **1.2 Minimum Age:**

Only persons who have attained minimum age of 18 shall be eligible for appointment.

##### **1.3 Medical Fitness:**

- a) Except as otherwise provided in these Regulations, no person shall be initially appointed unless he is declared physically and mentally fit in all respects and furnishes a certificate to that effect from the medical board or medical officer as may be specified by PPIB and in the prescribed form.
- b) Except where the appointing authority may by order direct otherwise, the following persons are exempt from producing the medical certificate of health:
  - i) a person appointed to a post in PPIB for a period not exceeding 6 months; and
  - ii) a person already in the service of PPIB who has earlier been medically examined at the time of his initial appointment by a Medical Board or, by a medical officer.

**2. CHARACTER AND ANTECEDENTS:**

2.1 The prospective employee shall have to provide at least two references giving confirmation of the sound social and moral character of the prospective employee from persons who are either already employed at a responsible position in any Federal/Provincial Government or attached department or are persons of known social standing in the urban or rural communal set up. The PPIB may at its discretion, ask for the comments from the referred persons regarding the concerned employee.

2.2 The PPIB in addition to the above confirmation may carry out confirmation of the moral and social character of the prospective employee through its own sources or those of the Federal or Provincial Government.

**3. VACANCIES TO BE ADVERTISED:**

All vacancies required to be filled shall be advertised in accordance with Para 7.1 of Chapter-2 of these Regulations, provided that where a post has already been advertised but suitable candidates are not found to be available, the services of a consultant/head hunter may be acquired to find a suitable candidate.

**4. AGE OF SUPERANNUATION:**

The superannuation age for retirement for all employees of PPIB will be sixty (60) years.

**5. OBSERVANCE OF MERIT:**

All posts in PPIB shall be filled based on merit.

**6. APPOINTMENT OF AN EMPLOYEE:**

The PPIB in order to carry out its functions may, from time to time, according to the requirement, appoint such persons, in accordance with the terms and conditions laid down in these Regulations. The selection for the vacant posts shall generally be made by direct appointment or if found suitable, by promotion from amongst the relevant cadre of existing employees in accordance with these Regulations. Direct appointment may be made at any level and in any cadre depending upon the requirement of the job at that time.



## 7. COMPETENT AUTHORITY TO MAKE APPOINTMENT:

The authority competent to make appointment to various posts shall be as follows:

S#	Post / Cadre	Appointing Authority
1.	EG-V & EG-VI	Chairman PPIB
2.	EG-IV & Below	MD PPIB

## 8. METHOD OF APPOINTMENT AND QUALIFICATIONS:

- 8.1 An Employee appointed or engaged by PPIB as mentioned in Clause 29 (c) of PPIB Act shall be the Regular Employee pursuant to these Regulations.
- 8.2 Appointment to various posts shall generally be made on regular basis by initial appointment in accordance with these Regulations. However, if deemed expedient and for reasons recorded in writing the PPIB may appoint persons on contract or contingency basis, provided however that employment on contract basis shall be restricted to consultants & advisors and employment on contingency basis shall be restricted to Staff Grades.
- 8.3 The qualifications and experience of the incumbent to fill a vacant post and other conditions relating to various posts shall be as laid down as **Appendix-2** with subsequent additions/modification as approved by the Board from time to time. The pay scales and allowances for PPIB employees for various levels shall be as laid down by the Board of PPIB from time to time.

## 9. SELECTION:

- 9.1 The MD may constitute a Selection Committee comprising of executives, which shall make recommendations to the MD for initial appointment or promotion. All appointments, selections and promotions etc will be subject to approval of the Competent Authority.
- 9.2 All applications received shall be treated as confidential. Once the last date for submission of applications is closed, no applications shall be entertained.
- 9.3 The applications shall be short listed by the HR Department with the help of relevant Section within a reasonable time.
- 9.4 Short listing shall be carried out solely on merit and against the pre-specified criteria.

- 9.5 Only short listed candidates shall be called for test/interview. A brief reason for non-inclusion in short list shall be recorded on each resume.
- 9.6 After interviewing and testing potential candidates, the Selection Committee will select a panel of individuals according to merit for employment that meets the required criteria.
- 9.7 Selected candidate will be informed that his employment is subject to:
- i. Acceptance of the terms and conditions of the appointment letter.
  - ii. Medical fitness certificate from a hospital on the panel of PPIB.
- 9.8 Immediately upon employment, an official personal file shall be opened for each new employee including:
- i. Copy of advertisement and candidate's application
  - ii. Passport size photograph and curriculum vitae
  - iii. Copy of CNIC
  - iv. Medical examination report
  - v. List of dependents/nominees as per PPIB's policy
  - vi. Copies of certified academic degrees/certificates/diplomas, etc
  - vii. Copy of appointment letter, joining report and confirmation letter
  - viii. Probation report, if required
  - ix. Annual Performance Evaluation Reports
  - x. Leave record
  - xi. Disciplinary matter, if any

#### **10. ORIENTATION:**

- 10.1 Orientation session of all the newly recruited employees will be conducted by the HR Department
- 10.2 Orientation will include:
- i. Introduction of organization
  - ii. Introduction to all employees of PPIB
  - iii. Provide a copy of the service rules and his job description

#### **11. PROBATION, EXTENSION & TERMINATION OF PROBATION:**

- 11.1 A person appointed to a regular post by initial appointment, shall be on probation for a period of three months.
- 11.2 The period of probation may be extended for a further period of three months before the expiry of the initial probation period if the performance of the incumbent is not satisfactory during the initial probation period.

- 11.3 On successful completion of the period of probation or otherwise, whichever the case may be, the employee will be informed accordingly.
- 11.4 Where, in the opinion of the PPIB, the performance or conduct of a person on probation has been unsatisfactory or where he/she has failed to pass such examination or test or to complete successfully any mandatory course or training, the services of the employee shall be terminated.
- 11.5 An employee who satisfactorily completes the probation period shall be eligible for confirmation.

**12. APPOINTMENT BY CONTRACT:**

Where under special circumstances due to exigency of task required to be performed by the professionals to assist the PPIB in performing its functions and where the appointment of a person, under the prescribed manner is considered to delay the availability of a required professional, the PPIB may employ through contract a consultant or advisor, for carrying out a specific assignment or a job requiring specialized expertise within a specified time. Such appointment may be made at suitable remuneration as approved by the Competent Authority on a case to case basis, after due assessment of the prevailing market rates for the acquisition of the similar services.

**13. ABSORPTION OF A PERSON SERVING ON DEPUTATION IN THE PPIB:**

- 13.1 A person serving in the PPIB on deputation basis may be appointed on regular basis against a post for which he is considered suitable by the PPIB, subject to the following conditions:
- The person concerned applies in writing for such appointment in the PPIB after completion of at least three year service to the satisfaction of PPIB.
  - The lending organization to which he belongs agrees to such appointment in the PPIB.
  - The person who possesses the minimum qualification and experience laid down for initial appointment to the post in **Appendix-2** and is considered suitable by the PPIB to be employed for a specific post.
  - The person concerned resigns from the lending agency and his resignation is accepted by it.



- e. Save as may otherwise be provided by these Regulations, the benefit of his previous service with the parent department which is relevant to his assignment at PPIB may be considered by the Competent Authority for the purpose of fixing his pay in PPIB pay scales.
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- 13.2 The period of service in PPIB on deputation before being absorbed as a regular PPIB employee, may be considered towards seniority purposes provided there is no break in service between the terminations of deputation period and joining PPIB as a regular employee and the previous experience is considered relevant by the PPIB.
- 13.3 Nothing contained in this Regulation shall be construed to confer any right on such person on deputation to PPIB for absorption in PPIB.



## **CHAPTER-4**

### **PAY, ALLOWANCES AND BENEFITS**

#### **1. PAY AND ITS FIXATION:**

- 1.1 An employee appointed against a post will be entitled to the Remuneration sanctioned for such post.
- 1.2 The pay scale for Employees of the PPIB will be those as approved by the Board from time to time.
- 1.3 Pay and allowances shall accrue from the day on which an employee reports for duty at the place and time intimated to him.
- 1.4 The pay of an employee may change in the following circumstances:
  - i) Change in salary structure
  - ii) Promotion
  - iii) Move over
  - iv) Annual increments
  - v) Performance increments
  - vi) Up-gradation of the post
- 1.5 The appointments will generally be made at the minimum of the various pay scales. The Competent Authority may however grant advance increments on initial appointment to deserving candidates possessing additional qualification and/or experience required for the job.

#### **2. ANNUAL INCREMENTS:**

- 2.1 Annual increments shall be due on the first of December every year to all regular employees of the PPIB, provided that: (i) the employee has completed at least six months of service by December 1, in that year, (ii) the Reporting Officer or the Section Head has not declared in writing the performance of the employee as unsatisfactory, during the year for which the increment is due. This report should be submitted to the HR Section by 15<sup>th</sup> of November of the year. Non intimation of the report would be considered that the performance of the employee is satisfactory. Provided that a satisfactory report as aforementioned would be required prior to allowing the 1<sup>st</sup> increment accruing to an employee of PPIB.

2.2 The Competent Authority may grant Bonus to an Employee on the basis of his meritorious performance and the recommendation of the Reporting Officer and the Section Head concerned.

2.3 The grant of increment may be denied if, a) employee has not satisfactory completed the probation period, b) the performance of an employee is not satisfactory as declared by his Reporting Officer or Section Head or c) the annual increment has been withheld by the Competent Authority in a disciplinary case.

### **3. ALLOWANCES:**

3.1 An employee shall be entitled to such allowances and other benefits as may be notified by PPIB from time to time.

#### **3.2 Additional Charge:**

a) Where considered in the interest of the PPIB's work an employee may with the approval of the Competent Authority be given the additional charge of a vacant post for which he is qualified and considered suitable; provided that the additional charge shall not exceed six months.

b) In all cases of additional charge of an equivalent post, the employee entrusted with the additional charge shall be paid 20% of his basic pay as an additional charge allowance.

#### **3.3 Current Charge of Higher Post:**

a) Where considered in the interest of the PPIB's work, an employee who is the senior most amongst his Section may with the approval of the Competent Authority be given the current charge of a higher position against a vacant post till such time as determined by the PPIB, provided that the current charge shall not exceed two terms of three months.

b) In all cases of current charge of a higher post, the employee entrusted with the current charge of another post shall be paid 20% of his basic pay as current charge allowance.

3.4 The employees who are required to attend office on closed holidays or on public holiday(s) or called for duty beyond normal hours shall be provided official transport for pick and drop purpose and in case of non-availability of official transport, they shall be reimbursed transportation expense at rates as approved from time to time by the MD.

3.5 Any employee required by his supervisor to work beyond normal closing hours or who attend office on public holiday(s) or on closed holidays will be provided meals at PPIB's expense.

**3.6 Overtime Allowance:**

- a) Employees in Staff Grades will be eligible for overtime on the rates approved by the MD from time to time.
- b) Work on overtime is not encouraged. It is management's responsibility to ensure that overtime work is minimized to essential requirements only.
- c) Overtime period of less than one hour per day is not paid. Additional overtime thereafter will be inclusive of one hour.

**3.7 Mobile Phone Allowance:**

Mobile phone allowance shall be paid by PPIB to employees in Executive Grades along with monthly salary at the rate approved by the MD from time to time.

**3.8 Ownership of Vehicle:**

If an employee is provided with official transport, such employee will be entitled to obtain ownership of such vehicle on completion of at-least five years' service at PPIB; provided that:

- a) This facility will not be available more than once during the entire employment of such employee with PPIB.
- b) The transfer shall be made based on written down value of the car.
- c) Officers availing the benefit shall bear the full tax liability arising due to the transfer.

In case an entitled employee is not provided official vehicle by PPIB he will be paid assessed value, on uniform basis, of a five years old vehicle equivalent to his entitlement upon completion of five years' service at PPIB.

**4. BONUS:**

- 4.1 Bonus may be approved by the MD/Chairman on the basis of Annual Performance Evaluation Reports or on an appropriate occasion or meritorious services.

- 4.2 It is not a permanent increase to the incumbent's pay. Bonus cannot be claimed as a matter of right.
- 4.3 All regular employees who are either serving, retired or resigned but have worked during that year will be entitled to a bonus payment.
- 4.4 An employee dismissed on disciplinary grounds shall not be entitled to bonus payment.



**CHAPTER-5****ATTENDANCE, WORKING HOURS, HOLIDAYS & PAY DAY****1. ATTENDANCE:**

- 1.1 An employee shall comply with such regulations relating to attendance, hours of duty, nature of work etc. as shall be prescribed or shall from time to time be laid down by PPIB.
- 1.2 An employee shall be at work at the time fixed and notified. Any employee coming late to office shall be liable for action according to the regulations framed by PPIB.

**2. WORKING HOURS AND WEEK DAYS:**

PPIB shall observe a five day working week i.e. Monday to Friday. Each employee shall be obliged to work for PPIB for 40 hours per week.

**3. HOLIDAY AND PAY ON HOLIDAYS:**

A list of all public holidays specified as such by the Government of Pakistan shall be circulated to all employees at the beginning of each calendar year. All employees shall be entitled to pay for such holidays.

**4. PAY DAY:**

Every employee shall maintain a bank account. The salary period shall be one month and salary due shall ordinarily be paid into employees' bank account by the last working day of each month.

## **CHAPTER-6**

### **POSTING AND TRANSFER**

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#### **1. LIABILITY TO SERVE ANY POST:**

An employee shall be liable to serve anywhere within the country as assigned by the Competent Authority within its head office and any other offices setup by the PPIB or in any organization setup, controlled or managed by the PPIB.

#### **2. TRANSFER FROM ONE POST TO THE OTHER WITHIN THE PPIB:**

The Competent Authority, to whom powers are delegated, may transfer an employee within the cadre to another post within the PPIB.

#### **3. DEPUTATION TO OTHER ORGANIZATIONS:**

- 3.1 The PPIB may with the consent of the employee transfer his services to another power sector organization or an associated agency on deputation, on such terms and conditions as may be agreed to with the borrowing agency.
- 3.2 While on deputation, an employee except as may be mutually agreed to with the borrowing agency, shall continue to be governed by the rules and regulations applicable to him as an employee of the PPIB.
- 3.3 An employee on deputation shall draw pay from the borrowing agency from the date on which he relinquishes charges of his post in the PPIB. Subject to any restriction which the Competent Authority may by general order impose, the amount of his pay, the amount of joining time admissible to him and his pay during such joining time will be fixed by the PPIB in consultation with the borrowing agency.
- 3.4 On expiry of the deputation period an employee will take the charge of the same or an equivalent post in PPIB, held by him before proceeding on deputation.
- 3.5 During the deputation period, leave shall be allowed to the employee in accordance with the rules of the borrowing agency. The deputation period shall not be counted for, earning leave under the PPIB.
- 3.6 The employee shall, during the period of his deputation pay to the PPIB pension contribution or other mandatory contributions as and when specified by the PPIB and as amended from time to time.

- 3.7 During the period of deputation, the person concerned will not be entitled to any medical facility in respect of himself and family members at the expense of the PPIB.
- 3.8 Any extension beyond the original period of the deputation without prior approval of the Competent Authority will be treated as misconduct on the part of the employee concerned and may call for disciplinary action.
- 3.9 Promotion of an employee who is on deputation will be considered in accordance with his seniority only after he resumes duty with PPIB.

## **CHAPTER-7**

### **TRAINING AND CAREER PLANNING**

#### **1. TRAINING:**

- 1.1 The PPIB may require an employee to undergo such training within or outside Pakistan at any time and for any duration and on such terms and conditions as it may specify in each case.
- 1.2 Annual training plan will be approved by the MD after the approval of PPIB's budget in which provision of estimated expense on trainings will be kept.

#### **2. CAREER PLANNING:**

It is the policy of the PPIB to fill vacancies through internal promotions. The PPIB may, from time to time make such provisions for career planning of employees as it may deem fit taking into account minimum qualifications/experience required for key positions in each area of its operations.

#### **3. SUCCESSION PLANNING:**

- 3.1 Succession planning is done to ensure that when an employee on a key position leaves the job, the PPIB shall be able to fill the key position internally through training, development and mentoring inputs planned and provided to the identified potential candidates.
- 3.2 For every key position, potential candidates will be identified and development programs will be agreed and implemented accordingly.

## **CHAPTER-8**

### **PROMOTION**

#### **1. ELIGIBILITY FOR PROMOTION:**

All employee possessing such minimum qualifications and length of service as specified in **Appendix-2** for appointment in PPIB shall be eligible for promotion to a higher post subject to (a) suitability of the incumbent for the next higher post to be determined by the Competent Authority and (b) availability of vacancy in the next grade and (c) any additional criteria determined by the Competent Authority and considered mandatory for promotion to the higher post.

#### **2. PROCEDURE FOR PROMOTION:**

2.1 In case where the Competent Authority decides to fill a vacancy through promotion, the promotion shall be made on recommendation of the Promotion Committee.

2.2 The Promotion Committee for recommending the cases of employees eligible for promotion may;

- a. recommend an employee for promotion to the next higher post; or
- b. recommend an employee as unfit for promotion for the time being and recommend to delay the promotion of the employee for a period of upto one year to improve his performance and review his case after the said period; or
- c. recommend to defer consideration of the case of an employee on account of non-availability of one or more Performance Evaluation Report (PER) or other documents or information considered necessary to enable the Committee to determine his fitness for promotion, or the employee being on extraordinary leave in Pakistan or ex-Pakistan for a period of one year or more or the employee does not qualify the prerequisite in **Appendix-1**.

2.3 An employee who is not promoted or his case deferred for promotion will not be considered again for promotion unless he has earned one more PER for one full year. An employee whose case is deferred will be considered as soon as the reason on the basis of which deferment took place ceases to exist and on expiry of the period of deferment. Provided that an employee whose case was deferred because he was on

extraordinary leave, whether in or ex-Pakistan, shall be considered for promotion after earning one PER on resumption of duty on the expiry of the sanctioned period of his extraordinary leave.

2.4 An employee who is on extraordinary leave for a period of less than one year will be considered for promotion on his resumption of duty and if found fit and approved by the approving authority, his promotion shall take effect and pay of the higher post shall accrue, from the date he assumes the duties of the higher post.

2.5 For the purpose of promotion to the next higher scale/grade in PPIB, the duration of previous service of the employee before joining PPIB which is relevant to his assignment at PPIB would also be given due consideration.

3. **PROMOTION CANNOT BE CLAIMED BY VIRTUE OF SENIORITY ONLY:**

No employee shall have a claim to be promoted to any particular post or scale by virtue of seniority or length of service only.

## **CHAPTER-9**

### **PERFORMANCE EVALUATION REPORT (PER)**

1. Annual PER of each employee who has served the PPIB for more than six months without any break during that year, shall be prepared, on a calendar year basis, in the first month of the following year, on the prescribed form to be approved by the MD.
2. The officer under report should fill the parts of PER relevant to him and submit to his Reporting Officer. The Reporting Officer fill in the parts related to him and forward the PER for approval of the Section Head and MD.
3. The HR Section shall convey and discuss the PER with the Reporting Officer and the reported officer in order to ensure fairness and equity. Thereafter, the HR Section shall prepare a qualitative report for the submission to the MD.
4. All PERs are to be maintained confidentially by the HR Section.



## CHAPTER-10

### ORGANOGRAM

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1. Current Organogram of Executives and list of approved Staff positions are attached at **Appendix-3**.
2. Any changes in the organogram from time to time including creation, addition, abolition or up-gradation of a post shall be approved by the Board on recommendation of the MD.

## **CHAPTER-11**

### **LEAVE**

#### **1. GENERAL:**

- 1.1 Leave cannot be claimed as a matter of right but is a privilege and its grant shall be subject to exigencies of service at the discretion of the Competent Authority;
- 1.2 When the exigencies of service so require, the Competent Authority may refuse the grant of leave or cancel the leave already granted or recall an employee before the expiry of the leave; Provided that the reason for such refusal, cancellation or recall, as the case may be, shall be conveyed in writing to the employee concerned in time as far as practicable.
- 1.3 No employee shall avail leave unless he applies for the same in advance to his Reporting Officer for its sanction, provided that where an employee is unable to apply for such leave in advance due to reasons beyond his control the leave so availed may be approved ex-post facto by the Reporting Officer on provision of evidence to the inability of the employee to inform the PPIB in advance.
- 1.4 Every employee shall be allowed holidays with pay on all days declared by the Federal Government as closed holidays. If, however, an employee is called for duty on a closed holiday, he shall be allowed off-day with pay, within three days before, if after the day a close holiday falls in lieu of the holiday.

#### **2. CASUAL LEAVE:**

- 2.1 An employee may be granted casual leave up to a maximum of 20 days in a calendar year. The maximum amount that can be allowed at a time is 15 days.
- 2.2 Casual leave may be prefixed or suffixed to a closed or optional holiday(s).
- 2.3 If a closed or an optional holiday falls between two days of casual leave it should also be counted as a casual leave.
- 2.4 Un-availed casual leave shall lapse at the end of each calendar year provided however, if an employee is granted leave at the end of the

calendar year which is spread over the next calendar year, the leave will be accounted for against each calendar year to which the period relates.

- 2.5 An employee who avails the leave in excess of the casual leave admissible, the number of extra days so availed, shall be adjusted against his earned leave account. If there is no earned leave at the credit of an employee, the leave shall be treated as extraordinary leave without pay.

### 3. **EARNED LEAVE:**

- 3.1 A regular employee of the PPIB shall earn leave at the rate of 2.5 days for every calendar month of duty period rendered by him. This leave will be admissible to the employee on full pay drawn just before proceeding on leave.
- 3.2 Duty period of fifteen days or less in a calendar month being ignored and those of more than fifteen days being treated as a full calendar month for the purpose of earned leave accumulation.
- 3.3 If an Employee proceeds on leave during a calendar month and returns from it during another calendar month and the period of duty in either month is more than fifteen days, the leave to be credited for both the incomplete months shall be restricted to that admissible for one full calendar month only.
- 3.4 Accumulation of Annual Leave will not be allowed in excess of ninety (90) days. Upon separation, an Employee will receive a lump sum payment for any unutilized earned leave available in his account.
- 3.5 The employee will not earn any earned leave during the leave period of any type.

### 4. **EARNED LEAVE ENCASHMENT:**

- 4.1 Encashment of the Earned leave balance, not to exceed thirty (30) days, shall be allowed at the end of the same leave year at the rate of one Basic Pay.
- 4.2 Basic pay in the context of earned leave encashment will be deemed to be the last drawn basic pay when encashment is applied.

### 5. **STUDY LEAVE:**

Leave for higher studies within Pakistan or abroad may be allowed by the Competent Authority, where the Competent Authority is convinced that the acquisition of additional qualification by the employee will be in the interest of

the PPIB provided that such leave shall be adjusted against the earned leave available to the employee. Where no earned leave or insufficient earned leave is available such period of leave shall be treated as extra ordinary leave without pay.

**5.1 Eligibility:**

- 5.1.1 Applicant should have completed at least five (5) years continuous service in PPIB.
- 5.1.2 The employee shall have to provide sufficient evidence regarding acceptance of his admission by the University/Institution at the time of applying for leave.
- 5.1.3 Study must be relevant to the assignment of the employee.
- 5.1.4 Applicant must be recommended by the concerned Section Head.
- 5.1.5 Consent of the Section Head concerned to relieve the applicant for the full period of training with or without replacement.
- 5.1.6 A declaration that the employee shall return and resume service in PPIB for a further period of two years failing which the employee shall not be eligible for benefits as enumerated below.

**5.2 Duration of Study Leave:**

Study leave may be granted for a maximum period of two years.

**5.3 Benefits During Study Leave:**

The employee will have lien with the PPIB and his seniority and gratuity will be maintained as per PPIB Regulations applicable from time to time.

**6. EXTRAORDINARY LEAVE (LEAVE WITHOUT PAY):**

Extraordinary Leave may be granted in special circumstances when no other leave is admissible or when, other leave being admissible, the employee concerned applies in writing for the grant of Extraordinary Leave. Extraordinary leave shall not be granted for more than thirty days during first five years of continuous service of an employee with PPIB and ninety days upon completion of each five years term of continuous service of such employee with PPIB. Such leave is not debited against the Leave Account. No Remuneration or any other benefit shall be admissible during such leave.



**7. DISABILITY LEAVE:**

- 7.1 An employee may be granted disability leave in case he is disabled by an injury or disease contracted in or in consequences of performance of his duty.
- 7.2 Such leave:
- a) shall not be debited to the leave account of the employee;
  - b) shall be granted on production of a medical certificate signed or countersigned by the authorized medical attendant; and
  - c) shall not exceed a period of one year unless required otherwise on medical advice duly verified by the authorized medical attendant.
- 7.3 The leave salary during disability leave shall be equal to full pay for the first one hundred and eighty days and on half pay of the remaining period.

**8. MATERNITY LEAVE:**

- 8.1 Maternity leave may be granted on full pay, outside the leave account, to a female Employee to the extent of ninety days in all from the date of its commencement or forty-five days from the date of her confinement, whichever is earlier.
- 8.2 Such leave may not be granted for more than three times in the entire service of a female Employee.
- 8.3 For confinements beyond the third one, the female Employee would have to take leave from her normal leave account.
- 8.4 The spells of maternity leave availed of prior to the coming into force of these rules shall be deemed to have been taken under these rules.
- 8.5 Maternity leave may be granted in continuation of, or in combination with, any other kind of leave including extraordinary leave as may be due and admissible to a female Employee.
- 8.6 The leave salary to be paid during maternity leave will remain unaffected even if an increment accrues during such leave and the effect of such an increment will be given after the expiry of maternity leave.

**9. MEDICAL LEAVE:**

Medical leave may be granted to an employee in the following manner:-

- 9.1 Leave on full pay as medical leave for a period not exceeding 120 days at a time, may be allowed to an employee on production of a medical certificate signed or countersigned by the medical attendant authorized by PPIB for the purpose and also by the patient (employee) himself stating that the employee was under Medical Attention during the relevant period.
- 9.2 Medical leave exceeding 120 days shall be treated as leave without pay.
- 9.3 The employee returning to duty after availing of such leave shall produce a fitness certificate signed or countersigned by authorized medical attendant.
- 9.4 Medical certificate and fitness certificate produced by the employee in support of his ailment must bear the signature of the patient (employee).
- 9.5 Medical leave shall not normally be refused to an employee. However, the Competent Authority may refer the employee to another authorized medical doctor/board as the case may be for a second opinion.

**10. SPECIAL LEAVE:**

- 10.1 A female Employee, on the death of her husband, may be granted special leave on full pay, when applied for a period not exceeding one hundred and thirty days.
- 10.2 Such leave shall not be debited to her leave account.
- 10.3 Such leave shall commence from the date of death of her husband and for this purpose she will have to produce death certificate issued by the competent authority either along with her application for special leave or, if that is not possible, the said certificate may be furnished to the leave sanctioning authority separately.

**11. LEAVE Ex-PAKISTAN:**

- 11.1 Leave ex-Pakistan may be granted on full pay to an Employee who applies for such leave or who proceeds abroad during leave, or takes leave while posted abroad or is otherwise on duty abroad, and makes a specific request to that effect.

- 11.2 Leave *ex-Pakistan* will be debited against casual or earned leave accounts. If there is insufficient credit in the leave accounts, the leave may be treated as extraordinary leave without pay.

**12. Haj Leave:**

- 12.1 The Competent Authority may grant special leave for thirty (30) days on full pay to an employee once within entire service period for the purpose of performance of Haj.
- 12.2 The employees with minimum five years of service are eligible to apply for Haj leave.
- 12.3 This leave shall not be debited against any other leave entitlement of the employee.

**13. Return to Duty before Expiry of Leave:**

An employee on leave may be required by the Competent Authority to resume duty or return to duty before expiry of the period of leave granted to him due to exigencies of work of the PPIB.

**14. Recall from Leave:**

If an employee is compulsory recalled to terminate his leave and resume duty due to exigencies of the work of the PPIB, the employee shall be entitled to single return air fare plus allowance as admissible to him on tour, from station where the employee is spending his leave to the place of duty as indicated in his leave application; with the approval of the Competent Authority.

**15. Overstay after Sanctioned Leave:**

Unless the leave of PPIB employee is extended by the Competent Authority, a PPIB employee who remains absent after the end of his leave shall not be entitled to any remuneration of the period of such absence, and without prejudice to any disciplinary action that may be taken against him.

**16. Combination of Different Types of Leave:**

One type of leave may be combined with any other type of leave otherwise admissible to the PPIB employee.

**17. Employment during Leave:**

An employee of PPIB on leave shall not take any service or accept any employment, except in the case of availing earned leave accrued immediately before retirement

## **CHAPTER-12**

### **GRATUITY**

#### **1. GENERAL:**

- 1.1 A regular PPIB employee on retirement from service a) at superannuation or b) an earlier separation as allowed by the Competent Authority shall be entitled to receive such gratuity as is prescribed in these Regulations provided that he has completed at least three years of continuous service with PPIB.
- 1.2 In the event of the death of an employee, his family shall be entitled to receive such gratuity, as is prescribed in the Regulations and admissible to the employee prior to his demise.
- 1.3 No gratuity shall be admissible to an employee who is dismissed or removed from service for reasons of misconduct.
- 1.4 Employees of PPIB, at confirmation, shall become members of the Gratuity Fund Trust.
- 1.5 Employees of PPIB are entitled to gratuity in accordance with these Regulations and the regulations of the Gratuity Fund Trust.
- 1.6 Members of the Gratuity Fund Trust are entitled to payment of Gratuity on retirement or resignation @ 30 days for each completed year of service. The Gratuity will be computed on the basis of Basic Pay plus House Rent Allowance.
- 1.7 Basic Pay will be deemed to be the Basic Pay plus House Rent Allowance for the last month immediately preceding the month in which Gratuity becomes payable.
- 1.8 Beyond the minimum three years period, the period exceeding six months of service will count as a full year of service for computation of Gratuity, and any period less than six months will not be factored for purpose of computation of Gratuity.

#### **2. CLAIM NOT ADMISSIBLE:**

For the purpose of these Regulations an employee will not be considered as a regular employee and shall not be entitled to gratuity in the following cases:-

- a) Where an employee is appointed for a limited period only, or for a specified duty, on the completion of which he is to be discharged.
- b) When an employee is employed under a contract for a time period.
- c) When an employee is paid from contingencies.
- d) When an employee is appointed in PPIB on deputation basis.

**3. SERVICE QUALIFYING FOR GRATUITY:**

- 3.1 Unless it is otherwise specifically provided, the service of an employee shall commence to qualify for gratuity from the date he takes charge of the post to which he is initially appointed.
- 3.2 The following period shall count as service qualifying for gratuity:
  - a) The period an employee remains in regular service.
  - b) All periods of leave, other than extraordinary leave.

**4. SERVICE NOT COUNTED TOWARDS GRATUITY:**

The period of an interruption in the service of an employee shall not be counted towards service qualifying for gratuity as:

- a) Period of suspension in cases leading to compulsory retirement or, removal from service.
- b) Un-authorized absence from duty which is not condoned by the Authority and adjusted against leave due to the employee.

## **CHAPTER-13**

### **PROVIDENT FUND**

#### **1. GENERAL:**

The PPIB shall manage a contributory provident fund wherein contributions of the employee, equal contribution from the PPIB and profit earned on such deposits will be made in this fund in accordance with these regulations.

#### **2. CONSTITUTION AND MANAGEMENT OF THE FUND:**

2.1 There shall be established a provident fund by the name of Contributory Provident Fund (CPF) to which monthly subscriptions of the subscribers shall be credited in their individual account and an equal amount shall be credited by the PPIB by way of addition to such subscriptions. Each subscriber will be allotted an account number of his CPF account to which his contributions, the PPIB's contributions and profit thereon will be credited.

2.2 All sums paid into the Fund under these regulations shall be credited in the books of PPIB to an account named "The Contributory Provident Fund Account".

2.3 The Fund shall be administered by the PPIB and shall be maintained in Pakistan rupees.

#### **3. EMPLOYEES ELIGIBLE TO JOIN THE FUND:**

Employees holding appointment on regular basis shall be eligible to join the Fund subject to satisfactory completion of the probation period.

#### **4. COMPULSORY SUBSCRIPTION TO THE FUND:**

All existing regular employees and such employees who are appointed on regular basis on or after the commencement of these regulations shall subscribe to the fund in accordance with these Regulations.

#### **5. NOMINATION:**

5.1 As soon as may be after joining the Fund, every subscriber shall be required to make a nomination on the prescribed form conferring on one or more persons the right to receive the amount that may stand to his credit in the fund in the event of his death. Provided that a nomination made under this sub-regulation shall be deemed to have been duly made

in accordance with these regulations only for so long as the subscriber does not change it.

5.2 If a subscriber nominates more than one person, he shall specify in the nomination the amount or share payable to each of the nominee in such manner as to cover the whole of the amount that may stand to his credit in the Fund at any time.

5.3 A nomination may be cancelled by a subscriber and replaced by a new one at any time.

5.4 Every nomination made and every notice of cancellation given shall take effect to the extent that it is valid on the date on which it is received by the Finance Section.

6. **SUBSCRIBERS ACCOUNTS:**

6.1 A separate account shall be maintained in the name of each Subscriber in which shall be credited:

- a) the Subscriber's subscriptions
- b) contributions made by PPIB

7. **CONDITIONS AND RATES OF SUBSCRIPTIONS:**

Every subscriber shall subscribe monthly to the Fund, at the rate of 5% of the monthly basic pay paid to the employee.

8. **REALIZATION OF SUBSCRIPTIONS:**

The recovery of subscriptions on account of CPF or repayment of the advance drawn from the CPF will be made through the salary of the subscriber payable to him.

9. **CONTRIBUTION BY THE PPIB:**

9.1 The PPIB shall, each month make a contribution in the CPF for crediting the same an amount equivalent to that subscribed by the employee to the account of each subscriber.

9.2 The amount of contribution payable by the employee shall be rounded to the nearest ten rupees (five rupees or more will be counted as the next ten rupees while less than five rupees will be ignored).

**10. PROFIT ON THE ACCOUNT:**

- 10.1 The amount of CPF (comprising of the employees' contribution and the equivalent amount provided by the PPIB) will be invested in such profitable ventures or placed in a bank account as approved by the Management Committee of the Fund. The Management Committee of the Fund shall comprise of MD, Heads of HR and Finance Sections. The annual profit accruing to the Fund will be credited to the account of each subscriber in the same ratio of his contributions to the fund during the financial year, while accounting for the period of contribution. The withdrawals and additions in the account during the year will also be taken into account. The total amount of profit shall be rounded to the nearest whole rupee, fifty paise counting as the next higher rupee. Provided that no profit shall be paid in respect of any period from the start of a financial year till close of the year, if a subscriber or his family (in case of his death) is paid the total amount of the CPF standing at his credit during the year.
- 10.2 Profit shall not be credited to the account of a subscriber if he informs in writing that he does not wish to receive it; but if he subsequently asks for profit it shall be credited with effect from the first day of the year in which he asks for it.

**11. ADVANCE FROM THE FUND:**

- 11.1 Subject to the employee having completed five years of regular service, a maximum of 50% of the amount standing at the credit of a subscriber may be granted to him as a temporary advance, subject to the following conditions:-
- a) to pay expenses incurred in connection with the prolonged illness of a subscriber or any person actually dependent on him;
  - b) to pay for the overseas passage for reasons of health or education of a subscriber or any person actually dependent on him;
  - c) to pay expenses on a scale appropriate to the subscriber's status in connection with building a house or purchase of land for the purpose of building a house; or
  - d) to pay for such social ceremonies of his children as the Competent Authority may approve on a case to case basis.
- 11.2 An advance shall not, except for special reasons, to be recorded in writing by the sanctioning authority, be granted before at least twelve months after the final repayment of the previous advance.

- 11.3 The subscriber will be allowed advance in a manner that only one advance will remain outstanding at one time.
- 11.4 An advance shall be recovered from the subscriber in such number of equal monthly installments as the sanctioning authority may direct, but such number shall not be less than twelve unless the subscriber so elects, or in any case more than forty eight installments. Each installment will be a number of whole rupees.
- 11.5 Recovery of advance shall be made in the manner provided these regulation and shall commence from the next month after the advance is made to the subscriber.
- 11.6 If an advance has been granted to a subscriber and drawn by him and the advance is subsequently disallowed before repayment is completed, the whole or balance of the amount withdrawn, shall be repaid by the subscriber to the Fund, or in default, shall be recovered by deduction from the emoluments of the subscriber in installments or otherwise, as may be directed by the Competent Authority.
- 11.7 Recoveries made under this regulation shall be credited, as they are made, to the account of the subscriber in the Fund.

## **12 CIRCUMSTANCES IN WHICH ACCUMULATIONS ARE PAYABLE:**

- 12.1 When a subscriber retires from the service, or resigns from service (resign accepted by the Competent Authority) after at least five years of continuous service with PPIB, the total amount standing to his credit in the Fund shall, become payable to him.
- i) Provided that a subscriber, who has been compulsory retired, removed or dismissed from service and is subsequently reinstated in the service shall repay any amount paid to him from the Fund in pursuance of this regulation. The amount so repaid shall be credited to his account in the Fund, the part which represents his subscriptions and the part which represents the PPIB's contribution with profit thereon, being accounted for in the manner provided in Para-10 of this Chapter.
- ii) When a subscriber, while on leave, has been permitted to retire or has been declared by a competent medical authority to be unfit for further service, the amount standing to his credit in the Fund shall, upon application made by him in that behalf to the Competent Authority, become payable to the subscriber. Provided that the subscriber, if he returns for duty, shall, if required by the Competent Authority, repay to the Fund, for credit to his account, the whole or part of any amount paid to him

from the Fund in pursuance of this regulation in cash or by installments or otherwise, by recovery from his emolument or otherwise, as the Competent Authority may direct.

- iii) Payment in case of death of the employee:
  - a) When the subscriber leaves a family, if a nomination made by the subscriber in favour of a member or members of his family subsist, the amount standing to his credit in the Fund or the part thereof to which the nomination relates, shall become payable to his nominee or nominees in the proportion specified in the nomination. If no such nomination in favour of a member or members of the family of the subscriber subsists, or if such nomination relates only to a part of the amount standing to his credit in the Fund, the whole amount or the part thereof to which the nomination does not relate, as the case may be, shall, notwithstanding any nomination purporting to be in favour of any person or persons other than a member or members of his family become payable to the members of his family as per Islamic law determined by a court. If however the subscriber is a non-Muslim the payment will be made as per the orders of the court.
  - b) When the subscriber leaves no family and no nomination(s) have been made by him, the amount standing to his credit in the Fund will be paid as per orders of the court.

### 13 DEDUCTION:

13.1 Subject to the condition that no deduction may be made which reduces the credit in the CPF of a subscriber, by more than the amount contributed by the PPIB with profit thereon, and before the amount standing to the credit of a subscriber in the Fund is paid out, the Competent Authority may direct the following deductions from the amount standing at the credit of the subscriber for payment to PPIB:

- a) any amount, if a subscriber has been dismissed from the service for misconduct provided that if the order of removal from service is subsequently cancelled, the amount so deducted shall, on his reinstatement in the service, be replaced at his credit in the Fund;
- b) any amount, if a subscriber resigns within five years of his joining PPIB, otherwise than by reason of superannuation or a declaration by competent medical authority that he is unfit for further service;

- c) any amount due under a liability incurred by the subscriber to the PPIB.

#### **14 PAYMENT:**

- 14.1 When the amount standing to the credit of a subscriber in the Fund, or the balance thereof after any deduction under these regulations becomes payable, it shall be the responsibility of the Finance Section to satisfy himself that no deduction has been directed under these regulations and that no deduction is to be made, to make payment as soon as possible but in case later than fifteen working days after the payment due or the subscriber will be entitled to a profit @ 10% per annum from the date the payment becomes due.
- 14.2 If the person to whom, under these regulations any amount is to be paid is a lunatic for whose estate a manager has been appointed in this behalf under the Lunacy Act 1912, the payment will be made to such manager and not to the lunatic.
- 14.3 Any person who desires to claim payment under these regulations shall send a written application in that behalf to the Finance Section. Payment shall be made in Pakistan rupees only. The persons to whom the amounts are payable shall make their own arrangements to receive payment in Pakistan.

#### **15 FUND NUMBER TO BE QUOTED:**

- 15.1 When paying subscription either by deduction from salary or in cash, a subscriber shall quote the number of his account in the Fund, which shall be communicated to him by the Finance Section. Any change in the number shall similarly be communicated to the subscriber by the Finance Section.
- 15.2 As soon as possible after the 30<sup>th</sup> June of each year, the Finance Section shall send to each subscriber a statement of his account in the Fund, showing the opening balance, the amount credited or debited during the year the amount of profit credited and the closing balance on the 30<sup>th</sup> June. The Finance Section shall attach to the statement of account an enquiry whether the subscriber desires to make any alteration in the nomination made under these regulations.
- 15.3 Subscribers should satisfy themselves as to the correctness of the statement and errors should be brought to the notice of the Finance Section within one month from the date of receipt of the statement.

- 15.4 The Finance Section shall, if required by a subscriber in writing but not more than once in a year, inform the subscriber of the total amount standing to his credit.

## **CHAPTER-14**

### **TRAVELLING**

#### **1. CIRCUMSTANCES IN WHICH TRAVELLING EXPENSES WOULD BE ADMISSIBLE:**

Travelling expenses would be admissible to an employee, travelling on duty, on tour or transfer. Prior approval of the Competent Authority shall normally be obtained on the prescribed form before under taking the journey. In specific cases where prior approval is not possible within reasonable means of the employee or may result in any delay or adverse impact on the discharge of functions of the PPIB, the Competent Authority may allow verbal approval and confirm the approval after the travel. After conclusion of an authorized journey the details of expenses should be submitted by the employee within one month for approval from the Competent Authority and adjustment of account.

#### **2. TRAVEL ALLOWANCE:**

Travel Allowance is paid to employees to cover expenses incurred in traveling as required by PPIB.

#### **3. KINDS OF TRAVEL ALLOWANCE:**

The following Travel Allowances may be drawn in different circumstances by employees as specified below:

##### **3.1 Mileage Allowance**

Mileage Allowance is paid by PPIB to meet costs of a particular official journey, and is based on the distance traveled.

- a) An employee is required to travel by the class of travel for which Traveling Allowance is admissible to him.
- b) PPIB shall notify from time to time rates for different categories of employees for the payment of mileage, daily allowance and rates of incidental expenses.
- c) All employees of PPIB shall travel on official tour away from Headquarters in accordance with the mode of transportation as prescribed under the Rules.
- d) Class of travel and rates of Travel Allowance will be determined by the MD from time to time.

### 3.2 Daily Allowance

- a) Daily allowance for each calendar day will be admissible for the period of absence on duty from place of duty. No more than one daily allowance will be admissible on any calendar day. A fraction of a calendar day will be reckoned as a calendar day for this purpose. A period of absence from place of duty commences from the time of departure of the employee from his office or residence, as the case may be, until the time of his return to his office or residence, as the case may be. The period of forced delay in transit will be treated as part of the total transit period.
- b) Daily allowance may not be drawn for any day on which the employee returns to his place of duty no later than 1800 hrs. without spending the night away from his place of duty.
- c) Daily allowance may be drawn during a halt on tour or a holiday occurring during a tour.
- d) Official duty parameters of PPIB employees will be determined by the MD.
- e) Where an employee entitled to hotel accommodation does not avail such facility, he may claim an amount approximately 50% (fifty percent) of his entitlement of hotel accommodation as determined by the MD from time to time.
- f) Schedule of Daily Allowance for local and international travel will be determined by the MD from time to time.

### 4. STAY IN HOTEL/REST HOUSE ETC IN OUTSTION CITIES:

PPIB employees while on tour may stay in a hotel as per their entitlement issued by the Competent Authority from time to time.

### 5. GENERAL CONDITIONS:

General conditions for travelling will be approved and issued by the MD

### 6. REIMBURSEMENT OF CANCELLATION EXPENSES:

Reimbursement of expenses incurred on account of cancellation of reserved seat may be allowed if the cancellation was due to the eleventh hour change in the tour, program due to unavoidable reasons or on account of direction from the Authority, subject to the production of cancellation voucher.

## **CHAPTER-15**

### **LOANS AND ADVANCES**

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1. Subject to availability of funds for this purpose and subject to such conditions as the Board may deem proper, loan may be granted to an Employee on application in writing for the grant of such loan.
2. Loans shall NOT be treated as a matter of right. Loan Committee constituted by the MD shall review/recommend grant of loans. The MD will sanction loans on merit, subject to availability of funds, as on the basis of the nature of the requirement and seniority of applicants.
3. A Regular Employee who has completed at least three (3) years satisfactory service may be allowed a loan, with a markup rate of prevalent KIBOR, amounting to a maximum of ten (10) months gross salary.
4. The amount of loan sanctioned shall be recoverable by deduction from the salary of the employee concerned in sixty (60) equal monthly installments, commencing one month after the grant of loan, or in the remaining period of his employment with PPIB, whichever is earlier.
5. Before disbursement of the loan or first installment thereof, the Employee concerned shall execute a letter of authority authorizing PPIB to adjust at any time the balance of the loan amount. He shall also submit two sureties acceptable to PPIB, guaranteeing repayment of the loan. In addition a Promissory Note shall be provided by the applicant to PPIB. PPIB may adjust terminal benefits payable to the employee on cessation of service against outstanding loan balance.
6. The employee should not have any outstanding advance to qualify for a loan. Loans may be approved to an employee once in four years.
7. A fresh employee, after successful completion of probation period, may be granted house rent advance upto a maximum of three salaries on submission of a promissory note, and submission of two sureties acceptable to PPIB. He will have to submit the lease agreement with the landlord (in original) to PPIB. In this case the advance shall be recovered from the employee in six equal installments.
8. In case of the employee leaving the service of PPIB, for any reason whatsoever, the balance of the loan outstanding against him, shall become payable forthwith.

## **CHAPTER-16**

### **MEDICAL**

#### **1. MEDICAL ALLOWANCE:**

All employees of PPIB shall be reimbursed Medical Allowance @ 10% of basic salary per month, to meet expenses on account of out-patient medical treatment for themselves and their families.

#### **2. MEDICAL INSURANCE:**

PPIB may get a medical insurance cover in due course, in which case the entitlement of medical allowance and hospitalization shall be suitably amended. The details of such cover shall be notified by PPIB from time to time.

#### **3. DEATH OF EMPLOYEE DURING SERVICE:**

If an employee dies during period of service, eligible members of his Family shall remain entitled to Medical Attention and treatment as aforesaid for the duration of five years after his death, subject, however, to the condition that the surviving widow shall cease to be so entitled if she re-marries and children and step-children shall cease to be so entitled if, before the death of the employee, they had completed eighteen (18) years of age or as soon as they complete the age of eighteen (18) after his death.

## **CHAPTER-17**

### **HOSPITALIZATION**

#### **1. GENERAL:**

Medical care facilities will be available to all employees of PPIB as follows:

##### **a) Hospitalization:**

This will cover all types of major ailments and physical injuries to an employee or his family members requiring treatment through admission and stay in the hospitals or prolonged preventive medical care under advice by the specialist. Dental treatment requiring hospitalization shall also be included in this category. Such treatment shall also include hospitalization of less than 24 hours if required for carrying out diagnostic tests, treatment or minor surgery.

##### **b) Medical Attention:**

This means Medical Attention at an Approved Hospital in case of such illness as compels an Employee or any Family member to be admitted to an Approved Hospital or, under PPIB's Medical Insurance Scheme, confined to residence, and includes employment of such pathological, bacteriological, radiological and other methods for purpose of diagnosis as considered necessary for treating the employee or family member in an Approved Hospital, during such confinement/admission.

##### **c) Dental Treatment:**

This will include treatment of all types of dental ailments except provision of dentures, braces, cosmetic scaling and ortho-dental treatment, tooth implants, gold/silver crown/bridges and gold inlays. Dental treatment can be availed from (a) any Medical and Dental care unit designated by PPIB or (b) any Medical and Dental care unit of the employee's own choice or (c) Government hospital.

#### **2. REIMBURSABLE MEDICAL ATTENTION AND TREATMENT:**

Every Employee and his Family members shall be entitled to Medical Attention and treatment if such Medical Attention or treatment is essential, subject always to these Regulations and/or the terms of insurance cover obtained by PPIB. Definition of eligible members of family and applicable conditions are specified in **Appendix-4**.

3. **ENROLMENT OF APPROVED HOSPITALS:**

The PPIB or the Insurers may approve any hospital, clinic, maternity home, pathological laboratory, radiological laboratory or any other institution for Medical Attention and treatment of, and any medical store for supply of medicines to the Employee and Family members.

4. **REMOVAL OF APPROVED HOSPITAL FROM THE APPROVED PANEL:**

The PPIB or the Insurers (in consultation with PPIB) may terminate arrangements made with any hospital, clinic, maternity home or other institutions for Medical Attention and treatment of Employees and their Families.

5. **ENTITLEMENT OF ACCOMMODATION IN APPROVED HOSPITALS:**

5.1 An Employee or his Family shall be entitled to such accommodation in a hospital, from time to time, as may be notified by PPIB.

5.2 An Employee or his Family member, if provided accommodation of a class lower than that of entitlement, in an Approved Hospital on account of non-availability of accommodation, shall not be entitled to claim payment of difference between charges for such class of accommodation.

5.3 An Employee or Family member, if provided accommodation of a class higher than entitlement in an Approved Hospital, shall himself pay to the hospital difference between the charges for such class of accommodation and his entitlement.

6. **PROVISION OF TRANSPORT FOR MEDICAL ATTENTION:**

No transport in connection with Medical Attention or treatment shall be provided to an Employee or Family member by PPIB, provided that when an Employee at work falls seriously ill or is seriously injured and adequate medical facilities are not available at the work-place, he may be taken, at the cost of PPIB to an Approved Hospital.

7. **MEDICAL ATTENTION ON TOUR:**

An Employee on tour to a place where there is no Approved Hospital may arrange for Medical Attention and treatment from any registered medical practitioner or in any hospital at that place and, on production in original of the prescriptions, invoices with receipts for payment and cash memos, may claim

reimbursement of expenses on such Medical Attention and treatment subject to provisions of PPIB's Medical Cover Policy. The employee shall inform Head of HR Section through fax or telephone the nature of his ailment and steps taken for treatment.

**8. MEDICAL ATTENTION DURING LEAVE:**

An Employee on leave or his Family visiting a place where there is no Approved Hospital may arrange for Medical Attention and treatment from any hospital at that place and, on production in original of the prescriptions, invoices with receipts for payment and cash memos, may claim reimbursement of expenses on such Medical Attention and treatment, subject to provisions of PPIB's medical coverage procedures. The employee shall inform Head of HR Section through fax or telephone the nature of his ailment and steps taken for treatment.

**9. REIMBURSEMENT OF MEDICAL EXPENSES IN EMERGENCY CASES:**

All medical emergencies shall be managed as provided for in PPIB's medical coverage procedures.

**10. ROOM CHARGES:**

PPIB shall notify from time to time hospitalization room charges and reimbursable limits for each Category of employees, as approved by the MD.

**11. LIMITS:**

The MD shall approve hospitalization limits per person per confinement/ailment, and that for dreaded/major diseases from time to time, for each Category of employees.

**12. REIMBURSEMENT PROCEDURE FOR MEDICAL CLAIMS:**

12.1 Claims for reimbursement of cost of medicines prescribed by an Approved Hospital for treatment during hospitalization but not available with the Approved Hospital, shall be entertained only when accompanied by:

- a) The concerned Doctor's prescription for the required medicines.
- b) Cash memos evidencing purchase of medicines verified by the claimant and countersigned by Authorized Officer.
- c) Discharge Certificate from the concerned Department of the approved Hospital.

- 12.2 In cases of treatment of patients at places other than the place of posting of the Employee, only well reputed hospitals shall be treated as Approved Hospitals. However, in such cases, Authorized Officer must certify bonafide of the claim, the presence of the patient at the place of treatment, and reasons for such presence.
- 12.3 Clinical/laboratory test charges will be admissible for reimbursement at actual.
- 12.4 Medical reimbursement claims lodged with PPIB after two (2) months after payment, shall be supported by written justification for such delay which shall be verified by the Authorized Officer. Appeal against rejection of such written justification shall lie with the MD.
- 12.5 All claims and supporting documents must be in original.
- 12.6 If any medical reimbursement claim is disallowed, the claimant shall be informed of reasons for the deduction or disallowance within 15 days of lodging of claim.



## **CHAPTER-18**

### **RECORD OF SERVICE**

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#### **1. RECORD OF SERVICE:**

The record of service of all employees shall be maintained by PPIB at such place as may be decided by PPIB. The record will contain the names of the employees (in order of seniority), parentage, the posts in which they are acting, their grade and date of confirmation therein, date of birth, their first day of active service, length of active service, the date of their attaining the age of sixty/sixty-five years, the amount of leave availed of and leave due and the date of their last return from leave.

#### **2. PERFORMANCE EVALUATION REPORTS:**

- 2.1 The PER on the performance of employee shall be written in such form as prescribed.
- 2.2 An employee shall be informed of any adverse remarks in the record of service or confidential report, so as to afford him an opportunity to explain his position and/or to correct himself.

#### **3. RECORD OF AGE:**

- 3.1 The PPIB shall record the age of every employee at the time of employment, and the entry of age shall be attested by the employee. For this purpose, employees shall produce such documents in proof of their age as may be required by PPIB.
- 3.2 If an employee is unable to state his exact date of birth, but can state only the year of his birth, the 1<sup>st</sup> July will be treated as his date of birth.
- 3.3 If an employee is unable to state the exact date of birth, but can state the year and month of his birth, the 16<sup>th</sup> day of that month may be treated as his date of birth.

4. All periods of suspension, interruption in service and any penalty imposed on an employee should be noted in the service record.
5. Erasures and overwriting are to be avoided. All columns in the service record should be legibly filled and attested. If any correction is necessary, the incorrect entry should be scored out neatly, so as not to make it illegible, and the correct entry should be made above it and properly attested.

6. Employees may see their service record. The HR Section shall ensure that the service record is properly maintained as prescribed. An employee may be permitted to see and examine his service record at any time.

## **CHAPTER-19**

### **CONDUCT AND DISCIPLINE**

#### **1. CONDUCT:**

##### **1.1 Gifts**

No employee shall seek, accept or permit himself or herself or any member of his family to accept any gift or favor, the receipt of which will place him under any form of official obligation to the donor.

- a) However, if circumstances so demand and refusal may cause an offence to the donor, the employee may retain the gift, provided the value thereof does not exceed Rs. 5,000/- (Rupees Five Thousand. only), in excess whereof the employee must bring it to the notice of the management who will advise him its disposal.
- b) For the purpose of these Regulations, "gift" means anything at all above the value of Rs. 5,000/- in the aggregate, and includes, but is not limited to any discount, entertainment, favour, forbearance, hospitality, loan, lodging, meal, ticket, transport, travel, reimbursement, etc.

##### **1.2 Lending and Borrowing**

No employee shall lend money to, or borrow money from, or place himself under any pecuniary obligation to any person with whom he has any official dealings. This, however, does not include the normal client/lender relationship of private individuals and bankers/financial institutions.

##### **1.3 Unauthorized Communication of Information**

No employee shall communicate directly or indirectly any official document or information to the press or to a person not authorized to receive it.

##### **1.4 Publication of Information**

No employee shall, in any documents published or in any communication made to the press, over his own name or in any public utterance, make any statement of fact or opinion which is likely to embarrass PPIB.

**1.5 Agitation**

An employee shall not agitate collectively or through an Association, or form an Association for purposes of agitation of demands relating to employment terms and conditions.

**1.6 Collective Agitation**

An employee shall not, during working hours at PPIB, carry on any political activity to interfere in his full time employment with PPIB, nor shall an employee utilize his time and that of the other employees nor the facilities and material of PPIB in the pursuance of political activities.

**1.7 Ideology**

No Staff member shall express views detrimental to the ideology or integrity of Pakistan.

**1.8 Law of the Land**

Notwithstanding the above, all activities of the employees shall be in compliance with the laws of the land and an employee shall not act in any way which is likely to cause prejudice to the interest of PPIB.

**1.9 Propagation of Sectarian Creeds**

No employee shall propagate any religious and sectarian creeds, or take part in such controversies as are likely to affect his integrity in the discharge of his duties, or to embarrass PPIB or to create feelings of discontent or displeasure amongst PPIB's employees in particular and amongst the people in general.

**1.10 Abuse of Office**

No employee shall indulge in provincialism, parochialism or willful abuse of office.

**1.11 Use of Political or Other Influence**

No employee shall propagate views of political parties during working hours at the establishment or bring or attempt to bring political or outside influence, directly or indirectly, to bear on PPIB or any officer of PPIB in support of his claim or intervention on his behalf in any matter.

### 1.12 Acceptance of Foreign Trips

No employee shall approach, directly or indirectly, a foreign mission in Pakistan, a foreign aid giving agency, a commercial organization or power companies having dealings with PPIB, to secure for himself or his family, invitations to visit a foreign country or to elicit any offer of training facilities abroad.

### 1.13 Personal Conduct

An employee's personal conduct reflects on both the employee and the organization. The following guidelines are established as mandatory prohibitions:

- Distribution or posting of any subversive or detrimental literature on PPIB's property.
- Soliciting, collecting or accepting contributions during official time.
- The use or abuse of any substance that adversely affects safety or job performance i.e. use, possession, sale purchase. or transfer of alcohol or illegal drugs or arms by employees while on the job or on PPIB's property.
- Employees' links with an organization classified as terrorist organization by the Ministry of Interior.
- Noncompliance with PPIB's internal procedures and guidelines as notified from time to time.
- Threatening, intimidating or otherwise interfering with other employees
- Dishonesty of any kind in relation to work of the PPIB
- Habitual late attendance or absence without permission
- Willful insubordination or disobedience of any lawful or reasonable order of any authorized official
- Sexual harassment by any employee
- Noncompliance with PPIB's IT Security Policy.
- Other causes analogous to any of the above.

## 2. EFFICIENCY AND DISCIPLINE:

### 2.1 Definitions:

In these rules unless the context otherwise requires,-

- i) "accuse" means an Employee against whom action is taken under these Regulations;
- ii) "authority" means for a) EG-V & above, the Board of PPIB; and b) EG-IV & below including all Staff grades, the Chairman PPIB.

- iii) "authorized officer" means an officer authorized by the authority to perform functions of an authorized officer under these Regulations
- iv) "misconduct" means conduct prejudicial to good order or service discipline or contrary to Regulations of good conduct, or unbecoming of an Employee.
- v) "Penalty" means a penalty which may be imposed under these rules.

**3. GROUND FOR PENALTY:**

- a) Breach of official confidential information regarding affairs of PPIB
- b) Conviction for a criminal offence
- c) Corruption
- d) Damage to PPIB property
- e) Disorderly conduct at PPIB
- f) Engagement in private trade, business or work, without permission
- g) Misappropriation of PPIB property or funds
- h) Misuse of PPIB's facilities
- i) Repeated absence from duty without intimation or
- j) Repeated breach of PPIB Regulations
- k) Repeated neglect of duty
- l) Willful breach of a prohibition by an Employee as specified in these Regulations

**4. PENALTIES:**

4.1 The following are the minor and major penalties, namely-

a) **Minor Penalties:**

- (i) withholding, for a specific period, promotion or increment, otherwise than for unfitness for promotion or financial

- advancement in accordance with the rules or orders pertaining to the service or post;
- (ii) stoppage, for a specific period, at an efficiency bar in the time scale, otherwise than for unfitness to cross such bar;

- (iii) recovery from pay of the whole or any part of any pecuniary loss cause to Government by negligence or breach of orders;

b) **Major Penalties:**

- (i) reduction to a lower post or time-scale, or to a lower stage in a time scale;
- (ii) compulsory retirement; and
- (iii) dismissal from service.

4.2 Dismissal from service due to misconduct under these Regulations shall disqualify an Employee for future employment with PPIB.

4.3 In this rule removal or dismissal from service does not include the discharge of a person-

- (a) appointed on probation, during the period of probation, or in accordance with the probation or training rules applicable to him; or
- (b) appointed, otherwise than under a contract, to hold a temporary appointment, on the expiration of the period of appointment; or
- (c) engaged under a contract in accordance with the terms of the contract.

5. **INQUIRY PROCEDURE:**

5.1 The following procedure shall be observed when an Employee is proceeded against under these Regulations:-

- (i) In case where an Employee is accused of subversion, corruption or misconduct, the authorized officer may require him to proceed on leave or, with the approval of the authority suspend him, provided that any continuation of such leave or suspension shall require approval of the authority after every three months.
- (ii) The authorized officer shall decide whether in the light of facts of the case or the interests of justice an inquiry should be conducted

through an Inquiry Officer or Inquiry Committee. If he so decides, the procedure indicated in rule 6 shall apply.

- (iii) If the authorized officer decides that it is not necessary to have an inquiry conducted through an Inquiry Officer or Inquiry Committee, he shall-
  - a. by order in writing, inform the accused of the action proposed to be taken in regard to him and the grounds of the action; and
  - b. give him a reasonable opportunity of showing cause against that action.
- (iv) On receipt of the report of the Inquiry Officer or Inquiry Committee, or where no such officer or Committee is appointed, on receipt of the explanation of the accused, if any, the authorized officer shall determine whether the charge has been proved. If it is proposed to impose a minor penalty he shall pass orders accordingly. If it is proposed to impose a major penalty, he shall forward the case to the authority along with the charge and statement of allegations served on the accused, the explanation of the accused, the findings of the Inquiry officer or Inquiry Committee, if appointed, and his own recommendations regarding the penalty to be imposed. The authority shall pass such orders as it may deem proper.

6. **PROCEDURE TO BE OBSERVED BY THE INQUIRY OFFICER AND INQUIRY COMMITTEE**

Where an Inquiry Officer or Inquiry Committee is appointed, the authorized Officer shall-

- (1) Frame a charge and communicate it to the accused together with statement of the allegations explaining the charge and of any other relevant circumstances which are proposed to be taken into consideration.
- (2) Require the accused within a reasonable time, which shall not be less than seven days or more than fourteen days from the day the charge has been communicated to him, to put in a written defence and to state at the same time whether he desires to be heard in person.
- (3) The Inquiry Officer or the Committee as the case may be, shall enquire into the charge and may examine such oral or documentary evidence in support of the charge or in defence of the accused as may be considered necessary and the accused shall be entitled to cross-examine the witnesses against him.

- (4) Where the Inquiry Officer or the Committee, as the case may be, is satisfied that the accused is hampering, or attempting to hamper, the progress of the enquiry he or it shall administer a warning, and if thereafter he or it is satisfied that the accused is acting in disregard of the warning, he or it shall record a finding to that effect and proceed to complete the enquiry in such manner as he or it thinks, best suited to do substantial justice.
- (5) The Inquiry Officer or the Committee, as the case may be, shall within ten days of the conclusion of the proceedings or such longer period as may be allowed by the authorized officer, submit his or its findings and the ground thereof to the authorized officer.

**6-A REVISION:**

- (1) Subject to sub-rule (2), the authority may call for the record of any case pending before, or disposed of by, the authorized officer and pass such order in relation thereto as it may deem fit;
- (2) No order under sub-rule (1) shall be passed in respect of an accused unless the authorized officer to be designated by the authority has informed him in writing of the grounds on which it is proposed to make the order and has been given an opportunity of showing cause against it, including an opportunity of personal hearing if requested by the accused or is otherwise necessary in the interest of justice, in particular, when the authority contemplates to pass an order adverse to the interest of the accused:

**7. POWERS OF INQUIRY OFFICER AND INQUIRY COMMITTEE:**

- (1) For the purpose of an inquiry under these rules, the Inquiry Officer and the Inquiry Committee shall have the powers of a civil court trying a suit under the Code of Civil Procedure, 1908 (Act V of 1908), in respect of the following matters, namely:-
- a. summoning and enforcing the attendance of any person and examining him on oath;
  - b. requiring the discovery and production of documents;
  - c. receiving evidence on affidavits;

- d. issuing commissions for the examination of witnesses or documents.

8. **PROVISION 5 NOT TO APPLY IN CERTAIN CASES:**

Nothing in provision 5 shall apply to a case;

- (a) where the accused is dismissed or removed from service or reduced in rank, on the ground of conduct which has led to a sentence of fine or of imprisonment; or
- (b) Where the authority competent to dismiss or remove a person from service, or to reduce a person in rank, is satisfied that, for reasons to be recorded in writing by that authority, it is not reasonably practicable to give the accused an opportunity of showing cause.

8-A. **ACTION IN RESPECT OF AN EMPLOYEE REQUIRED TO PROCEED ON LEAVE:**

If an Employee proceeding on leave in pursuance of an order under sub-provision (1) of provision 5 is not dismissed, removed from service, reduced in rank or compulsory retired, he shall be required to rejoin duty and the period of such leave shall be treated as duty on full pay.

9. **PROCEDURE OF INQUIRY AGAINST EMPLOYEES SERVING IN PROVINCIAL GOVERNMENTS OR WORKING ON DEPUTATION OUTSIDE THEIR DEPARTMENT OR SERVICE TO WHICH THEY BELONG:**

When a government servant, to whom these rules apply, is serving under a Provincial government or in a department, outside the PPIB or in a statutory organization, corporate body, or local authority, and the borrowing authority wants to initiate disciplinary proceedings against such government servant under these Regulations, the borrowing authority shall forward to the concerned lending authority a report with supporting documents on the basis of which disciplinary proceedings are proposed, and, if considered necessary, it may with the approval of the lending authority place him under suspension or send him on forced leave. On receipt of report from the borrowing authority, the lending authority shall take action as prescribed by these Regulations.

10. **APPEAL:**

A person on whom a penalty of dismissal from service is imposed shall have such right of appeal to the next above authority provided that, where such penalty is imposed by the Board, the concerned person may file a review before the Board for reconsideration.

**10-A. APPEARANCE OF COUNSEL:**

No party to any proceedings under these rules before the authority, the authorized officer, and Inquiry Officer or an Inquiry Committee shall be represented by an advocate.

**11. RETIREMENT ON MEDICAL GROUNDS:**

- 11.1 If an employee is unable to perform his official duties on medical grounds and where it is proposed to proceed against an employee on the ground of inefficiency by reason of infirmity of mind or body, the Competent Authority may, at any stage, requires, an employee to undergo a medical examination by a Medical Board or Medical Officer authorized by the PPIB for the purpose. Competent Authority may remove or retire an employee from service on the report of the Medical Board or the Medical Officer by giving him a reasonable opportunity of show cause within a period of not less than seven days and not more than fourteen days. A copy of the medical report will form proof of such proceedings.
- 11.2 If the employee refuses to undergo such an examination refusal may subject to any grounds that he may give in support of it, be taken into consideration against him as showing that had reason to believe that the result of the examination would prove unfavorable to him.
- 11.3 The Appellate Authority shall consider:
- a) whether the facts on which the orders were based have been established;
  - b) whether the facts established afford sufficient ground for taking action;
  - c) whether the penalty imposed is adequate or inadequate; and
  - d) There has been substantial compliance of these Regulations and after such consideration shall pass such orders as it think proper.
- 11.4 In case where the Appellate Authority decides to enhance the penalty imposed by the Competent Authority, a Show Cause Notice shall be issued and the accused/appellant should be given an opportunity of being heard in person.
- 11.5 An appeal to the Competent Authority against an order of the Appellate Authority shall be filed within one month of the date of decision of the Appellate Authority.

12. **PROCEDURE FOR DETERMINING THE EFFICIENCY OF AN EMPLOYEE:**

The letter calling for explanation of the accused or the letter communicating the charges to the accused, shall be sent to him at the last known address under registered cover, acknowledgement due. In case the letter is received back with a report of refusal, or with a report that it has been received by a member of the family or it is not returned within a period of 10 days from the date of its issue, it shall be presumed that the notice has been duly served upon the accused.

13. **TERMINAL BENEFITS OF AN EMPLOYEE COMPULSORILY RETIRED, REMOVED OR DISMISSED:**

- 13.1 An employee compulsorily retired shall be entitled to such terminal benefits as would have been admissible to him under PPIB Regulations on the date of his retirement.
- 13.2 An employee who is dismissed or removed from service shall be entitled to receive his contribution to CPF along with the profit only on his contribution and shall not be entitled to any other terminal benefits.

## **CHAPTER-20**

### **TERMINAL AND OTHER BENEFITS**

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#### **1. TERMINAL BENEFITS**

1.1 The regular employees of PPIB upon retirement and a compulsorily retired employee shall be entitled to the following terminal benefits upon separation from service:

- a) Contributory Provident Fund
- b) Gratuity

1.2 An employee who is dismissed or removed from service shall be entitled to receive his contribution to CPF along with the profit only on his contribution and shall not be entitled to any other terminal benefits.

#### **2. DEATH OF EMPLOYEE DURING SERVICE:**

2.1 In case of the death of an Employee during service, a three (3) months gross salary shall be paid to the employee's nominee(s)/legal heir(s).

2.2 Nominee(s)/legal heir(s) of the deceased employee shall be paid insured amount as may be determined from time to time through a Group Life Insurance Scheme.

#### **3. COMPULSORY GROUP LIFE INSURANCE:**

All regular employees of the PPIB shall be entitled to Group Life Insurance as approved by the Board from time to time.

#### **4. UNIFORM:**

The uniform/dress (summer and winter) may be supplied to Office Attendants, Drivers, Security Personnel, Janitors, Maintenance Supervisor and to those as approved by the MD.

## **CHAPTER-21**

### **DELEGATION OF FUNCTIONS & POWERS**

#### **1. MANAGING DIRECTOR (MD) PPIB**

- 1.1 The MD PPIB shall perform such functions and exercise such powers as are delegated to him by the Board. In the discharge of functions and in the exercise of powers, the MD shall in good faith observe and comply with all the directions and decisions of the Board in accordance with applicable laws, rules and regulations and ensure that the Federal Government power policies are implemented.
- 1.2 In pursuance of subsection (2) of section 9 of the Private Power and Infrastructure Board Act (VI of 2012), the Board of PPIB hereby delegates the following functions and powers to MD PPIB:
- (a) to prepare the annual budget for the approval of the Board, re-appropriate/allocate funds within approved budget as deemed expedient, except from the head "salaries and benefits", for which the Board of PPIB be consulted;
  - (b) to incur expenses, costs and charges related to purchases and operational activities and make payments thereto within the limits set out in the approved budget;
  - (c) to engage professional consultancy services of accountants, engineers, insurers, lawyers and other professionals not available in PPIB, for carrying out the objects and functions of PPIB, and to fix and pay their remuneration up to Rs. two (2) million. For any such transaction in excess of Rs. two (2) million, the MD shall obtain the prior approval of the Chairman;
  - (d) to implement the duties, functions and activities under the power policies;
  - (e) to coordinate with the Provincial Governments, Local Governments, Government of Azad Jammu and Kashmir (AJ&K), Government of Gilgit-Baltistan and regulatory bodies in implementation of the power policies;
  - (f) to coordinate and facilitate the sponsors in obtaining consents and licences from various agencies of the Federal Government, Provincial Governments, Local Governments, Government of AJ&K, and Government of Gilgit-Baltistan;



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- (g) to work in close coordination with power sector entities and play its due role in implementing power projects in private sector or through public private partnership;
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- (h) to receive fees and charges for processing applications and deposit, disburse, refund or utilize the same;
  - (i) to obtain from sponsors or private power companies, as the case may be, security instruments and encash or return them, as deemed appropriate;
  - (j) to open, maintain and operate bank accounts in local and foreign currencies in the name of PPIB as permissible under the laws of Pakistan provided that all such accounts are jointly operated;
  - (k) to invest surplus funds of the Board in such securities and such manner as appropriate, and to encash, transfer and dispose of such securities in accordance with applicable rules and regulations;
  - (l) to commence, conduct, continue, terminate or settle litigation, arbitration or alternate dispute resolution mechanisms at whatever levels may be necessary or appropriate and hire and pay for the services of lawyers and other experts therefor;
  - (m) to recruit professional and supporting staff, from time to time, the emoluments and terms of their employment, provided always that at no stage shall such emoluments be reduced from such as are specified in the regulations;
  - (n) to accept resignation, transfer or relieve PPIB employees from their positions;
  - (o) to hire and rent office premises;
  - (p) to administer and monitor contracts;
  - (q) to constitute committees for internal management and to facilitate working of PPIB to effectively discharge its functions and powers from time to time as deemed appropriate;
  - (r) to perform any other function or exercise any other power as may be incidental or consequential for the performance of any of its functions or the exercise of any its powers or as may be entrusted by the Federal Government to meet the objects of the PPIB Act, 2012 or as envisaged under the power policies from time to time.
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- (s) to draft, negotiate, sign, execute and deliver, the Implementation Agreement, the Government of Pakistan Guarantee, Direct Lenders Agreement, Public Private Partnership Agreement, Agency Agreement, Letter of Support, Letter of Intent and any and all other contracts and agreements (including any amendments thereto) and, commence, conduct, continue and terminate litigation, arbitration or alternate dispute resolution mechanisms at whatever levels may be necessary or appropriate for and on behalf of the Board of Private Power & Infrastructure Board, relating to private sector power projects from and after the date hereof and to do all acts and things that in the judgment of the MD PPIB as are necessary or appropriate in connection therewith or incidental thereto.

## 2. DIRECTOR LEGAL

The Director Legal (PPIB), to draft, negotiate, sign, execute and deliver, the Implementation Agreement, the Government of Pakistan Guarantee, Direct Lenders Agreement, Public Private Partnership Agreement, Agency Agreement, Letter of Support, Letter of Intent and any and all other contracts and agreements (including any amendments thereto) and, commence, conduct, continue and terminate litigation, arbitration or alternate dispute resolution mechanisms at whatever levels may be necessary or appropriate for and on behalf of the Board of Private Power & Infrastructure Board, relating to private sector power projects from and after the date hereof and to do all acts and things that in the judgment of the Director Legal PPIB, as are necessary or appropriate in connection therewith or incidental thereto.

## 3. FINANCIAL POWERS OF THE SENIOR EXECUTIVES OF PPIB

Pursuant to subsection (2) of section 9 of the PPIB Act, it is required that the suitable financial powers may also be delegated to the MD or any officer of PPIB for expeditious functioning of the day to day affairs of PPIB. The powers delegated to the senior executives of PPIB are as under:

S#	Nature of Powers	Senior Executive Director	Head of Finance	Head of HR	Senior Manager (HR)	Senior Manager Accounts
1	Salaries & Benefits	50,000	50,000	50,000	---	---
2	Advances to Suppliers/ Contractors as per terms and conditions	Rs.100,000	Rs.100,000	Rs.100,000	---	---

3	Payment of dues to employees upon termination/ leaving the service as per terms & conditions	Upto Rs. 500,000	Upto Rs. 500,000	Upto Rs. 500,000	---	---
4	Purchase of Equipment/Office Furniture	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 5,000	Upto Rs. 5,000
5	Repair of Equipment/Office Furniture	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 5,000	Upto Rs. 5,000
6	Purchase of Petrol & Lubricants for PPIB's Vehicles and Other Machinery & Equipment	Upto Rs. 300,000	Upto Rs. 300,000	Upto Rs. 300,000	Upto Rs. 15,000	Upto Rs. 15,000
7	Purchase of Stationery (Including printed stationery) and Supplies.	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 10,000	Upto Rs. 10,000
8	Purchases against Advance	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 50,000	---	---
9	Purchase of Books, Periodicals & Magazines	Upto Rs. 20,000	Upto Rs. 20,000	Upto Rs. 20,000	Upto Rs. 3,000	Upto Rs. 3,000
10	Electricity	Upto Rs. 200,000	Upto Rs. 200,000	Upto Rs. 200,000	---	---
11	Charges of Telephone, Water, Gas and Internet/Email	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	---	---
12	Advertising	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	---	---
13	Insurance	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	---	---
14	Bank charges on transfer of funds, remittance and excise duty on cheque books	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	---	Upto Rs. 3,000
15	Traveling, including advances	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 10,000	Upto Rs. 10,000
16	Registration, Renewal of Registration, Insurance and other Govt. Taxes on PPIB's vehicles	Upto Rs. 100,000	Upto Rs. 100,000	Upto Rs. 100,000	---	---

17	Repair of Vehicles/M. Cycles	Upto Rs. 75,000	Upto Rs. 75,000	Upto Rs. 75,000	Upto Rs. 10,000	Upto Rs. 10,000
18	Building Maintenance as per terms and conditions of Lease Agreement	Upto Rs. 75,000	Upto Rs. 75,000	Upto Rs. 75,000	Upto Rs. 10,000	---
19	Official Entertainment & Supplies	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 5,000	Upto Rs. 5,000
20	Postal & Courier charges	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 50,000	Upto Rs. 5,000	Upto Rs. 5,000
21	Medical payment/reimbursement within limit of employee as per rules	Upto Rs. 100,000 In each case	Upto Rs. 100,000 In each case	Upto Rs. 100,000 In each case	---	---
22	Transfer of Funds within PPIB Bank Accounts	---	Upto Rs. 20,000,000	---	---	---
23	Other Expenses not covered under 1-22 above	Upto Rs. 75,000	Upto Rs. 75,000	Upto Rs. 75,000	---	---

## **CHAPTER-22**

### **MANAGEMENT OF THE BOARD OF PPIB**

#### **1. BOARD SECRETARY**

- 1.1 Pursuant to Section 6(2) of PPIB Act, the Board of PPIB has appointed MD PPIB as Secretary to the Board. In order to provide appropriate support to the Board in performing its functions, the following role and duties will be performed by the Secretary to the Board:
- a) Management of all Board matters, including
    - i) Scheduling, coordinating and arranging Board meetings;
    - ii) Preparing and sending out notices and agenda for meetings;
    - iii) Compiling and circulating working papers prior to meetings; and
    - iv) Taking minutes of meetings and obtaining approvals from Chairman and the Board for the minutes and other matters
  - b) Follow up to ensure compliance of Board decisions;
  - c) Assist the Chairman and Board Members in the conduct of meetings and their governance obligations and responsibilities
  - d) Preparation and submission of annual report to the Board at the end of each financial year according to PPIB's Act covering the following:
    - i) Activities of PPIB during the financial Year;
    - ii) An audited statement of income, expenditures and balance sheet; and
    - iii) Any other matter which PPIB may consider appropriate.
  - e) Ensuring eligible persons can review the relevant records of Board proceedings and that the same should be protected by using best practices;
  - f) Other matters as reasonably required by the Chairman and Board Members from time to time under and in accordance with the PPIB Act.

**2. MEETINGS OF THE BOARD:**

- 2.1 The meetings of the Board shall be presided over by the Chairman and in his absence a member designated by the Chairman shall preside over the meeting of the Board.
- 2.2 At least fifty percent of the total membership of the Board shall constitute a quorum for meetings of the Board.
- 2.3 The meetings of the Board shall be held at such time and place as the Chairman of the Board or a majority of members may from time to time determine. The members shall have reasonable notice of the time and place of the meeting and the matters on which a decision by the Board is to be taken in such meeting.
- 2.4 Decisions of the Board shall be taken by the majority of its members present and in case of a tie the Chairman or the member presiding over the meeting shall, as the case may be, have a casting vote.
- 2.5 The Secretary shall keep minutes of the proceedings of every meeting of the Board. The decisions of the Board shall be recorded in writing.
- 2.6 Special invitees in the Board meetings will assist the Board in reaching an informed decision however they shall not have voting rights.
- 2.7 Section Heads of the PPIB shall be in attendance in the Board meetings to assist the Board in the proceedings with regard to items included in the agenda under consideration however they shall not have voting rights.

**3. TRAVEL EXPENSES OF PPIB BOARD MEMBERS/OFFICIAL NOMINEES FOR ATTENDING BOARD MEETINGS OF PPIB**

The PPIB Board member or an official nominee of ex-officio Board member and special invitee will be entitled to the following on account of attending each Board meeting of PPIB:

- a) Board meeting fee of Rs. 15,000/-.
- b) Reimbursement of return economy airfare to member/nominee from his local station to the venue of the Board meeting subject to provision of boarding passes.
- c) Reimbursement of room rent of hotel subject to provision of hotel bill in original.



## CHAPTER-23

### COMMON SEAL OF PPIB

#### 1. COMMON SEAL

There shall be a common seal of the Private Power and Infrastructure Board (PPIB) for use in Pakistan, an impression of which has been made hereunder, be and is hereby adopted as the common seal of the PPIB.

#### 2. IMPRESSION

- 2.1 The MD of PPIB or any authorized representative of PPIB be and is hereby authorized to affix the common seal to any deed, contract, agreement or other legal documents to which the PPIB is a party.
- 2.2 The common seal shall be placed at PPIB's office in Islamabad in the safe custody of the MD or any PPIB official authorized by the MD.
- 2.3 The common seal shall be used for the purposes of affixation on the documents where it is legally required to be affixed.



**CHAPTER-24****INFORMATION TECHNOLOGY (IT) POLICY**

In order to ensure data security and integrity, regulation of emails, internet usage, information exchange etc and for the optimum use of information technology equipment and software, an internal IT policy is required to support and assist PPIB in discharging its duties and functions. PPIB will develop an IT Policy, after approval of these Regulations, which will be approved by the MD. PPIB employees will follow this Policy and its amendments, if any, duly approved by the MD from time to time.

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These Regulations were approved in the 93<sup>rd</sup> meeting of the Board of PPIB held on March 13, 2013.

Signed:

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N. A. Zuberi  
Managing Director  
Secretary Board of PPIB

MAILED 24

APR 10 2013



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# Appendices

## Appendix-1

### PROMOTION POLICY

Following procedure will be adapted for promotion of an Employee:

1. All promotions shall be considered and evaluated by the Promotion Committee
2. Promotion shall be based on the annual Performance Evaluation Report (PER) for at least the immediately preceding two (2) years and, wherever applicable, three (3) years of service at PPIB. An employee shall be eligible for promotion to any particular post or scale by virtue of seniority or length of service.
3. The appraisal period will be based on financial year (1<sup>st</sup> July to 30<sup>th</sup> June). The PER would be duly filled in by the employee, explaining his work/accomplishments during the period under consideration. It should consist of recommendations of the Reporting Officer, and the appraisal of the Section Head, and final approval of the MD. The standard format of the PER shall be designed by the HR Section and thereafter approved by the MD.
4. The Section Heads shall submit PERs of their respective Sections to the HR Section by 31st day of August each year. The Promotion Committee shall meet in the month of September every year.
5. The HR Section shall prepare a report for the Promotion Committee regarding candidates recommended for promotion qualified/unqualified under provisions of this policy.
6. If the Promotion Committee approves the promotion of an employee to the next grade, such employee shall be promoted with effect from 1st Day of December of the same year, subject to vacancy.
7. Subject to satisfactory performance, moveover to the next grade shall be allowed for an employee who reaches the maximum salary in his grade.
8. **CRITERIA FOR PROMOTION IN EXECUTIVE GRADES (EG):**
  - a) Promotion from EG-I to EG-II requires at least three (3) years post qualification experience at PPIB in EG-I.



- b) Promotion from EG-II to EG-III requires at least five (5) years post qualification experience, including three (3) years at PPIB in EG-II.
- c) Promotion from EG-III to EG-IV requires at least eight (8) years post qualification experience, including four (4) years at PPIB in EG-III.
- d) Promotion from EG-IV to EG-V requires at least twelve (12) years post qualification experience, including five (5) years at PPIB in EG-IV. Promotion from EG-IV to EG-V will require the final approval of the Chairman PPIB.
- e) Promotion from EG-V to EG-VI requires at least fifteen (15) years post qualification experience, including six (6) years at PPIB in EG-V. Promotion from EG-V to EG-VI will require the final approval of the Chairman PPIB.

9. **CRITERIA FOR PROMOTION IN STAFF GRADES (SG):**

- a) For promotion of the employees in SG-I, SG-II and SG-III to the next higher grade will require at least three (3) years' experience in the relevant grade at PPIB, the promotion of the employee will be proposed by the head of the relevant section. The case will be reviewed by a Committee comprising of Head of Administration & Personnel and the Head of the relevant section. The Committee will submit their recommendations to the Managing Director, who will be the final approving authority.
- b) Promotion from SG-IV to SG-V will require at least eight (8) years' experience, including three (3) years at PPIB in SG-IV. In case of promotion to a position requiring a specific skill, the employee must possess the requisite proficiency and qualification in that skill, and must undergo and pass the required test(s). The employee must fulfill the academic requirements if the vacant position is technical.
- c) Promotion from SG-V to EG-I will require at least ten (10) years' experience, including three (3) years at PPIB in SG-V. In case of promotion to a position requiring a specific skill, the employee must possess the requisite proficiency and qualification in that skill, and must undergo and pass the required test(s). The employee must fulfill the academic requirements if the vacant position is technical.

10. **RE-DESIGNATION**

For the highest tier that is EG-VI, where there is no scope for further promotion, an Employee may be re-designated as follows as an incentive and acknowledgement of long association with PPIB, without any additional financial benefits.

OK

- a) Director may be re-designated to Executive Director on completion of 8 years of successful service with total experience not less than 25 years, subject to good performance after approval of the Chairman PPIB
- b) Executive Director may be re-designated to Senior Executive Director on completion of 5 years of successful service with total experience not less than 30 years, subject to good performance after approval of the Chairman PPIB.



## Appendix-2

### QUALIFICATIONS AND EXPERIENCE

#### Executive Grades

S#	Post	Scale	Required Qualification	Minimum Experience (Years)
1	Managing Director (Appointed by the Government of Pakistan)	The Managing Director shall be paid such remuneration and allowances and shall be entitled to such privileges and facilities as may be determined by the Board.	The Managing Director shall be a Pakistani professional of known integrity and competence with a minimum of twenty years of related experience in law, business, engineering, finance, accounting, economics or the power industry.	20
2	Senior Executive Director / Executive Director / Director	EG-VI	Professional Degree in the relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	15
3	Senior Manager	EG-V	Professional Degree in the relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	12
4	Manager	EG-IV	Professional Degree in the relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	8
5	Deputy Manager, PR Officer	EG-III	Professional Degree in the relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	5

6	Assistant Manager, Protocol Officer	EG-II	Professional Degree in the relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	3
	Executive Secretary		Graduate (Master degree is preferable. Typing speed 40 wpm. Shorthand speed 100 wpm. Command over word processing software.	9
7	Junior Executive	EG-I	Engineering degree or MBA, or Masters in relevant field (Engineering, Finance/Accounts, Law, IT, HR, etc)	Fresh

### Staff Grades

S#	Post	Scale	Required Qualification	Minimum Experience (Years)
1	PS, Assistant	SG-V	Graduate, master degree is preferable. Typing speed 40 wpm. Command over word processing software.	5
2	Computer Supervisor	SG-V	Graduate, master degree is preferable. Diploma in computer networking.	5
3	Receptionist	SG-V	Graduate, master degree is preferable.	2
4	Telephone Operator	SG-IV	FA/FSc, graduate is preferable. Knowledge and experience of operating telephone exchange.	2
5	Record Keeper	SG-IV	FA/FSc, graduate is preferable. Knowledge and experience of record keeping.	2

6	Foreman	SG-V	Matriculate, capable of read and write Urdu/English. Diploma in civil/building engineering is preferable. Knowledge and practical know how of civil, building maintenance, electrical and air-conditioning trades.	5
7	Driver	SG-III	Literate, capable of reading writing basic Urdu/English. Must have valid driving license. Technical knowledge of petrol/diesel vehicles.	5
8	Office Attendant	SG-II	Literate, capable of reading writing basic Urdu/English.	2
9	Gardener, Chowkidar, Janitor	SG-I	Literate	2



#### Appendix-4

### ENTITLEMENT OF EMPLOYEES' FAMILY

Eligibility for medical treatment of family members of PPIB Employees on PPIB's expenses is as under:-

S#	FAMILY MEMBER	EXPLANATION	CONDITIONS
1.	Employee	Self	---
2.	Spouse	Wife or Husband	The Family member is not entitled to Medical Attention and treatment, or reimbursement therefor, under any other employment, plan or scheme.
3.	Daughter	Unmarried	(i) The Family member is not entitled to Medical Attention and treatment, or reimbursement therefor, under any other employment, plan or scheme.  (ii) 25 years of age or less.
4.	Son	Unmarried	(i) The Family member is not entitled to Medical Attention and treatment, or reimbursement therefor, under any other employment, plan or scheme.  (ii) Dependent upon Employee.  (iii) 25 years of age or less.
5.	Parents	Real Mother and Real Father	(i) The Family member is not entitled to Medical Attention and treatment, or reimbursement therefor, under any other employment, plan or scheme.  (ii) Dependent upon Employee.

## ENTITLEMENT OF TEMPORARY STAFF

The following categories of Employees are also entitled to medical facilities at PPIB expense:-

- |                             |  |
|-----------------------------|--|
| (i) Daily wage worker       | Entitled according to the confinement/ailment limit given to Category-IV employees.                          |
| (ii) <i>Ad-hoc</i> Employee | Entitled according to the confinement/ailment limit given to the Employee on which Category he is appointed. |



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## List of PPIB Executives

Annex-IV

S#	Name	Designation	Section	Scale	Qualification	Previous	PPIB	Total
1	Shah Jahan Mirza	Managing Director	MD Office	MD	MSC, Investment Management MBA (Finance)	17.0	18.4	35.4
2	Sami Rafi Siddiqui	Executive Director General HR & IT	HR & IT	ES-6	M.Sc. Comp Science MBA (Project Management) Diploma HRM	8.8	26.9	35.7
3	Munawar Iqbal	Director General (Hydropower)	Project Section	ES-6	PhD (Civil Engineering) B.Sc. (Civil Engg) M.Sc. (Hydropower Engineering)	9.8	17.0	26.8
4	Ali Nawaz	Director General (Coal)	Project Section	ES-6	BE (Mechanical Engineer) MBA (MIS) LLB	15.7	13.8	29.5
5	Adil Sharif	Director General (Law)	Law	ES-6	LLM International Economic Law LLB	6	14.2	20.2
6	Safeer Ahmed	Director General (Finance & Policy)	Finance & Policy Section	ES-6	MBA (Finance) Masters (International Finance) Diploma in Finance ACCA (In progress)	3.9	16.6	20.5
7	Faisal Riaz	Director General (Corporate Affairs)	Corporate Affairs	ES-6	BSc (Electrical) MBA (MIS)	5.7	17.3	23
8	Mir Adil Hameed	Director General (Transmission)	Project Section	ES-6	BSc. (Electrical) MBA (Finance) MEM (Energy Management) LLM (Energy Law & Policy)	4.8	18.7	23.5
9	Khalid Umar	Director General (HR)	HR & IT	ES-6	M.Sc. (Hons) Agriculture MBA (HR) MS (Management)	6.4	16.9	23.3

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## Independent Auctioning Agent Registration Application

					Sciences)			
10	Shahzad Anwar	Director (Thermal)	Project Section	ES-5	Master in Energy Management BSC. Engg (Elect) MBA (Project Managment) MBA (Finance)	5.8	18.9	24.7
11	Nasir Jamal	Director (Coal)	Project Section	ES-5	BSC. Mech. Engg MBA (Finance)	3.9	18.2	22.1
12	Mahesh Kumar Choudhary	Director (Hydropower)	Project Section	ES-5	B.Sc. (Electrical)	8.3	19.6	27.9
13	Sajid Mahmood	Director (Accounts)	Finance & Policy Section	ES-5	MBA (Finance)	7.4	26.9	34.3
14	Abdul Aziz	Director (IT)	HR & IT	ES-5	M.Sc. Computer Science MBA (Finance) MS Data Science (in progress)	8.2	16.4	24.6
15	Ch. Faisal Khurshid	Director (Law)	Law	ES-5	LL.M LL.B	4.5	13	17.5
16	Eisa Bin Bashir	Director (Transmission)	Project Section	ES-5	MSc (Engineering Managment) BSc (Electrical) MEM	4	16.3	20.3
17	Muhammad Faisal Sharif	Director (Projects Appraisal)	Working under MD's Reporting Line	ES-5	M.Sc. (New & Renewable Energy), MBA (Major Finance), MEM (Master in Energy Management), B.Sc. (Mechanical Engineering)	2.9	14.8	17.5
18	Fawad Hassan	Board Secretary	Board	ES-5	CA B.Com	19.1	1.1	20.2
19	Nadeem Uddin	Joint Director (Hydropower)	Project Section	ES-4	BE (Electrical) MSc (IT & Mgmt) MBA	6.1	16.1	22.2
20	Mir Muhammad Muazzam	Joint Director (Hydropower)	Project Section	ES-4	MSc (Water Resources Eng.) BSc (Civil Engineering)	6.3	14.2	20.5
21	M. Zarshan Zaheer Siddiqui	Joint Director (Thermal)	Project Section	ES-4	MBA (Finance) BE (Electrical)	2.6	14.2	16.8

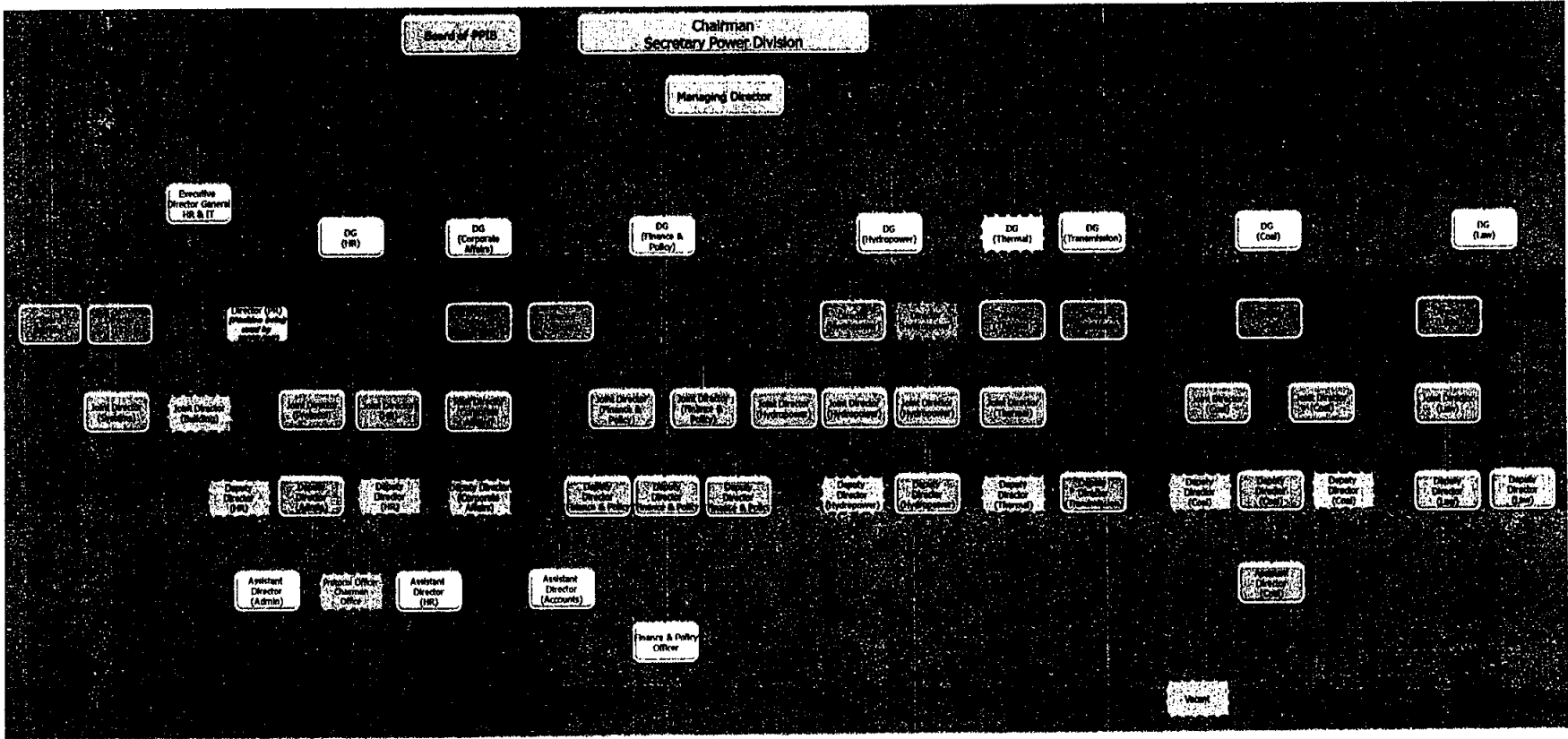
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22	Moiz Uddin Ahmed	Joint Director (Finance & Policy)	Finance & Policy Section	ES-4	MSc (International Securities) MBA (Finance)	12.5	4.4	16.9
23	Muhammad Abrar Malik	Joint Director (Hydropower)	Project Section	ES-4	MSc (Hydro Power Engg.) BSc (Civil Engg.)	9	9.4	18.4
24	Shahid Mehmood Malik	Joint Director (Finance & Policy)	Finance & Policy Section	ES-4		9.2	3.4	12.6
25	Barrister Bilal Afzal Khokhar	Joint Director (Law)	Law	ES-4	LL.M LL.B	8.8	3.3	12.1
26	Asif Ali Awan	Joint Director (Protocol)	HR & IT	ES-4	BA MA (Political Science)	10.6	10.2	20.8
27	Waqar Ahmad	Joint Director (HR)	HR & IT	ES-4	MCS MBA (HRM)	5.5	22.8	28.3
28	Nazir Ahmed	Joint Director (Systems)	HR & IT	ES-4	Master of Scienc(IT)	5.5	19.6	25.1
29	Shiraz Ahmad Abbasi	Joint Director (Coal)	Project Section	ES-4	M.Sc (Mechanical Engineering) B.Sc (Mechanical Engineering) MBA	6.5	9.3	15.8
30	Ahmed Zeeshan Sheikh	Joint Director (Coal)	Project Section	ES-4	MSc (Industrial Management) BSc (Mechanical)	7.1	9.2	16.3
31	Zahid Hussain	Joint Director (Corporate Affairs)	Corporate Affairs	ES-4	BA MBA (Mgt)	6.3	16.3	22.6
32	Mohammad Iftikhar Mirza	Joint Director (PR/HR)	HR & IT	ES-4	BA MBA	10.1	14.3	24.4
33	Muhammad Ishtiaq Afridi	Deputy Director (Hydropower)	Project Section	ES-3	BSc (Electrical)	6.8	5.2	12
34	Nazakat Hussain	Deputy Director (Transmission)	Project Section	ES-3	BSc (Electrical)	8.6	5.2	13.8
35	Malik Kashif Kamran	Deputy Director (Finance & Policy)	Finance & Policy Section	ES-3	B.Com MBA (Finance) MS (Financial MGT)	8.2	4.9	13.1
36	Ch. Mujtaba Iqbal	Deputy Director (Coal)	Project Section	ES-3	BSc (Electrical) Master of Project Management	8	4.6	12.6

# Independent Auctioning Agent Registration Application

37	Raja Shahzeb	Deputy Director (Finance & Policy)	Finance & Policy Section	ES-3	Certified Financial Analyst Associate Chartered Accountant	6.6	3.4	10
38	Zeeshan Khan	Deputy Director (Finance & Policy)	Finance & Policy Section	ES-3	Master of Science (Economics) BBA (Hons)	6.8	3.4	10.2
39	Saqib Mehboob	Deputy Director (Admin)	HR & IT	ES-3	LLB BA	10.6	10.6	21.2
40	Yousaf Naeem	Deputy Director (Law)	Law	ES-3	LLM LLB	5.1	2.8	7.9
41	Mehr-Un-Nisa Arshad Malik	Deputy Director (Law)	Law	ES-3	LLM International Commercial LLB Law	6.8	0.6	7.4
42	Zahid-ul-Islam	Executive Secretary	Project Section	ES-2	BA	12.6	15.2	27.8
43	Muhammad Sarfraz	Executive Secretary	Project Section	ES-2	BA D.Com	7.6	14.4	22
44	Abdul Raees Khan	Executive Secretary	Law	ES-2	B.Com.	3.3	16.1	19.4
45	Manzoor Abbas	Executive Secretary	HR & IT	ES-2	B.Com MBA (HRM)	9.3	15.2	24.5
46	Zubair Khan	Executive Secretary	Finance & Policy Section	ES-2	M.Com	3.9	14.4	18.3
47	Zeshan Rahim	Executive Secretary	Project Section	ES-2	BA	11.7	5.3	17
48	Zeeshan Faisal	Assistant Director (Accounts)	Finance & Policy Section	ES-2	B.Com. MBA (Finance)	3.7	16.1	19.8
49	Syed Saqib Ali Shah	Assistant Director (Coal)	Project Section	ES-2	ME BE (Mechanical)	3.7	3.5	7.2
50	Tauseef Ur Rehman	Executive Secretary	MD Office	ES-2	MA (International Relation) BA (Political Science)	18.1	2.8	20.9
51	Ayesha Mehmood	Assistant Director (HR)	HR & IT	ES-2	B.Com Fsc MBA (HRM)	2.3	15.1	17.4
52	Muhammad Mohsin Khan	Assistant Director (Admin)	HR & IT	ES-2	MBA BA	1.7	14.5	16.2
53	Gohar Habib	Officer (Finance)	Finance & Policy Section	ES-1	M.S (Business Administration) M.Com B.Com		2.9	2.9

## Annex-V





**PRIVATE POWER AND INFRASTRUCTURE BOARD  
(PPIB)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**30 JUNE 2018**

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF PRIVATE POWER AND INFRASTRUCTURE BOARD**

### **Opinion**

We have audited the financial statements of Private Power and Infrastructure Board (PPIB), which comprise the statement of financial position as at 30 June 2018, and income and expenditure account, the statement of comprehensive income, statement of changes in fund and reserve and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PPIB as at 30 June 2018, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of PPIB in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of PPIB and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the PPIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PPIB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PPIB's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPIB's internal control.

*Riaz Ahmad & Company*



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

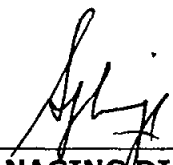
**ISLAMABAD**

**Date: 15 JUL 2019**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	NOTE	2018 (Rupees in thousand)	2017
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	54,557	60,477
Intangible assets	5	1,357	1,028
Long term investments	6	104,042	127,115
Loans and advances	7	23,849	22,051
Deferred income tax asset	8	33,810	23,189
		<u>217,615</u>	<u>233,860</u>
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	9	143,457	138,933
Advance tax	10	27,248	39,871
Short term investments	11	1,386,162	846,747
Cash and bank balances	12	206,451	518,907
		<u>1,763,318</u>	<u>1,544,458</u>
<b>CURRENT LIABILITIES</b>			
Provision against performance guarantees encashed	13	650,398	612,450
Staff gratuity	14	111,886	82,588
Accrued and other liabilities	15	148,954	77,954
		<u>911,238</u>	<u>772,992</u>
<b>NET ASSETS</b>		<u><u>1,069,695</u></u>	<u><u>1,005,326</u></u>
<b>REPRESENTED BY:</b>			
PPIB Fund	16	1,008,517	921,832
Investments revaluation reserve		61,178	83,494
		<u><u>1,069,695</u></u>	<u><u>1,005,326</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The annexed notes form an integral part of these financial statements. *Puro*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 (Rupees in thousand)	2017
<b>INCOME</b>			
Income from operations	18	624,571	133,737
Income from financial assets	19	110,317	52,452
Other income		<u>1,430</u>	<u>836</u>
		736,318	187,025
<b>EXPENDITURE</b>			
Salaries and benefits	20	532,986	366,410
Repair and maintenance	21	5,184	6,252
Printing and stationery	22	2,619	2,527
Professional and legal services fee		29,672	5,052
Board meeting expenses		3,689	1,091
Traveling expenses		6,026	6,914
Office / ground rent		28,294	28,151
Telephone, fax, postage and courier		1,590	1,635
Fixed assets insurance		940	814
Utilities		3,791	4,072
Audit fee		363	363
Depreciation	4	11,074	9,844
Amortization	5	154	129
Finance Cost	23	716	183
Advertisement expenses		3,997	2,188
Other expenses	24	<u>14,456</u>	<u>6,873</u>
		645,551	442,498
<b>PROFIT BEFORE TAX</b>		<u>90,767</u>	<u>(255,473)</u>
Taxation	25	(5,136)	(165,336)
<b>PROFIT / (LOSS) AFTER TAX</b>		<u><u>85,631</u></u>	<u><u>(420,809)</u></u>

The annexed notes form an integral part of these financial statements.

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**



**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	(Rupees in thousand)	
<b>PROFIT / (LOSS) AFTER TAX</b>	85,631	(420,809)
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will be subsequently reclassified to profit or loss</b>		
Surplus on remeasurement of investments to fair value	(23,073)	26,952
Deferred income tax	757	(204)
	(22,316)	26,748
<b>Items that will not be subsequently reclassified to profit or loss</b>		
Remeasurement of defined benefit plan	1,484	(63,905)
Deferred income tax	(430)	629
	1,054	(63,276)
<b>Other comprehensive loss - net of tax</b>	(21,262)	(36,528)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>	<u>64,369</u>	<u>(457,337)</u>

The annexed notes form an integral part of these financial statements.

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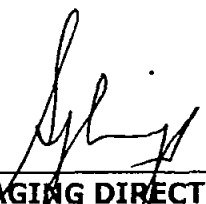
  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF CHANGES IN FUND AND RESERVE**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	PPIB fund	Investments revaluation reserve	Total
----- (Rupees in thousand) -----			
<b>Balance as at 30 June 2016</b>	1,405,917	56,746	1,462,663
Loss for the year	(420,809)	-	(420,809)
Other comprehensive (loss) / income for the year	(63,276)	26,748	(36,528)
Total comprehensive (loss) / income for the year	(484,085)	26,748	(457,337)
<b>Balance as at 30 June 2017</b>	921,832	83,494	1,005,326
Profit for the year	85,631	-	85,631
Other comprehensive (loss) / income for the year	1,054	(22,316)	(21,262)
Total comprehensive (loss) / income for the year	86,685	(22,316)	64,369
<b>Balance as at 30 June 2018</b>	<u>1,008,517</u>	<u>61,178</u>	<u>1,069,695</u>

The annexed notes form an integral part of these financial statements.

  
**MANAGING DIRECTOR**

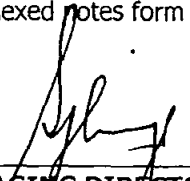
  
**BOARD MEMBER**

# PRIVATE POWER AND INFRASTRUCTURE BOARD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	90,767	(255,473)
Adjustments for non-cash and other items:		
Depreciation	11,074	9,844
Amortization	154	129
Return on held to maturity investments	(48,992)	(40,092)
Dividend income	-	(6,524)
Income on bank deposits	(7,861)	(3,288)
Interest on loan to employees	(2,564)	(2,548)
Provision for staff gratuity	30,782	18,683
Provision for leave encashment	16,813	15,134
Provision for other receivables	(2,626)	-
Gain on sale of property and equipment	(1,270)	(831)
Unrealised foreign exchange (gain) / loss - net	(50,900)	357
<b>Net cash generated from operating activities</b>	<b>35,377</b>	<b>(264,609)</b>
<b>Effect of working capital changes:</b>		
(Increase) in advances, prepayments and other receivables	(1,898)	(117,937)
Increase in accrued and other liabilities	68,123	2,259
	66,225	(115,678)
Gratuity paid	-	(22,267)
Leave encashment paid	(13,936)	(8,999)
Performance guarantee repaid	(31,350)	-
Taxes paid	(2,807)	(6,119)
	(48,093)	(37,385)
<b>Net cash generated from / (used in) operating activities</b>	<b>53,509</b>	<b>(417,672)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property and equipment	(5,154)	(10,235)
Proceeds from sale of property and equipment	1,270	1,677
Intangible assets acquired	(483)	(277)
Decrease in long term loans and advances	(1,798)	7,271
Return on bank deposits	7,861	3,288
Interest on loan to employees	2,564	2,548
Return on held to maturity investments received	34,105	33,549
Investment (made) / encashed - net	(462,734)	681,082
<b>Net cash (used in) / from investing activities</b>	<b>(424,369)</b>	<b>718,903</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(370,860)</b>	<b>301,231</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>518,907</b>	<b>216,689</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>58,404</b>	<b>987</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>206,451</b>	<b>518,907</b>

The annexed notes form an integral part of these financial statements.

  
MANAGING DIRECTOR

  
BOARD MEMBER

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1 STATUS AND OPERATIONS**

- 1.1 Private Power and Infrastructure Board (PPIB) was constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions. The registered office of the Board is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Private Power and Infrastructure Board (PPIB) Act No.VI of 2012 (the Act), was enacted on 02 March 2012 for establishment of PPIB as a body corporate having perpetual succession & common seal, independent in performance of its functions and competent to sue and be sued in its own name and acquire and hold property. As per the Act, PPIB is responsible for implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.

Upon commencement of the Act, the Private Power and Infrastructure Board established vide Federal Government's Notification (hereinafter referred to as the former Board) stood dissolved and consequent to such dissolution:-

- (a) all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former board subsisting immediately before its dissolution stood transferred to and vested in PPIB constituted under the Act;
- (b) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the former Board are deemed to have been incurred, entered into, acquired or engaged to be done by, with or for PPIB;
- (c) all suits and other legal proceedings instituted by or against the former Board, before its dissolution, are deemed to be suits and proceedings by or against PPIB and will be proceeded or otherwise dealt with accordingly; and
- (d) any reference to the former Board in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as applicable in Pakistan.

**2.2 Accounting convention**

These financial statements have been prepared on the historical cost basis except financial instruments which are carried at their fair values or amortized cost and staff retirement gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets. Assets transferred from Private Power Cell (PPC) are carried at their assigned values as explained in note 3.1 to the financial statements.

**2.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Board's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Board's financial statements or where judgments were exercised in application of accounting policies are as follows:



### **Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Board. Further, the Board reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

### **Employee benefits**

The Board operates funded scheme of gratuity for all employees of the Board, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to scheme's benefits.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Employee benefits scheme cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

### **Taxation**

In making the estimates for income tax currently payable by the Board, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

## **2.4 Amendments to published approved accounting standards that are effective in current year and are relevant to the Board**

The following amendments to published approved accounting standards are mandatory for the Board's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Board's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Board's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017). IFRS 12 states that an entity need not provide summarized financial information for interests in subsidiaries, associates or joint ventures that are classified, or included in a disposal group that is classified, as held for sale (in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations). The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests. The amendments have no impact on the Board's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.



**2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Board**

Following standards, interpretations and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Board is in the process of evaluating the impacts of the aforesaid standard on the Board's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Board's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Board's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Board's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Board's financial statements.



IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Board's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 – 2016 Cycle, incorporating amendments to three IFRSs more specifically in IAS 28. These amendments are effective for annual periods beginning on or after 01 January 2018. These amendments have no significant impact on the Board's financial statements and have therefore not been analyzed in detail.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Board's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use statement of comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

## **2.6 Standards and amendments to published standards that are not yet effective and not considered relevant to the Board**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Board's financial statements and are therefore not detailed in these financial statements.

## **2.7 Functional and presentation currency**

These financial statements are presented in the currency of the primary economic environment in which PPIB operates. The financial statements are presented in Pakistani Rupees, which is PPIB's functional currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Property and equipment**

#### **a) Cost**

Tangible assets except those transferred from PPC and leasehold land are stated at cost less accumulated depreciation and impairment loss (if any). Property and equipment transferred from PPC are stated at assigned values less depreciation and impairment loss (if any) with corresponding credit to a property and equipment reserve which has been amortised in full over the useful life of these assets. Leasehold land is carried at cost less impairment, if any.



Subsequent costs are included in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to PPIB and the cost of the item can be measured reliably. Carrying amount of the replaced part is de-recognized.

b) **Depreciation**

Depreciation is charged on the straight line method so as to allocate their cost over their estimated useful life at the rates specified in note 4 to these financial statements.

Depreciation is charged on pro-rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

c) **Repairs and maintenance**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred.

d) **Gains and losses on disposal**

Gains and losses on disposal of assets are included in income and expenditure account currently.

All other repairs and maintenance are charged to income during the year. Gain and losses on disposal of property and equipment are included in the income and expenditure account currently.

e) **Capital work In progress**

Capital work in progress is stated at cost.

3.2 **Intangible assets**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to PPIB and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization or impairment loss, if any. Amortization is based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment, if any.

Amortization is recognized in income and expenditure account on a straight line basis @ 10 % per annum, from the month the asset is available for use.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in income and expenditure account as incurred.

3.3 **Financial instruments**

Financial assets comprise investments, advances, loans, other receivables and cash and bank balances. Financial liabilities include provision against performance guarantees encashed and accrued and other liabilities. Financial assets and liabilities are recognised when PPIB becomes a party to the contractual provisions of the instrument and de-recognised when PPIB loses control of the contractual rights that comprise the financial assets and when the obligation specified in the contract is discharged, cancelled or expired. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These are subsequently measured at fair value, amortised cost or cost, as the case may be.

3.4 **Financial assets**

PPIB classifies its financial assets in the following categories: held-to-maturity investments, loans and receivables, available for sale investments and investments at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sale of financial assets are recognized on the trade date — the date on which the management commits to purchase or sell the asset.

3.4.1 **Held to maturity investments**

Investments are classified as held to maturity if these investments have a fixed maturity and PPIB has the positive intent and ability to hold such investments to maturity. These investments are initially recorded at cost being the fair value of consideration given including the acquisition cost and are subsequently carried at each year end at amortised cost less impairment loss, if any.



#### 3.4.2 Available for sale investments

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. These investments may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These investments are initially recognised at cost and subsequently remeasured at fair value.

#### 3.5 Trade debts and other receivables

Trade debts and other receivables are recognised and carried at their amortised cost less an allowance for any uncollectable amounts. Carrying amounts of trade debts and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

#### 3.6 Accrued and other liabilities

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### 3.7 Employee retirement benefits

The main features of the retirement benefit schemes operated by PPIB for its employees are as follows:

##### 3.7.1 Defined benefit plans

PPIB has in place a defined benefit funded gratuity for all eligible employees who complete qualifying period of service and age.

The fund is administered by trustees. Annual contributions to the gratuity fund is based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 14 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June 2018.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in income and expenditure account when they occur.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

##### 3.7.2 Defined contribution plan

PPIB operates and manages an contributory provident fund scheme for all its regular employees who have completed the probation period. PPIB has created a trust for this purpose and has applied to Commissioner of Income tax for recognition of the fund under the provisions of part 1 of sixth schedule of Income Tax Ordinance, 2001.

Equal monthly contributions are made by PPIB and the employees at the rate of 5% of basic salary. Contributions are charged to income and expenditure account.

#### 3.8 Leave encashment

PPIB also has a policy whereby all its employees are able to encash accumulated leave balance as per PPIB service rules. Provision is made in the financial statements for the amount payable on account of unavailed leave balance of the employees. Provision for leave encashment is made for unavailed leave balance as at period end at the rate of 2.5 days for every calendar month of duty period rendered by him.

#### 3.9 Taxation

Income tax expense comprises of current and deferred tax.



### **Current**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into account tax credits and tax rebates, if any. Income tax expense is recognised in income and expenditure account except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

### **Deferred tax**

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period where the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

PPIB takes into account the current income tax law and decisions taken by the taxation authorities.

### **3.10 Revenue recognition**

Revenue from operations is recognized as follows:

- Registration fee, request for quotation fee, expression of interest fee and project processing fee is recognized on receipt basis.
- extension of letter of intent (LOI) and letter of support (LOS) is recognized when the extension is approved by Board.

Revenue from profit on bank balances, investments, operations and other income is recognized on accrual basis. Dividend income is recognised when the right to receive dividend is established.

Proceeds from encashment of performance guarantees is recognized as income in the year in which the guarantee is encashed and the management believes that the outcome of the transaction can be estimated reliably.

### **3.11 Operating leases**

Operating lease rentals are recorded in income and expenditure account on a time proportion basis over the term of the lease arrangements.

### **3.12 Off-setting**

Financial assets and liabilities are set off in the statement of financial position, only when PPIB has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### **3.13 Foreign currencies**

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the current year.

### **3.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balances with bank.

### **3.15 Provisions**

A provision is recognized in the balance sheet when PPIB has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.



## • PROPERTY AND EQUIPMENT

	Leasehold land	Furniture and fixtures	Leasehold improvements	Computer equipment	Office equipment	Air conditioners	Vehicles	Books, tools and spares	Capital work in progress	Total
									Note 4.1	
Rupees in thousand										
<b>As at 01 July 2016</b>										
Cost	15,014	7,312	14,298	17,206	9,846	1,917	20,249	906	15,169	101,5
Accumulated Depreciation	-	4,576	393	12,504	7,058	1,479	14,300	675	-	40,9
	<u>15,014</u>	<u>2,736</u>	<u>13,905</u>	<u>4,702</u>	<u>2,788</u>	<u>438</u>	<u>5,949</u>	<u>231</u>	<u>15,169</u>	<u>60,9</u>
<b>Year ended 30 June 2017</b>										
Opening net book value	15,014	2,736	13,905	4,702	2,788	438	5,949	231	15,169	60,9
Additions	-	1,376	2,902	1,174	458	-	3,845	-	480	10,7
Disposals:										
Cost	-	1,854	-	1,071	3,308	1,425	1,592	-	-	9,7
Accumulated depreciation	-	(1,040)	-	(1,071)	(3,308)	(1,393)	(1,592)	-	-	(8,7
	-	814	-	-	-	32	-	-	-	1
Depreciation charge	-	374	5,123	1,673	723	74	1,826	51	-	9,1
	<u>15,014</u>	<u>2,924</u>	<u>11,684</u>	<u>4,203</u>	<u>2,523</u>	<u>332</u>	<u>7,968</u>	<u>180</u>	<u>15,649</u>	<u>60,9</u>
<b>At 30 June 2017</b>										
Cost	15,014	6,834	17,200	17,309	6,996	492	22,502	906	15,649	102,7
Accumulated Depreciation	-	3,910	5,516	13,106	4,473	160	14,534	726	-	42,7
	<u>15,014</u>	<u>2,924</u>	<u>11,684</u>	<u>4,203</u>	<u>2,523</u>	<u>332</u>	<u>7,968</u>	<u>180</u>	<u>15,649</u>	<u>60,9</u>
<b>Year ended 30 June 2018</b>										
Opening net book value	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649	60,9
Additions	-	286	-	3,324	118	-	1,409	-	17	5,7
Disposals:										
Cost	-	-	-	3	-	-	1,992	-	-	1,9
Accumulated depreciation	-	-	-	(3)	-	-	(1,992)	-	-	(1,9
	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	502	5,676	1,468	672	74	2,625	57	-	11,1
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>	<u>54,7</u>
<b>At 30 June 2018</b>										
Cost	15,014	7,120	17,200	20,630	7,114	492	21,919	906	15,666	106,7
Accumulated Depreciation	-	4,412	11,192	14,571	5,145	234	15,167	783	-	51,1
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>	<u>54,7</u>
Rate of depreciation (per annum)	-	10%	33%	20%	15%	15%	20%	10%	-	-

#### 4.1 Capital work in progress

This represents payments made to National Engineering Services Pakistan (Private) Limited, Capital Development Authority and Pakistan Environmental Protection Agency for planning and designing of construction of building on leasehold land.

(Rupees in thousand)

**5 INTANGIBLE ASSETS - Computer Softwares****At 1 July 2016**

Cost	1,308
Accumulated Amortization	428
	<u>880</u>

**Year ended 30 June 2017**

Opening net book value	880
Additions	277
Amortization charge	129
	<u>1,028</u>

**At 1 July 2017**

Cost	1,585
Accumulated Amortization	557
	<u>1,028</u>

**Year ended 30 June 2018**

Opening net book value	1,028
Additions	483
Amortization charge	154
	<u>1,357</u>

**At 30 June 2018**

Cost	2,068
Accumulated Amortization	711
	<u>1,357</u>

Rate of amortization (per annum) 10%

**NOTE** **2018** **2017**  
(Rupees in thousand)

**6 LONG TERM INVESTMENTS****Held to maturity**

Pakistan Investment Bonds (PIBs)	-	90,254
Accrued profit	-	3,735
	<u>-</u>	<u>93,989</u>

**Available for sale**

National Investment Trust (NIT) 1,517,960 units (2017: 1,517,960 units)	42,605	42,605
(Deficit) / Surplus on remeasurement of investment to fair value	61,437	84,510
	<u>104,042</u>	<u>127,115</u>
	<u>104,042</u>	<u>221,104</u>

Less: Current portion of held to maturity investment shown under current assets

-	93,989
<u>104,042</u>	<u>127,115</u>

**7 LOANS AND ADVANCES**

Loans and advances - considered good	7.1	38,714	43,198
Less: Current portion shown under current assets		<u>(14,865)</u>	<u>(21,147)</u>
		<u>23,849</u>	<u>22,051</u>

7.1 These represent loan to employees for house construction, medical and other purposes and carry interest at the rate of one year KIBOR prevailing when loan is granted. The loans are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favour of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.

7.2 It includes loan to key management personnel amounting to Rupees 15.334 million (2017: Rupees 11.816 million).

	NOTE	2018 (Rupees in thousand)	2017
<b>8 DEFERRED INCOME TAX ASSET</b>			
This comprises of following:			
<b>Deferred tax liability on taxable temporary differences in respect of:</b>			
Accelerated depreciation		1,376	(817)
Surplus on remeasurement of investments to fair value		(13)	(770)
		<u>1,363</u>	<u>(1,587)</u>
<b>Deferred tax asset on deductible temporary differences in respect of:</b>			
Provision for staff gratuity		32,447	24,776
		<u>33,810</u>	<u>23,189</u>

**8.1 The gross movement in deferred tax asset during the year is as follows:**

<b>Balance as at 1 July</b>		23,189	187,284
Tax credit recognized in income and expenditure account	25	10,294	(164,520)
Tax adjustment in other comprehensive income		327	425
<b>Balance as at 30 June</b>		<u>33,810</u>	<u>23,189</u>

8.2 Deferred income tax asset of Rupees 242.970 million on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not probably be available against which the temporary differences can be utilized.

	NOTE	2018 (Rupees in thousand)	2017
<b>9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to:			
- employees against expenses		616	621
- suppliers / services		142	142
- employees against provident fund		<u>1,735</u>	<u>1,735</u>
		2,493	2,498
Current portion of loans and advances	7	14,865	21,147
Prepayments		1,101	26,526
Accrued interest on bank deposits		2,577	537
Accrued income on account of fees	9.1	119,924	83,471
Other receivables		<u>5,123</u>	<u>4,754</u>
-Provision for doubtful receivables	9.2	<u>(2,626)</u>	<u>-</u>
		2,497	4,754
		<u>143,457</u>	<u>138,933</u>

9.1 This represents accrued fee in respect of extension of LOI and LOS approved by Board for various Independent Power Producers (IPPs).

**9.2 Movement In provision for other receivables**

As at 01 July		-	-
Add: Provision for the year	24	<u>2,626</u>	<u>-</u>
As at 30 June		<u>2,626</u>	<u>-</u>

**10 ADVANCE TAX**

This represents tax withholding suffered at source and includes an amount of Rupees 8.9 million (2017: 8.9 million Rupees) relating to tax years 2009, 2010 & 2011 in whose respect, the refund applications were filed by the Board with taxation authorities on 26 August 2011. A reminder of the same was filed on 18 June 2012 whereas, the aforesaid applications were rejected by the Officer Inland Revenue, Regional Tax Office, Islamabad. PPIB had filed appeals with Commissioner Inland Revenue - Appeals (CIR - A) in this respect which was rejected. Thereafter, PPIB filed appeals with Appellate Tribunal Inland Revenue (ATIR). In disposing off the appeal, the ATIR has vacated the order of CIR-A and directed PPIB to approach the Taxation Officer (TO) and the TO has been directed that he may consult Federal Board of Revenue for procedure in such cases.

	NOTE	2018 (Rupees in thousand)	2017
<b>11 SHORT TERM INVESTMENTS - Held to maturity</b>			
<b>Term Deposit Receipts (TDRs)</b>			
<b>(In US Dollars)</b>			
Faysal Bank Limited (FBL) US\$ 3,259,253 (2017: 2,000,000)		395,673	209,600
Allied Bank Limited (ABL) US\$ 1,099,970 (2017: Nil)		133,530	-
Habib Metropolitan Bank Limited (HMBL) US\$ 2,895,160 (2017: US\$ 2,829,609)		351,473	296,543
Meezan Bank Limited (MBL) US\$ Nil (2017: US\$ 1,199,980)		-	125,758
United Bank Limited (UBL) US\$ Nil (2017: US\$ 1,100,000)		-	115,280
		<u>880,676</u>	<u>747,181</u>
<b>(In PKR)</b>			
Pak Oman Investment Company Limited (POIC)		285,022	-
Faysal Bank Limited (FBL)		<u>200,000</u>	<u>-</u>
		485,022	-
<b>Accrued profit on:</b>			
<b>TDRs</b>			
In US Dollars			
- FBL		1,203	747
- ABL		895	-
- HMBL		2,236	1,920
- MBL		-	2,008
- UBL		-	902
		<u>4,334</u>	<u>5,577</u>
In PKR			
- POIC		5,152	-
- FBL		<u>10,978</u>	<u>-</u>
		16,130	-
Current portion of long term investments	6	<u>-</u>	<u>93,989</u>
		<u>1,386,162</u>	<u>846,747</u>

11.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
<b>TDRs</b>			
FBL	USD	August 2018	2.55%
FBL	USD	May 2019	3.40%
HMBL	USD	March 2019	3.00%
HMBL	USD	May 2019	3.40%
ABL	USD	April 2019	2.75%
POIC	PKR	August 2018	6.40%
POIC	PKR	August 2018	6.30%
FBL	PKR	August 2018	6.30%

<b>12 CASH AND BANK BALANCES</b>	NOTE	2018 (Rupees in thousand)	2017
<b>Cash at bank:</b>			
- Current accounts	12.1	3,418	149,038
- Saving accounts	12.1, 12.2 & 12.3	<u>203,025</u>	<u>369,851</u>
		206,443	518,889
<b>Cash in hand</b>		<u>8</u>	<u>18</u>
		<u>206,451</u>	<u>518,907</u>

12.1 Balances in these accounts include Rupees 22.910 million (2017: Rupees 47.094 million) held on account of employees' provident fund scheme.

12.2 The balances in saving accounts include USD141,953 (2017: USD 400,275).

12.3 The balances in saving accounts carry rates of profit ranging from 0.10% to 3.75 % (2017: 0.10% to 3.75%) per annum.

	NOTE	2018 (Rupees in thousand)	2017
<b>13 PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED</b>			
Spencer Powergen Company of Pakistan Limited	13.2	41,046	41,046
Star Energy Venture Pakistan Limited	13.3	78,400	78,400
Liberty Power Tech Limited		23,500	23,500
Star Power Generation Company Limited	13.4	325,352	280,864
Kotli Hydropower Project	13.5	60,700	52,400
Gujranwala Energy Limited		121,400	104,800
China Machinery Engineering		-	31,440
		<u>650,398</u>	<u>612,450</u>

**13.1 Movement of provision against performance guarantees encashed**

Balance at the beginning	612,450	611,106
Exchange loss	69,298	1,344
Payment during the year	(31,350)	-
Balance at the end	<u>650,398</u>	<u>612,450</u>

- 13.2 Based on order of Islamabad High Court dated 4 April 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition pending in Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited.
- 13.3 In June 1999, Star Energy Venture Pakistan Limited filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.4 Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.5 In April 2010, PPIB issued Letter of Support (LOS) to Mira Pakistan Limited for the establishment of 100 MW Hydropower project on the Poonch River, near Kotli located in the territory of the State of Azad Jammu and Kashmir (AJ & K). Due to failure to achieve financial close on the specified date i.e. 29 April 2013, the performance guarantee was encashed on 29 May 2013. As per the agreement of agency between PPIB and AJ & K Council, "The Authorized Agent (PPIB) shall transfer to the Principal (AJ & K Council), full amount of bank guarantee and Bid bond following their encashment in the event of default by sponsors or project company less any actual legal expenses incurred by the Authorized Agent". In case the PPIB's act of encashment of performance guarantee is not contested at court of law then after three years this amount shall be payable by PPIB to AJ & K Council.
- 13.6 The provision mentioned above are being carried on the basis of management's assessment of related cases. Further, PPIB is also defending its views before the High Court in connection with the above cases filed by the aforesaid entities.

**14 STAFF GRATUITY**

The latest actuarial valuation was carried out as at 30 June 2018, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	2018 (Rupees in thousand)	2017
<b>14.1 The amounts recognized in the balance sheet are as follows:</b>		
Present value of defined benefit obligation	311,247	280,637
Fair value of plan assets	(199,361)	(198,049)
	<u>111,886</u>	<u>82,588</u>

	2018	2017
	(Rupees in thousand)	
14.2 The amounts recognised in income and expenditure account are as follows:		
Current service cost	24,721	17,876
Net interest cost	6,061	807
	<u>30,782</u>	<u>18,683</u>

14.3 Movement in Balance Sheet

Opening liability	82,588	22,267
Expense for the year	30,782	18,683
Charged to other comprehensive income	(1,484)	63,905
Contributions paid	-	(22,267)
Liability to be recognized in the balance sheet	<u>111,886</u>	<u>82,588</u>

14.4 Based on the actuarial valuation a contribution of Rupees 38.785 million is expected to be paid to the defined benefit plan during the year ending 30 June 2019.

14.5 Changes in the present value of defined benefit obligation are as follows:

	2018	2017
	(Rupees in thousand)	
Present value of defined benefit obligation at beginning	280,637	188,231
Current service cost	24,721	17,876
Interest cost	21,306	13,647
Benefits paid	(2,669)	-
Benefits due but not paid	(8,767)	-
Remeasurement of defined benefit obligation	(3,981)	60,883
Present value of defined benefit obligation at 30 June	<u>311,247</u>	<u>280,637</u>

14.6 Changes in the fair value of plan assets are as follows:

Fair value of plan assets at beginning	198,049	165,964
Expected return on plan assets	15,245	12,840
Contributions to the fund	-	22,267
Benefits paid	(2,669)	-
Benefits due but not paid	(8,767)	-
Remeasurement of plan assets	(2,497)	(3,022)
Fair value of plan assets at 30 June	<u>199,361</u>	<u>198,049</u>

14.7 Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:

	2018	2017	2018	2017
	%	%	(Rupees in thousand)	
Bank balances	19.08	10.12	38,040	20,049
Term finance certificates	8.94	4.63	17,832	30,176
NIT units	2.40	2.74	4,783	5,424
Term deposit receipts	73.54	82.51	146,619	142,400
Others	0.44	-	854	-
Payables	-4.40	-	(8,767)	-
	<u>100</u>	<u>100</u>	<u>199,361</u>	<u>198,049</u>

14.8 Principal actuarial assumptions used in the actuarial valuation are as follows:

Discount rate	9.00%	7.75%
Future salary increase	9.00%	7.75%
Expected return on plan assets	9.00%	7.75%
Withdrawal Rates	Age-Based	Moderate
Mortality Rates	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

**2018**                      **2017**  
**(Rupees in thousand)**

**14.09 Re-measurements recognised in other comprehensive income during the year:**

Remeasurment loss on obligation	3,981	(60,883)
Remeasurment loss on plan assets	(2,497)	(3,022)
	<u>1,484</u>	<u>(63,905)</u>

**14.10 Sensitivity analysis**

Discount Rate + 1 %	284,445	256,605
Discount Rate - 1 %	342,179	308,421
Salary growth rate + 1 %	341,877	309,573
Salary growth rate - 1 %	284,214	255,203
Withdrawal rates + 10%	-	280,633
Withdrawal rates - 10%	-	280,641
1 year mortality age set back	-	280,637
1 year mortality age set forward	-	280,637

**14.11 Maturity profile**

Year 1	-	23,685
Year 2	-	18,258
Year 3	-	10,847
Year 4	-	33,579
Year 5	-	36,671
Year 6 to year 10	-	80,072
Year 11 and above	-	470,901

**14.12 Plan Assets at 30 June 2018**

Bond	8.6%	-
Equity	2.3%	-
Cash and/or Deposits	89.1%	-
Other	0.0%	-

**14.13 Expected Benefit Payments for the Next 10 Years and Beyond**

FY 2019	14,912	-
FY 2020	22,668	-
FY 2021	13,932	-
FY 2022	44,668	-
FY 2023	48,432	-
FY 2024	8,678	-
FY 2025	35,843	-
FY 2026	27,912	-
FY 2027	34,441	-
FY 2028	39,477	-
FY 2029 onwards	2,023,950	-

The average duration of the defined benefit obligation is

**9 Years**

**14.14 Risk associated with defined benefit plans**

**Investment risk:**

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.



**Longevity risks:**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal risk:**

The risk of actual withdrawals varying with actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

		2018	2017
	NOTE	(Rupees in thousand)	
<b>15 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		96,322	6,448
Provision for leave encashment	15.1	21,752	18,875
Audit fee payable		726	363
Withholding tax		112	401
Retention money		710	710
Other payables		4,051	2,328
Provident fund payable	15.2	25,281	48,829
		<u>148,954</u>	<u>77,954</u>
<b>15.1 Movement of provision for leave encashment is as follows:</b>			
Balance at the beginning		18,875	12,740
Expense for the year	20	16,813	15,134
Payments made during the year		(13,936)	(8,999)
Balance at the end		<u>21,752</u>	<u>18,875</u>
<b>15.2 Movement of provision for provident fund is as follows:</b>			
Balance at the beginning		48,829	33,750
Provision for the year		19,080	15,858
Interest for the year		636	
Payments made during the year		(43,264)	(779)
Balance at the end		<u>25,281</u>	<u>48,829</u>

**16 PPIB FUND**

As per the requirement of Section 14 of the PPIB Act (Act No. VI of 2012), the accumulated surplus and Government fund available on the PPIB balance sheet as at 1 March 2012 were converted into PPIB Fund. The PPIB Fund is to be administered and controlled by PPIB. The PPIB Fund is to be funded through various sources as specified in Section 14 of the PPIB Act and expended for operations of PPIB for the objects and purposes as specified in Section 15 of the PPIB Act. At the end of each financial year, a balance sheet and income and expenditure account is required to be prepared and any profit / loss is to be transferred to the PPIB Fund.

**17 CONTINGENCIES AND COMMITMENTS****17.1 Contingent liabilities**

Certain sponsors of power projects have filed suits against Government of Pakistan (GOP) / PPIB for aggregate claims against damages of Rupees 113,457 million (2017: Rupees 113,457 million) and US\$ 58 million (2017: US\$ 58 million). Also, claims have been lodged against the performance guarantees encashed amounting to Rupees 47.8 million (2017: Rupees 47.8 million) and US\$ 0.2 million (2017: US\$ 0.2 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.



	NOTE	2018 (Rupees in thousand)	2017
<b>17.2 Commitments</b>			
Commitments against capital expenditure		<u>25,671</u>	<u>25,688</u>
<b>18 INCOME FROM OPERATIONS</b>			
Registration fee		32	306
Request for quotation fee		-	2,622
Project processing fee		-	47,337
Issuance of LOI/LOS fee		83,870	-
Extension in LOI/LOS fee		348,124	83,472
Proposal processing fee solicited projects		8,565	-
Fee for achievement of financial close		116,075	-
Fee for design change		16,430	-
Fee for change in shareholding		<u>51,475</u>	<u>-</u>
		<u>624,571</u>	<u>133,737</u>
<b>19 INCOME FROM FINANCIAL ASSETS</b>			
Return on bank deposits		7,861	3,288
Return on held to maturity investments		48,992	40,092
Interest on loans to employees		2,564	2,548
Dividend income		-	6,524
Exchange gain - net		<u>50,900</u>	<u>-</u>
		<u>110,317</u>	<u>52,452</u>
<b>20 SALARIES AND BENEFITS</b>			
Salaries and allowances		337,283	278,729
Bonus		111,940	26,876
Provision for staff gratuity	14.2	30,782	18,683
Provision for leave encashment	15.1	16,813	15,134
PPIB Contribution towards EOBI		5,291	-
Provident fund contribution		9,540	7,929
Other benefits		<u>21,337</u>	<u>19,059</u>
		<u>532,986</u>	<u>366,410</u>
<b>21 REPAIR AND MAINTENANCE</b>			
Vehicle running and maintenance		4,149 ✓	4,164
Office repair, maintenance and renovation		391 x	1,485
Computer repair		301 <	474
Equipment repair		293 ✓	61
Furniture repair		50 <	68
		<u>5,184</u>	<u>6,252</u>
<b>22 PRINTING AND STATIONERY</b>			
Computer stationery		751 <	535
Office stationery		1,248 ✓	1066
Printing		620 <	926
		<u>2,619</u>	<u>2,527</u>
<b>23 FINANCE COST</b>			
Bank Charges		80	183
Employees' provident fund trust		<u>636</u>	<u>-</u>
		<u>716</u>	<u>183</u>

	NOTE	2018 (Rupees in thousand)	2017 (Rupees in thousand)
<b>24 OTHER EXPENSES</b>			
Newspapers and periodicals		202	308
Training, conferences and seminars		2,849	2,170
Entertainment and office supplies		2,017	2,010
Security services		1,442	1,239
Exchange loss - net		-	357
Provision for doubtful receivables	9.2	2,626	-
Project Processing Fee		5,070	-
Miscellaneous		250	789
		<u>14,456</u>	<u>6,873</u>
<b>25 TAXATION</b>			
<b>Current</b>			
Current year	25.1	<u>15,430</u>	<u>816</u>
		15,430	816
<b>Deferred</b>			
Current year	8.1	<u>(10,294)</u>	<u>164,520</u>
		<u>5,136</u>	<u>165,336</u>

25.1 Provision for current tax represents alternate corporate tax only because of gross loss for the year and in view of available tax losses of Rupees 837.828 million (2017: Rupees 844.136 million). Consequently, tax expense reconciliation is not being presented.

## 26 FUND MANAGEMENT

PPIB's objective when managing fund is to safeguard PPIB's ability to continue as a going concern so that it can achieve its primary objective, provide benefits for other stakeholders and to maintain a strong fund base to support the sustainable operations. There were no changes to PPIB's approach to fund management during the year and PPIB is not subject to externally imposed fund requirements.

## 27 RELATED PARTY TRANSACTIONS

PPIB operates in an economic regime currently dominated by entities directly or indirectly controlled by the Government of Pakistan ("State - controlled entities") through its government authorities, agencies, affiliates and other organizations. Transactions with these state - controlled entities are not very significant and hence impracticable to quantify for disclosure in these financial statements.

Other related parties are key management personnel and gratuity fund/trust. Transactions with key management personnel and gratuity fund are as follows:

	2018 (Rupees in thousand)	2017 (Rupees in thousand)
Salaries and benefits to key management personnel	97,926	79,611
Contribution to gratuity fund / trust	-	22,267

## 28 FINANCIAL RISK MANAGEMENT

### 28.1 Financial risk factors

PPIB's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). PPIB's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on PPIB's financial performance. The Board members have overall responsibility for the establishment and oversight of PPIB's risk management framework. The Board members are also responsible for developing and monitoring PPIB's risk management policies.

This note presents information about PPIB's exposure to each of the above risks, PPIB's objectives, policies and processes for measuring and managing risk, and PPIB's management of fund. Further quantitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyse the risks faced by PPIB, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PPIB's activities. PPIB, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Market risk

Market risk is the risk that the value of financial instrument, may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market, will affect PPIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. PPIB is exposed to currency risk, interest rate risk and price risk only.

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Pak Rupee is the functional currency of PPIB and as a result currency exposure arises from transactions and balances in currencies other than Pak Rupee. PPIB's potential currency exposure comprises;

-Transactional exposure in respect of non-functional currency monetary items.

-Transactional exposure in respect of non-functional currency expenditure and revenues.

The potential currency exposures are discussed below;

##### **Transactional exposure in respect of non-functional currency monetary items**

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of PPIB are periodically restated to Pak Rupee equivalent, and the associated gain or loss is taken to the income and expenditure account. The currency risk related to monetary items is managed as part of the risk management strategy.

##### **Transactional exposure in respect of non-functional currency expenditure and revenues**

Performance guarantees encashed, income from operations, and certain income on investments and bank deposits is earned in currencies other than the functional currency. These currency risks are managed as a part of overall risk management strategy. There were no forward exchange contracts.

##### **Exposure to currency risk**

PPIB's exposure to currency risk is as follows:

	2018	2017
	(US Dollars in thousand)	
Short term investments - held to maturity	7,254	7,130
Bank balances	194	400
Net exposure	<u>7,448</u>	<u>7,530</u>

The following significant exchange rates applied during the year:

	2018	2017
<b>Rupees per USD</b>		
Average rate	109.40	104.50
Reporting date mid point rate	121.40	104.80

#### **Sensitivity analysis**

At 30 June 2018, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, profit for the year would have been Rupees 90.422 million (2017: Rupees 78.910 million) higher/lower. The analysis is performed on the same basis for comparative period.

#### **(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Board's investment in mutual fund amounting to Rupees 104.042 million (2017: Rupees 127.115 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2018, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive loss for the year would have been higher / lower by Rupees 10.4042 million (2017: Rupees 12.7115 million).

#### **(iii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. A policy is adopted to ensure that interest rate risk is minimized by investing in fixed rate investments like PIBs and TDRs. There were no borrowings.

#### **Profile**

At the reporting date the interest rate profile of variable rate interest-bearing financial instruments is:

	2018	2017
	(Rupees in thousand)	
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances	203,025	369,851

#### **Sensitivity analysis**

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 2.031 million (2017 : Rupees 3.698 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

#### **(b) Credit risk**

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018	2017
	(Rupees in thousand)	
Investments	1,490,204	973,862
Loans, advances and other receivables	163,712	131,960
Bank balances	206,443	518,889
	<u>1,860,359</u>	<u>1,624,711</u>

Geographically there is no concentration of credit risk as PPIB operates in the same geographical area.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

<b>Bank balances</b>	<b>Short term</b>	<b>Long term</b>	<b>Agency</b>	<b>2018</b>	<b>2017</b>
				<b>(Rupees in thousand)</b>	
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	141	138
Dubai Islamic Bank Limited	A1	AA-	JCR-VIS	6,014	637
Summit bank Limited	A1	A-	JCR-VIS	-	19
National Bank of Pakistan	A1+	AAA	PACRA	94,582	260
Habib Bank Limited	A1+	AAA	JCR-VIS	89,571	58,530
Bank Alfalah Limited	A1+	AA	PACRA	1,964	306,628
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	769	740
United Bank Limited	A1+	AAA	JCR-VIS	3,512	206
NIB Bank Limited	A1+	AA-	PACRA	260	251
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	163	157
Askari Bank Limited	A1+	AA+	PACRA	17	17
JS bank Limited	A1+	AA-	PACRA	648	568
Faysal Bank Limited	A1+	AA	PACRA	8,080	150,005
MCB Bank Limited	A1+	AAA	PACRA	49	49
First Women Bank Limited	A2	A-	PACRA	673	662
Silkbank Limited	A2	A-	JCR-VIS	-	22
				<u>206,443</u>	<u>518,889</u>

	Short term	Long term	Agency	2018	2017
Investments				(Rupees in thousand)	
Term deposit receipts					
- Faysal Bank Limited	A1+	AA	PACRA	396,876	210,347
- Bank Alfalah Limited	A1+	AA	PACRA	-	-
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	353,709	298,463
- Meezan Bank Limited	A1+	AA	JCR-VIS	-	127,766
- United Bank Limited	A1+	AA	JCR-VIS	-	116,182
- Allied Bank Limited	A1+	AA+	PACRA	134,425	-
				885,010	752,758
National Investment Trust	Unknown			104,042	127,115
Pakistan Investment Bonds	Unknown			-	93,989
				989,052	973,862

#### **Loans, advances and other receivables**

Other banks	A1+	2,577	537
Advances and other receivables	unknown	139,637	111,728
Loans and advances	unknown	23,849	22,051
		<u>166,063</u>	<u>134,316</u>

Due to the Board's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Board. Accordingly the credit risk is minimal.



(c) **Liquidity risk**

Liquidity risk is the risk that PPIB will not be able to meet its financial obligations as they fall due. PPIB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

PPIB follows an effective cash management and planning policy to ensure availability of funds and to take measures for new requirements.

The maturity profile of PPIB's financial liabilities based on the contractual amounts is as follows:

	2018		2017	
	Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)
	(Rupees in thousand)			
Provision against performance guarantees encashed	650,398	650,398	612,450	612,450
Other payables having maturity up to one year	101,809	101,809	9,849	9,849
	<u>752,207</u>	<u>752,207</u>	<u>622,299</u>	<u>622,299</u>

**29 FINANCIAL INSTRUMENTS**

**29.1 Financial assets and liabilities**

**30 June 2018**

**Financial assets :**

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Loans and Receivables	Available for sale	Total
(Rupees in thousand)		
139,863	-	139,863
1,386,162	-	1,386,162
206,451	-	206,451
-	104,042	104,042
23,849	-	23,849
<u>1,756,325</u>	<u>104,042</u>	<u>1,860,367</u>

**Financial liabilities :**

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

**Other financial liabilities**  
(Rupees in thousand)

650,398

101,809

752,207

**30 June 2017**

**Financial assets :**

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Loans and Receivables	Available for sale	Total
(Rupees in thousand)		
112,265	-	112,265
846,747	-	846,747
518,907	-	518,907
-	127,115	127,115
22,051	-	22,051
<u>1,499,970</u>	<u>127,115</u>	<u>1,627,085</u>

**Financial liabilities :**

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

**Other financial liabilities**  
(Rupees in thousand)

612,450

9,849

622,299

## 29.2 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair values except for held to maturity financial assets which are carried at amortized cost whose fair value in comparison with carrying amount is as follows:

	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	----- (Rupees in thousand) -----			
Assets carried at amortized cost				
Long term investments	-	-	93,989	93,989
Short term investments	1,386,162	1,386,162	752,758	752,758
	<u>1,386,162</u>	<u>1,386,162</u>	<u>846,747</u>	<u>846,747</u>

The basis for determining fair values is as follows:

## 29.3 Interest rates used for determining the fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

## 29.4 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Board has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
<b>30 June 2018</b>				
<b>Assets carried at fair value</b>				
Available for sale investments	<u>104,042</u>	<u>-</u>	<u>-</u>	<u>104,042</u>
<b>30 June 2017</b>				
<b>Assets carried at fair value</b>				
Available for sale investments	<u>127,115</u>	<u>-</u>	<u>-</u>	<u>127,115</u>

The carrying value of the financial assets and liabilities reflected in the financial statements approximates their respective fair values.

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Board has no investments which are classified under level 3 of fair value hierarchy table.

The Board's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Board is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**29.5 Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

**30 DATE OF APPROVAL**

These financial statements were approved on 15 JUL 2019 by the Board members of PPIB.

**31 CORRESPONDING FIGURES**

No significant reclassification have been made in corresponding figures.

**32 GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

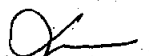
  
\_\_\_\_\_  
MANAGING DIRECTOR

*Ray*

  
\_\_\_\_\_  
BOARD MEMBER

# **PRIVATE POWER AND INFRASTRUCTURE BOARD (PPIB)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2019**



## INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF PRIVATE POWER AND INFRASTRUCTURE BOARD

### Opinion

We have audited the financial statements of Private Power and Infrastructure Board (PPIB), which comprise the statement of financial position as at 30 June 2019, and income and expenditure account, the statement of comprehensive income, statement of changes in fund and reserve and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PPIB as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of PPIB in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements of PPIB and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the PPIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PPIB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PPIB's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

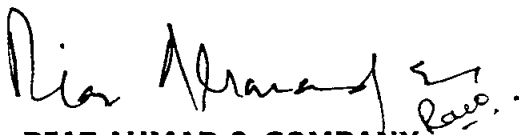
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**ISLAMABAD**

**Date: 19 JUN 2020**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

		2019	2018
	NOTE	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property and equipment	4	50,704	54,557
Intangible assets	5	1,158	1,357
Long term investments	6	85,034	104,042
Loans and advances	7	39,319	23,849
Deferred income tax asset	8	3,545	33,810
		179,760	217,615
CURRENT ASSETS			
Advances, prepayments and other receivables	9	97,270	143,457
Advance tax	10	5,416	27,248
Short term investments	11	1,749,897	1,386,162
Cash and bank balances	12	103,672	206,451
		1,956,255	1,763,318
CURRENT LIABILITIES			
Provision against performance guarantees encashed	13	828,466	650,398
Staff gratuity	14	51,732	111,886
Accrued and other liabilities	15	91,416	148,954
		971,614	911,238
NET ASSETS			
		1,164,401	1,069,695
REPRESENTED BY:			
PPIB fund	16	1,125,042	1,008,517
Investments revaluation reserve		39,359	61,178
		1,164,401	1,069,695
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes form an integral part of these financial statements.

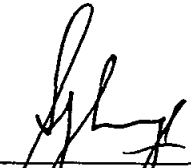
  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30 JUNE 2019**

		2019	2018
	NOTE	(Rupees in thousand)	
<b>INCOME</b>			
Income from operations	18	499,683	624,571
Income from financial assets	19	224,415	110,317
Other income		2,430	1,430
		<u>726,528</u>	<u>736,318</u>
<b>EXPENDITURE</b>			
Salaries and benefits	20	479,327	532,986
Repair and maintenance	21	6,130	5,184
Printing and stationery	22	2,063	2,619
Professional and legal services fee		3,421	29,672
Board meeting expenses		2,540	3,689
Traveling expenses		7,730	6,026
Office / ground rent		27,936	28,294
Telephone, fax, postage and courier		1,760	1,590
Fixed assets insurance		1,071	940
Utilities		5,650	3,791
Audit fee	23	693	363
Depreciation	4	11,328	11,074
Amortization	5	199	154
Finance cost	24	2,754	716
Advertisement expenses		1,709	3,997
Other expenses	25	6,999	14,456
		<u>561,310</u>	<u>645,551</u>
<b>PROFIT BEFORE TAXATION</b>		<u>165,218</u>	<u>90,767</u>
Taxation	26	(55,640)	(5,136)
<b>PROFIT AFTER TAXATION</b>		<u>109,578</u>	<u>85,631</u>

The annexed notes form an integral part of these financial statements. *Page*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**2019**      **2018**  
**(Rupees in thousand)**

**PROFIT AFTER TAX**

109,578      85,631

**OTHER COMPREHENSIVE INCOME**

**Items that will be subsequently reclassified to income and expenditure**

Deficit on remeasurement of investments to fair value

Deferred income tax

(22,103)	(23,073)
284	757
(21,819)	(22,316)
9,784	1,484
(2,837)	(430)
6,947	1,054
(14,872)	(21,262)
94,706	64,369

**Items that will not be subsequently reclassified to income and expenditure**

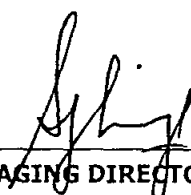
Remeasurement of defined benefit plan

Deferred income tax

**Other comprehensive loss - net of tax**

**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**

The annexed notes form an integral part of these financial statements. *Done.*

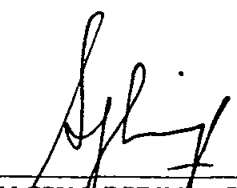
  
**MANAGING DIRECTOR**


  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF CHANGES IN FUND AND RESERVE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	PPIB fund	Investments revaluation reserve	Total
	----- (Rupees in thousand) -----		
<b>Balance as at 30 June 2017</b>	921,832	83,494	1,005,326
Profit for the year	85,631	-	85,631
Other comprehensive income / (loss) for the year	1,054	(22,316)	(21,262)
Total comprehensive income / (loss) for the year	86,685	(22,316)	64,369
<b>Balance as at 30 June 2018</b>	1,008,517	61,178	1,069,695
Profit for the year	109,578	-	109,578
Other comprehensive income / (loss) for the year	6,947	(21,819)	(14,872)
Total comprehensive income / (loss) for the year	116,525	(21,819)	94,706
<b>Balance as at 30 June 2019</b>	<u>1,125,042</u>	<u>39,359</u>	<u>1,164,401</u>

The annexed notes form an integral part of these financial statements. *Rao*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**




# PRIVATE POWER AND INFRASTRUCTURE BOARD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	165,218	90,767
Adjustments for non-cash and other items:		
Depreciation	11,328	11,074
Amortization	199	154
Return on held to maturity investments	(73,566)	(48,992)
Income on bank deposits	(8,810)	(7,861)
Interest on loan to employees	(3,439)	(2,564)
Provision for staff gratuity	32,218	30,782
Provision for leave encashment	16,382	16,813
Provision for other receivables	-	(2,626)
Gain on sale of property and equipment	(2,031)	(1,270)
Unrealized foreign exchange gain - net	(135,063)	(50,900)
<b>Net cash generated from operating activities</b>	<u>2,436</u>	<u>35,377</u>
<b>Effect of working capital changes:</b>		
Decrease / (increase) in advances, prepayments and other receivables	44,228	(1,898)
(Decrease) / increase in accrued and other liabilities	(59,851)	68,123
	(15,623)	66,225
Gratuity paid	(82,588)	-
Leave encashment paid	(14,069)	(13,936)
Performance guarantee repaid	-	(31,350)
Taxes paid	(6,096)	(2,807)
	(102,753)	(48,093)
<b>Net cash (used in) / generated from operating activities</b>	<u>(115,940)</u>	<u>53,509</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property and equipment	(7,475)	(5,154)
Proceeds from sale of property and equipment	2,031	1,270
Intangible assets acquired	-	(483)
Decrease in long term loans and advances	(12,293)	(1,798)
Return on bank deposits	7,592	7,861
Interest on loan to employees	3,439	2,564
Return on held to maturity investments received	59,851	34,105
Investment made - net	(353,115)	(462,734)
<b>Net cash used in investing activities</b>	(299,970)	(424,369)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(415,910)	(370,860)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	206,451	518,907
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	313,131	58,404
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>103,672</u>	<u>206,451</u>

The annexed notes form an integral part of these financial statements.

  
MANAGING DIRECTOR

  
BOARD MEMBER

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1 STATUS AND OPERATIONS**

- 1.1 Private Power and Infrastructure Board (PPIB) was constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions. The registered office of PPIB is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Private Power and Infrastructure Board (PPIB) Act No. VI of 2012 (the Act), was enacted on 02 March 2012 for establishment of PPIB as a body corporate having perpetual succession & common seal, independent in performance of its functions and competent to sue and be sued in its own name and acquire and hold property. As per the Act, PPIB is responsible for implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.

Upon commencement of the Act, the Private Power and Infrastructure Board established vide Federal Government's Notification (hereinafter referred to as the former Board) stood dissolved and consequent to such dissolution:-

- (a) all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former board subsisting immediately before its dissolution stood transferred to and vested in PPIB constituted under the Act;
- (b) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the former Board are deemed to have been incurred, entered into, acquired or engaged to be done by, with or for PPIB;
- (c) all suits and other legal proceedings instituted by or against the former Board, before its dissolution, are deemed to be suits and proceedings by or against PPIB and will be proceeded or otherwise dealt with accordingly; and
- (d) any reference to the former Board in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as applicable in Pakistan.

**2.2 Accounting convention**

These financial statements have been prepared on the historical cost basis except financial instruments which are carried at their fair values or amortized cost and staff retirement gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets. Assets transferred from Private Power Cell (PPC) are carried at their assigned values as explained in note 3.1 to the financial statements.

**2.3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying PPIB's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to PPIB's financial statements or where judgments were exercised in application of accounting policies are as follows:

**Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of PPIB. Further, PPIB reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

**Employee benefits**

PPIB operates funded scheme of gratuity for all employees of PPIB, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to scheme's benefits.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Employee benefits scheme cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

#### **Income tax**

In making the estimates for income tax currently payable by PPIB, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to PPIB**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for PPIB's accounting periods beginning on or after 01 July 2018:

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

PPIB had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 3.3 and note 3.10. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

#### **2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to PPIB**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for PPIB's accounting periods beginning on or after 01 July 2019 or later periods:

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the PPIB now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of the amendment is not likely to have an impact on these financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on PPIB's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on PPIB's financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on PPIB's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

## **2.6 Standards, interpretations and amendments to approved published standards that are not yet effective and not considered relevant to PPIB**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on PPIB's financial statements and are therefore not detailed in these financial statements.

## **2.7 Functional and presentation currency**

These financial statements are presented in the currency of the primary economic environment in which PPIB operates. The financial statements are presented in Pakistani Rupees, which is PPIB's functional currency.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Property and equipment**

#### **a) Cost**

Tangible assets except those transferred from PPC and leasehold land are stated at cost less accumulated depreciation and impairment loss (if any). Property and equipment transferred from PPC are stated at assigned values less depreciation and impairment loss (if any) with corresponding credit to a property and equipment reserve which has been amortized in full over the useful life of these assets. Leasehold land is carried at cost less impairment, if any.

Subsequent costs are included in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to PPIB and the cost of the item can be measured reliably. Carrying amount of the replaced part is de-recognized.

#### **b) Depreciation**

Depreciation is charged on the straight line method so as to allocate their cost over their estimated useful life at the rates specified in note 4 to these financial statements.

Depreciation is charged on pro-rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

#### **c) Repairs and maintenance**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred.

#### **d) Gains and losses on disposal**

Gains and losses on disposal of assets are included in income and expenditure account currently.

All other repairs and maintenance are charged to income during the year. Gain and losses on disposal of property and equipment are included in the income and expenditure account currently.

#### **c) Capital work in progress**

Capital work in progress is stated at cost.

### **3.2 Intangible assets**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to PPIB and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization or impairment loss, if any. Amortization is based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment, if any.

Amortization is recognized in income and expenditure account on a straight line basis @ 10 % per annum, from the month the asset is available for use.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in income and expenditure account as incurred.

### 3.3 Financial instruments

PPIB has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless PPIB makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to PPIB's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of PPIB. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

PPIB has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

#### i) Recognition of financial instruments

PPIB initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

#### ii) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

#### Investments and other financial assets

##### a) Classification

From 01 July 2018, PPIB classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on PPIB's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether PPIB has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. PPIB reclassifies debt investments when and only when its business model for managing those assets changes.

##### b) Measurement

At initial recognition, PPIB measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## **Debt instruments**

Subsequent measurement of debt instruments depends on PPIB's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which PPIB classifies its debt instruments:

### **Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in income and expenditure account.

### **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

### **Fair value through profit or loss**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

### **Equity instruments**

PPIB subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

### **Fair value through other comprehensive income (FVTOCI)**

Where PPIB's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

### **Fair value through profit or loss**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when PPIB's right to receive payments is established

## **Financial liabilities**

### **a) Classification and measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

### **iii. Impairment of financial assets**

From 01 July 2018, PPIB assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, PPIB applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

#### iv. De-recognition

##### a) Financial assets

PPIB derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by PPIB is recognized as a separate asset or liability.

##### a) Financial liabilities

PPIB derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

#### v. Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and PPIB intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

#### vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by PPIB during the year ended 30 June 2019.

#### vii. Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, PPIB's management has assessed which business models apply to the financial assets held by PPIB at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

##### Reclassifications of financial instruments on adoption of IFRS 9

###### Financial assets (01 July 2018)

	Available for sale (AFS)	FVTOCI
... Rupees in thousand ...		
Opening balance (before reclassification)	104,042	-
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(104,042)	104,042
Opening balance (after reclassification)	-	104,042

The impact of these changes on the PPIB's reserves and equity is as follows:

###### Reserves and equity (01 July 2018)

	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments
.... Rupees in thousand ....		
Opening balance (before reclassification)	61,178	-
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	(61,178)	61,178
Opening balance (after reclassification)	-	61,178

There is no effect on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments.

As on 01 July 2018, the classification and measurement of financial instruments of PPIB were as follows:

Measurement category		Carrying amounts		
Original	New	Original	New	Difference
(IAS 39)	(IFRS 9)	RUPEES IN THOUSAND		

#### Non-current financial assets

Long term investments	Available for sale	FVTOCI	104,042	104,042
Loans and advances	Loans and receivables	Amortised cost	23,849	23,849

#### Current financial assets

Advances and other receivables	Loans and receivables	Amortised cost	144,224	144,224
Short term investments	Held to maturity	Amortised cost	1,386,162	1,386,162
Cash and bank balances	Loans and receivables	Amortised cost	206,451	206,451

#### Current financial liabilities

Accrued and other liabilities	Amortised cost	Amortised cost	100,373	100,373
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### 3.4 Trade debts and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

PPIB has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

### 3.5 Accrued and other liabilities

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 3.6 Employee retirement benefits

The main features of the retirement benefit schemes operated by PPIB for its employees are as follows:

#### 3.6.1 Defined benefit plans

PPIB has in place a defined benefit funded gratuity for all eligible employees who complete qualifying period of service and age.

The fund is administered by trustees. Annual contributions to the gratuity fund are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 14 to the financial statements. The obligation at the reporting date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June 2019.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in income and expenditure account when they occur.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

#### 3.6.2 Defined contribution plan

PPIB operates and manages a contributory provident fund scheme for all its regular employees who have completed the probation period. PPIB has created a trust for this purpose and has applied to Commissioner of Income tax for recognition of the fund under the provisions of part 1 of sixth schedule of Income Tax Ordinance, 2001.

Equal monthly contributions are made by PPIB and the employees at the rate of 5% of basic salary. Contributions are charged to income and expenditure account.

### 3.7 Leave encashment

PPIB also has a policy whereby all its employees are able to encash accumulated leave balance as per PPIB service rules. Provision is made in the financial statements for the amount payable on account of unavailed leave balance of the employees. Provision for leave encashment is made for unavailed leave balance as at period end at the rate of 2.5 days for every calendar month of duty period rendered by him.

### 3.8 Taxation

Income tax expense comprises of current and deferred tax.

#### Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 3.9 Revenue recognition

Income as presented in the statement of comprehensive income is the revenue as defined under IFRS 15 - Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. On evaluation of the performance obligations associated with the stream of revenues, adoption of IFRS 15 does not trigger a change in the PPIB's accounting policies with respect to its revenue which are enumerated below.

-Registration fee, request for quotation fee, expression of interest fee and project processing fee is recognized on receipt basis.

-extension of letter of intent (LOI) and letter of support (LOS) is recognized on meeting performance obligation which is dependent upon approval of Board.

Revenue from profit on bank balances, investments, operations and other income is recognized on accrual basis. Dividend income is recognized when the right to receive dividend is established.

Proceeds from encashment of performance guarantees is recognized as income in the year in which the guarantee is encashed and the management believes that the outcome of the transaction can be estimated reliably.

### 3.10 Operating leases

Operating lease rentals are recorded in income and expenditure account on a time proportion basis over the term of the lease arrangements.

### 3.11 Off-setting

Financial assets and liabilities are set off in the statement of financial position, only when PPIB has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### 3.12 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged to income for the current year.

### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with bank.

### 3.14 Provisions

Provisions are recognized when PPIB has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.



Leasehold land	Furniture and fixtures	Leasehold improvements	Computer equipment	Office equipment	Air conditioners	Vehicles	Books, tools and spares	Capital work in progress	T
								Note 4.1	
Rupees in thousand									

#### As at 01 July 2017

Cost	15,014	6,834	17,200	17,309	6,996	492	22,502	906	15,649
Accumulated depreciation	-	3,910	5,516	13,106	4,473	160	14,534	726	-
	<u>15,014</u>	<u>2,924</u>	<u>11,684</u>	<u>4,203</u>	<u>2,523</u>	<u>332</u>	<u>7,968</u>	<u>180</u>	<u>15,649</u>

#### Year ended 30 June 2018

Opening net book value	15,014	2,924	11,684	4,203	2,523	332	7,968	180	15,649
Additions	-	286	-	3,324	118	-	1,409	-	17
Disposals:									
Cost	-	-	-	3	-	-	1,992	-	-
Accumulated depreciation	-	-	-	(3)	-	-	(1,992)	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	-	502	5,676	1,468	672	74	2,625	57	-
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>

#### At 30 June 2018

Cost	15,014	7,120	17,200	20,630	7,114	492	21,919	906	15,666
Accumulated depreciation	-	4,412	11,192	14,571	5,145	234	15,167	783	-
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>

#### Year ended 30 June 2019

Opening net book value	15,014	2,708	6,008	6,059	1,969	258	6,752	123	15,666
Additions	-	1,354	-	1,067	108	-	4,911	35	-
Disposals:									
Cost	-	75	-	1,587	132	-	3,866	-	-
Accumulated depreciation	-	(75)	-	(1,587)	(132)	-	(3,866)	-	-
	-	-	-	-	-	-	-	-	-
Depreciation charge	-	466	5,426	1,868	667	74	2,781	46	-
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>

#### At 30 June 2019

Cost	15,014	8,399	17,200	20,110	7,090	492	22,964	941	15,666
Accumulated depreciation	-	4,803	16,618	14,852	5,680	308	14,082	829	-
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>

Rate of depreciation (per annum)	-	10%	33%	20%	15%	15%	20%	10%	-
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#### 4.1 Capital work in progress

This represents payments made to Naticnal Engineering Services Pakistan (Private) Limited, Capital Development Authority and Pakistan Environmental Protection Agency for planning and designing of const building on leasehold land.

5 INTANGIBLE ASSETS - Computer softwares	NOTE	2019 (Rupees in thousand)	2018
<b>Year ended 30 June</b>			
Opening book value		1,357	1,028
Additions		-	483
Amortization		199	154
Closing net book value		<u>1,158</u>	<u>1,357</u>
Cost as at 30 June		2,068	2,068
Accumulated amortization		<u>910</u>	<u>711</u>
Net book value		<u>1,158</u>	<u>1,357</u>
Amortization rate		10%	10%

## 6 LONG TERM INVESTMENTS

### Fair value through other comprehensive income

National Investment Trust (NIT) 1,563,112 units (2018: 1,517,960 units)	107,137	127,115
Deficit on remeasurement of investment to fair value	<u>(22,103)</u>	<u>(23,073)</u>
	<u>85,034</u>	<u>104,042</u>

## 7 LOANS AND ADVANCES

Loans and advances - considered good	7.1 & 7.2	51,007	38,714
Less: Current portion shown under current assets	9	<u>(11,688)</u>	<u>(14,865)</u>
		<u>39,319</u>	<u>23,849</u>

- 7.1 These represent loan to employees for house construction, medical and other purposes and carry interest at the rate of one year KIBOR prevailing when loan is granted. These are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favor of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.
- 7.2 These include loan to key management personnel amounting to Rupees 22.956 million (2018: Rupees 15.334 million)

8 DEFERRED INCOME TAX ASSET	NOTE	2019 (Rupees in thousand)	2018
This comprises of following:			
<b>Deferred tax liability on taxable temporary differences in respect of:</b>			
Accelerated depreciation		(6,069)	-
Deficit on remeasurement of investments to fair value		<u>-</u>	<u>(13)</u>
		<u>(6,069)</u>	<u>(13)</u>
<b>Deferred tax asset on deductible temporary differences in respect of:</b>			
Accelerated depreciation		-	1,376
Provision for staff gratuity		9,343	32,447
Surplus on remeasurement of investments to fair value		<u>271</u>	<u>-</u>
		<u>9,614</u>	<u>33,823</u>
		<u>3,545</u>	<u>33,810</u>
<b>8.1 The gross movement in deferred tax asset during the year is as follows:</b>			
Balance as at 1 July		33,810	23,189
Tax credit recognized in income and expenditure account	26	(27,712)	10,294
Tax adjustment in other comprehensive income		<u>(2,553)</u>	<u>327</u>
Balance as at 30 June		<u>3,545</u>	<u>33,810</u>

- 8.2 Deferred income tax asset of 285.263 (2018: Rupees 242.970 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not probably be available against which the temporary differences can be utilized.

	NOTE	2019 (Rupees in thousand)	2018
<b>9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to:			
- employees against provident fund		1,735	1,735
- suppliers / services		149	142
- employees against expenses		<u>1,461</u>	<u>616</u>
		3,345	2,493
Current portion of loans and advances	7	11,688	14,865
Prepayments		1,139	1,101
Accrued interest on bank deposits		3,795	2,577
Accrued income on account of fees	9.1	<u>74,236</u>	<u>119,924</u>
Other receivables		<u>3,067</u>	<u>5,123</u>
- Provision for doubtful receivables		<u>-</u>	<u>(2,626)</u>
		3,067	2,497
		<u>97,270</u>	<u>143,457</u>

- 9.1 This represents accrued fee in respect of extension of "letter of intent" LOI and "letter of support" LOS approved by Board for various Independent Power Producers (IPPs).

#### 10 ADVANCE TAX

This represents tax withholding suffered at source and includes an amount of Rupees 8.9 million relating to tax years 2009, 2010 and 2011 in whose respect, the refund applications were filed by the Board with taxation authorities on 26 August 2011. A reminder of the same was filed on 18 June 2012 whereas, the aforesaid applications were rejected by the Officer Inland Revenue, Regional Tax Office, Islamabad. PPIB had filed appeals with Commissioner Inland Revenue - Appeals (CIR – A) in this respect which was rejected. Thereafter, PPIB filed appeals with Appellate Tribunal Inland Revenue (ATIR). In disposing off the appeal, the ATIR has vacated the order of CIR-A and directed PPIB to approach the Taxation Officer (TO) and the TO has been directed that he may consult Federal Board of Revenue for procedure in such cases.

2019  
(Rupees in thousand)

2018

# 11 SHORT TERM INVESTMENTS - Amortized cost

## Term Deposit Receipts (TDRs)

### (In US Dollars)

Faysal Bank Limited (FBL) US\$ Nil (2018: US\$ 3,259,253)	-	395,673
Allied Bank Limited (ABL) US\$ Nil (2018: US\$ 1,099,920)	-	133,530
Habib Metropolitan Bank Limited (HMBL) US\$ 5,033,726 (2018: US\$ 2,895,160)	825,531	351,473
JS Bank Limited (JSBL) US\$ 2,379,188 (2018: US\$ Nil)	390,187	-
	<u>1,215,718</u>	<u>880,676</u>

### (In PKR)

Pak Oman Investment Company Limited (POIC)	-	285,022
Pak Brunei Investment Company Limited (PBIC)	150,000	-
JS Bank Limited (JSBL)	100,000	-
Faysal Bank Limited (FBL)	250,000	200,000
	<u>500,000</u>	<u>485,022</u>
	<u>1,715,718</u>	<u>1,365,698</u>

### Accrued profit on:

#### TDRs

##### In US Dollars

- FBL	-	1,203
- ABL	-	895
- HMBL	4,767	2,236
- JSBL	5,839	-
	<u>10,606</u>	<u>4,334</u>

##### In PKR

- POIC	-	5,152
- PBIC	4,635	-
- JSBL	2,167	-
- FBL	16,771	10,978
	<u>23,573</u>	<u>16,130</u>

<u>1,749,897</u>	<u>1,386,162</u>
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## 11.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
<b>TDRs</b>			
HMBL	USD	March 2020	3.50%
HMBL	USD	April 2020	3.80%
HMBL	USD	June 2020	3.90%
JSBL	USD	September 2019	3.60%
JSBL	USD	June 2020	3.65%
FBL	PKR	September 2019	8.20%
PBIC	PKR	September 2019	10.95%
JSBL	PKR	November 2019	11.60%

# 12 CASH AND BANK BALANCES

## NOTE

2019  
(Rupees in thousand)

2018

### Cash at bank:

- Current accounts	1	3,418
- Saving accounts	12.1, 12.2 & 12.3	103,663
	<u>103,664</u>	<u>206,443</u>

### Cash in hand

<u>8</u>	<u>8</u>
<u>103,672</u>	<u>206,451</u>

12.1 Balances in these accounts include Rupees 47.676 million (2018: Rupees 22.910 million) held on account of employees' provident fund scheme.

12.2 The balances in saving accounts include US\$ 14,398 (2018: US\$ 141,953).

12.3 The balances in saving accounts carry rates of profit ranging from 0.25% to 8.75% (2018: 0.10% to 3.75%) per annum.

	NOTE	2019 (Rupees in thousand)	2018
<b>13 PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED</b>			
Spencer Powergen Company of Pakistan Limited	13.2	41,046	41,046
Star Energy Venture Pakistan Limited	13.3	78,400	78,400
Liberty Power Tech Limited		23,500	23,500
Star Power Generation Company Limited	13.4	439,520	325,352
Kotli Hydropower Project	13.5	82,000	60,700
Gujranwala Energy Limited		<u>164,000</u>	<u>121,400</u>
		<u>828,466</u>	<u>650,398</u>

**13.1 Movement of provision against performance guarantees encashed**

Balance at the beginning	650,398	612,450
Exchange loss	178,068	69,298
Payment during the year	-	(31,350)
Balance at the end	<u>828,466</u>	<u>650,398</u>

- 13.2 Based on order of Islamabad High Court dated 4 April 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition pending in Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited.
- 13.3 In June 1999, Star Energy Venture Pakistan Limited filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.4 Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.
- 13.5 In April 2010, PPIB issued LOS to Mira Pakistan Limited for the establishment of 100 MW Hydropower project on the Poonch River, near Kotli located in the territory of the State of Azad Jammu and Kashmir (AJ & K). Due to failure to achieve financial close on the specified date i.e. 29 April 2013, the performance guarantee was encashed on 29 May 2013. As per the agreement of agency between PPIB and AJ & K Council, "The Authorized Agent (PPIB) shall transfer to the Principal (AJ & K Council), full amount of bank guarantee and bid bond following their encashment in the event of default by sponsors or project company less any actual legal expenses incurred by the Authorized Agent". In case the PPIB's act of encashment of performance guarantee is not contested at court of law then after three years this amount shall be payable by PPIB to AJ & K Council.
- 13.6 The provision mentioned above are being carried on the basis of management's assessment of related cases. Further, PPIB is also defending its views before the High Court in connection with the above cases filed by the aforesaid entities.

**14 STAFF GRATUITY**

The latest actuarial valuation was carried out as at 30 June 2019, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	NOTE	2019 (Rupees in thousand)	2018
<b>14.1 The amounts recognized in the statement of financial position are as follows:</b>			
Present value of defined benefit obligation	14.5	322,670	311,247
Fair value of plan assets	14.6	<u>(270,938)</u>	<u>(199,361)</u>
		<u>51,732</u>	<u>111,886</u>

2019

2018

NOTE

(Rupees in thousand)

14.2

The amounts recognized in income and expenditure account are as follows:

Current service cost		26,715	24,721
Net interest cost		5,503	6,061
	20	32,218	30,782

14.3

Movement in statement of financial position

Opening liability		111,886	82,588
Expense for the year		32,218	30,782
Charged to other comprehensive income		(9,784)	(1,484)
Contributions paid		(82,588)	-
Liability to be recognized in the statement of financial position		51,732	111,886

14.4

Based on the actuarial valuation a contribution of Rupees 33.897 million is expected to be paid to the defined benefit plan during the year ending 30 June 2020.

14.5

Changes in the present value of defined benefit obligation are as follows:

		2019	2018
		(Rupees in thousand)	(Rupees in thousand)
Present value of defined benefit obligation at beginning		311,247	280,637
Current service cost		26,715	24,721
Interest cost		26,665	21,306
Benefits paid		(11,042)	(2,669)
Benefits due but not paid		(18,894)	(8,767)
Remeasurement of defined benefit obligation		(12,021)	(3,981)
Present value of defined benefit obligation at 30 June		322,670	311,247

14.6

Changes in the fair value of plan assets are as follows:

Fair value of plan assets at beginning		199,361	198,049
Expected return on plan assets		21,162	15,245
Contributions to the fund		82,588	-
Benefits paid		(11,042)	(2,669)
Benefits due but not paid		(18,894)	(8,767)
Remeasurement of plan assets		(2,237)	(2,497)
Fair value of plan assets at 30 June		270,938	199,361

14.7

Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:

	2019	2018	2019	2018
	%	%	(Rupees in thousand)	(Rupees in thousand)
Bank balances	14.03	19.08	38,026	38,040
Term finance certificates	0.00	8.94	-	17,832
NIT units	1.77	2.40	4,783	4,783
Term deposit receipts	88.86	73.54	240,755	146,619
Others	2.31	-	6,267	854
Payables	(6.97)	(4.40)	(18,893)	(8,767)
	100	100	270,938	199,361

14.8

Principal actuarial assumptions used in the actuarial valuation are as follows:

Discount rate		14.25%	9.00%
Future salary increase		14.25%	9.00%
Expected return on plan assets		9.00%	9.00%
Withdrawal Rates		Age-Based	Age-Based
Mortality Rates		Adjusted SLIC	Adjusted SLIC
		2001-2005	2001-2005

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
<b>14.9 Re-measurements recognized in other comprehensive income during the year:</b>		
Remeasurment loss on obligation	12,021	3,981
Remeasurment loss on plan assets	(2,237)	(2,497)
	<u>9,784</u>	<u>1,484</u>
<b>14.10 Sensitivity analysis</b>		
Discount Rate + 1 %	297,592	284,445
Discount Rate - 1 %	351,198	342,179
Salary growth rate + 1 %	350,934	341,877
Salary growth rate - 1 %	297,384	284,214
<b>14.11 Plan assets</b>		
Bond	0.0%	8.6%
Equity	1.7%	2.3%
Cash and / or deposits	98.3%	89.1%
<b>14.12 Expected benefit payments for the next 10 years and beyond</b>		
FY 2020	12,590	
FY 2021	18,840	
FY 2022	52,497	
FY 2023	55,819	
FY 2024	14,923	
FY 2025	48,862	
FY 2026	40,904	
FY 2027	25,254	
FY 2028	61,345	
FY 2029	20,789	
FY 2030 onwards	4,267,289	
The average duration of the defined benefit obligation is	<b>8 Years</b>	
<b>14.13 Risk associated with defined benefit plans</b>		
<b>Investment risk:</b>		
The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.		
<b>Longevity risks:</b>		
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.		
<b>Salary increase risk:</b>		
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.		
<b>Withdrawal risk:</b>		
The risk of actual withdrawals varying with actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.		

		2019	2018
	NOTE	(Rupees in thousand)	
<b>15 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		14,953	96,322
Provision for leave encashment	15.1	24,065	21,752
Audit fee payable		1,056	726
Withholding income tax		-	112
Retention money		710	710
Other payables		2,519	4,051
Provident fund payable		48,113	25,281
		<u>91,416</u>	<u>148,954</u>

**15.1 Movement of provision for leave encashment is as follows:**

Balance at the beginning		21,752	18,875
Expense for the year	20	16,382	16,813
Payments made during the year		(14,069)	(13,936)
Balance at the end		<u>24,065</u>	<u>21,752</u>

**15.2 Movement of provision for provident fund is as follows:**

Balance at the beginning		25,281	48,829
Provision for the year		22,328	19,080
Interest for the year	24	2,669	636
Payments made during the year		(2,165)	(43,264)
Balance at the end		<u>48,113</u>	<u>25,281</u>

**16 PPIB FUND**

As per the requirement of Section 14 of the PPIB Act (Act No. VI of 2012), the accumulated surplus and Government fund available on the PPIB balance sheet as at 1 March 2012 were converted into PPIB Fund. The PPIB Fund is to be administered and controlled by PPIB. The PPIB Fund is to be funded through various sources as specified in Section 14 of the PPIB Act and expended for operations of PPIB for the objects and purposes as specified in Section 15 of the PPIB Act. At the end of each financial year, a statement of financial position and income and expenditure account is required to be prepared and any profit / loss is to be transferred to the PPIB Fund.

**17 CONTINGENCIES AND COMMITMENTS**

**17.1 Contingent liabilities**

Certain sponsors of power projects have filed suits against Government of Pakistan (GOP) / PPIB for aggregate claims against damages of Rupees 113,457 million (2018: Rupees 113,457 million) and US\$ 58 million (2018: US\$ 58 million). Also, claims have been lodged against the performance guarantees encashed amounting US\$ 0.2 million (2018: US\$ 0.2 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.

	2019	2018
	(Rupees in thousand)	
<b>17.2 Commitments</b>		
Commitments against capital expenditure	<u>25,671</u>	<u>25,671</u>

	NOTE	2019 (Rupees in thousand)	2018
<b>18 INCOME FROM OPERATIONS</b>			
Registration fee		42	32
Request for quotation fee		42	-
Project processing fee		6,940	-
Issuance of LOI/LOS fee		-	83,870
Extension in LOI/LOS fee		401,990	348,124
Proposal processing fee solicited projects		7,915	8,565
Fee for achievement of financial close		70,170	116,075
Fee for design change		-	16,430
Fee for change in shareholding		12,584	51,475
		<u>499,683</u>	<u>624,571</u>
<b>19 INCOME FROM FINANCIAL ASSETS</b>			
Return on bank deposits		8,810	7,861
Return on held to maturity investments		73,566	48,992
Interest on loans to employees		3,439	2,564
Dividend income		3,537	-
Exchange gain - net		135,063	50,900
		<u>224,415</u>	<u>110,317</u>
<b>20 SALARIES AND BENEFITS</b>			
Salaries and allowances		362,337	337,283
Bonus		35,074	111,940
Provision for staff gratuity	14.2	32,218	30,782
Provision for leave encashment	15.1	16,382	16,813
PPIB Contribution towards EOBI		3,819	5,291
Provident fund contribution		10,114	9,540
Other benefits		19,383	21,337
		<u>479,327</u>	<u>532,986</u>
<b>21 REPAIR AND MAINTENANCE</b>			
Vehicle running and maintenance		4,705	4,149
Office repair, maintenance and renovation		683	391
Computer repair		320	301
Equipment repair		369	293
Furniture repair		53	50
		<u>6,130</u>	<u>5,184</u>
<b>22 PRINTING AND STATIONERY</b>			
Computer stationery		618	751
Office stationery		768	1248
Printing		677	620
		<u>2,063</u>	<u>2,619</u>
<b>23 AUDIT FEE</b>			
Statutory audit - Riaz Ahmad & Company		363	363
Gratuity fund audit - A.F.Ferguson & Co.		330	-
		<u>693</u>	<u>363</u>
<b>24 FINANCE COST</b>			
Bank charges		85	80
Employees' provident fund trust	15.2	2,669	636
		<u>2,754</u>	<u>716</u>

	NOTE	2019 (Rupees in thousand)	2018
<b>25 OTHER EXPENSES</b>			
Newspapers and periodicals		334	202
Training, conferences and seminars		2,321	2,849
Entertainment and office supplies		1,738	2,017
Security services		1,881	1,442
Provision for doubtful receivable		-	2,626
Project processing fee		-	5,070
Miscellaneous		725	250
		<u>6,999</u>	<u>14,456</u>
<b>26 TAXATION</b>			
<b>Current</b>			
Current year	26.1	27,928	15,430
<b>Deferred</b>			
Current year	8.1	27,712	(10,294)
		<u>55,640</u>	<u>5,136</u>

- 26.1 Provision for current tax represents alternate corporate tax only because of gross loss for the year and in view of available tax losses of Rupees 983.664 million (2018: Rupees 837.828 million). Consequently, tax expense reconciliation is not being presented.

## 27 FUND MANAGEMENT

PPIB's objective when managing fund is to safeguard PPIB's ability to continue as a going concern so that it can achieve its primary objective, provide benefits for other stakeholders and to maintain a strong fund base to support the sustainable operations. There were no changes to PPIB's' approach to fund management during the year and PPIB is not subject to externally imposed fund requirements.

## 28 RELATED PARTY TRANSACTIONS

PPIB operates in an economic regime currently dominated by entities directly or indirectly controlled by the Government of Pakistan ("State - controlled entities") through its government authorities, agencies, affiliates and other organizations. Transactions with these state - controlled entities are not very significant and hence impracticable to quantify for disclosure in these financial statements.

Other related parties are key management personnel and gratuity fund/trust. Transactions with key management personnel and gratuity fund are as follows:

	2019 (Rupees in thousand)	2018
Salaries and benefits to key management personnel	141,043	97,626
Contribution to gratuity fund / trust	82,588	-

## 29 FINANCIAL RISK MANAGEMENT

### 29.1 Financial risk factors

PPIB's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). PPIB's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on PPIB's financial performance. The Board members have overall responsibility for the establishment and oversight of PPIB's risk management framework. The Board members are also responsible for developing and monitoring PPIB's risk management policies.

This note presents information about PPIB's exposure to each of the above risks, PPIB's objectives, policies and processes for measuring and managing risk, and PPIB's management of fund. Further quantitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyze the risks faced by PPIB, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PPIB's activities. PPIB, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Market risk

Market risk is the risk that the value of financial instrument, may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market, will affect PPIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. PPIB is exposed to currency risk, interest rate risk and price risk only.

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Pak Rupee is the functional currency of PPIB and as a result currency exposure arises from transactions and balances in currencies other than Pak Rupee. PPIB's potential currency exposure comprises;

-Transactional exposure in respect of non-functional currency monetary items.

-Transactional exposure in respect of non-functional currency expenditure and revenues.

The potential currency exposures are discussed below;

##### **Transactional exposure in respect of non-functional currency monetary items**

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of PPIB are periodically restated to Pak Rupee equivalent, and the associated gain or loss is taken to the income and expenditure account. The currency risk related to monetary items is managed as part of the risk management strategy.

##### **Transactional exposure in respect of non-functional currency expenditure and revenues**

Performance guarantees encashed, income from operations, and certain income on investments and bank deposits is earned in currencies other than the functional currency. These currency risks are managed as a part of overall risk management strategy. There were no forward exchange contracts.

##### **Exposure to currency risk**

PPIB's exposure to currency risk is as follows:

	2019 (US Dollars in thousand)	2018
Short term investments - amortized cost	7,413	7,254
Bank balances	14	194
Net exposure	<u>7,427</u>	<u>7,448</u>

The following significant exchange rates applied during the year:

	2019	2018
<b>Rupees per USD</b>		
Average rate	142.70	109.40
Reporting date mid point rate	164.00	121.40

#### **Sensitivity analysis**

At 30 June 2019, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, profit for the year would have been Rupees 121.801 million (2018: Rupees 90.422 million) higher/lower. The analysis is performed on the same basis for comparative period.

#### **(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Board's investment in mutual fund amounting to Rupees 85.03 million (2018: Rupees 104.042 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2019, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive loss for the year would have been higher / lower by Rupees 8.503 million (2018: Rupees 10.4042 million).

#### **(iii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. A policy is adopted to ensure that interest rate risk is minimized by investing in fixed rate investments like PIBs and TDRs. There were no borrowings.

#### **Profile**

At the reporting date the interest rate profile of variable rate interest-bearing financial instruments is:

	2019 (Rupees in thousand)	2018
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investments	1,749,897	1,386,162
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances	103,663	203,025

#### **Sensitivity analysis**

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 1.037 million (2018 : Rupees 2.031 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Investments	1,834,931	1,490,204
Loans, advances and other receivables	133,840	163,712
Bank balances	103,664	206,443
	<u>2,072,435</u>	<u>1,860,359</u>

Geographically there is no concentration of credit risk as PPIB operates in the same geographical area.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Bank balances	Short term	Long term	Agency	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	1	141
Dubai Islamic Bank Limited	A1+	AA	VIS	51	6,014
National Bank of Pakistan	A1+	AAA	PACRA	22,597	94,582
Habib Bank Limited	A1+	AAA	VIS	78,698	89,571
Bank Alfalah Limited	A1+	AA+	PACRA	1	1,964
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1	769
United Bank Limited	A1+	AAA	VIS	357	3,512
NIB Bank Limited	A1+	AA-	PACRA	1	260
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2	163
Askari Bank Limited	A1+	AA+	PACRA	1	17
JS bank Limited	A1+	AA-	PACRA	869	648
Faysal Bank Limited	A1+	AA	PACRA	1,084	8,080
MCB Bank Limited	A1+	AAA	PACRA	1	49
First Women Bank Limited	A2	A-	PACRA	-	673
				<u>103,664</u>	<u>206,443</u>

**Investments**

**Term deposit receipts**

- Faysal Bank Limited	A1+	AA	PACRA	266,771	396,876
- Bank Alfalah Limited	A1+	AA+	PACRA	-	-
- Habib Bank Limited	A1+	AAA	VIS	-	-
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	830,298	353,709
- JS Bank Limited	A1+	AA-	PACRA	498,193	-
- Allied Bank Limited	A1+	AAA	PACRA	-	134,425
- Pak Brunei Investment Company Limited	A1+	AA+	VIS	154,635	-
				<u>1,749,897</u>	<u>885,010</u>
National Investment Trust	Unknown			85,034	104,042
Pakistan Investment Bonds	Unknown			-	-
				<u>1,834,931</u>	<u>989,052</u>

Due to the Board's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Board. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that PPIB will not be able to meet its financial obligations as they fall due. PPIB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

PPIB follows an effective cash management and planning policy to ensure availability of funds and to take measures for new requirements.

The maturity profile of PPIB's financial liabilities based on the contractual amounts is as follows:

	2019		2018	
	Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)
	----- (Rupees in thousand) -----			
Provision against performance guarantees encashed	828,466	828,466	650,398	650,398
Other payables having maturity up to one year	19,238	19,238	101,809	101,809
	<u>847,704</u>	<u>847,704</u>	<u>752,207</u>	<u>752,207</u>

**30 FINANCIAL INSTRUMENTS**

**30.1 Financial assets and liabilities**

**30 June 2019**

**Financial assets :**

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Amortized cost	FVTOCI	Total
----- (Rupees in thousand) -----		
92,786	-	92,786
1,749,897	-	1,749,897
103,672	-	103,672
-	85,034	85,034
39,319	-	39,319
<u>1,985,674</u>	<u>85,034</u>	<u>2,070,708</u>

**Financial liabilities :**

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

**Other financial liabilities**

(Rupees in thousand)

828,466	828,466
19,238	19,238
<u>847,704</u>	<u>847,704</u>

**30 June 2018**

**Financial assets :**

Maturity upto one year

Advances and other receivables

Short term investments

Cash and bank balances

Maturity after one year

Long term investments

Loans and advances

Loans and receivables	Available for sale	Total
----- (Rupees in thousand) -----		
144,224	-	144,224
1,386,162	-	1,386,162
206,451	-	206,451
-	104,042	104,042
23,849	-	23,849
<u>1,760,686</u>	<u>104,042</u>	<u>1,864,728</u>

**Financial liabilities :**

Maturity upto one year

Provision against performance guarantees encashed

Accrued and other liabilities

**Other financial liabilities**

(Rupees in thousand)

650,398	650,398
101,809	101,809
<u>752,207</u>	<u>752,207</u>

### 30.2 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair values except for held to maturity financial assets which are carried at amortized cost whose fair value in comparison with carrying amount is as follows:

	2019		2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	----- (Rupees in thousand) -----			
Assets carried at amortized cost				
Short term investments	<u>1,749,897</u>	<u>1,749,897</u>	<u>1,386,162</u>	<u>1,386,162</u>
	<u>1,749,897</u>	<u>1,749,897</u>	<u>1,386,162</u>	<u>1,386,162</u>

The basis for determining fair values is as follows:

### 30.3 Interest rates used for determining the fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

### 30.4 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Board has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

30 June 2019	Level 1	Level 2	Level 3	Total
Assets carried at fair value	----- (Rupees in thousand) -----			
Fair value through other comprehensive income	<u>85,034</u>	<u>-</u>	<u>-</u>	<u>85,034</u>
30 June 2018				
Assets carried at fair value				
Available for sale investments	<u>104,042</u>	<u>-</u>	<u>-</u>	<u>104,042</u>

The carrying value of the financial assets and liabilities reflected in the financial statements approximates their respective fair values.

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Board has no investments which are classified under level 3 of fair value hierarchy table.

The Board's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Board is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**30.5 Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

**31 DATE OF APPROVAL**

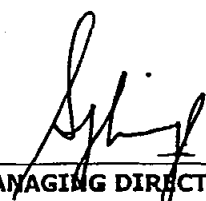
These financial statements were approved on 19 JUN 2020 by the Board members of PPIB.

**32 CORRESPONDING FIGURES**

No significant reclassification have been made in corresponding figures.

**33 GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise. *Ramp*

  
MANAGING DIRECTOR

  
BOARD MEMBER

**PRIVATE POWER AND INFRASTRUCTURE BOARD  
(PPIB)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**30 JUNE 2020**



**INDEPENDENT AUDITOR'S REPORT TO THE BOARD MEMBERS OF  
PRIVATE POWER AND INFRASTRUCTURE BOARD**

**Opinion**

We have audited the financial statements of Private Power and Infrastructure Board (PPIB), which comprise the statement of financial position as at 30 June 2020, and income and expenditure statement, the statement of comprehensive income, statement of changes in fund and reserve and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the PPIB as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of PPIB in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements of PPIB and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the PPIB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the PPIB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PPIB's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPIB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

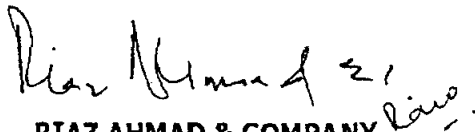
# Riaz Ahmad & Company

Chartered Accountants

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the PPIB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the PPIB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.

  
**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**ISLAMABAD**

**Date: 04 JAN 2021**

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**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

		2020	2019
	NOTE	(Rupees in thousand)	
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	53,474	50,704
Intangible assets	5	959	1,158
Long term investments	6	90,066	85,034
Loans and advances	7	38,846	39,319
Deferred income tax asset	8	10,370	3,545
		<u>193,715</u>	<u>179,760</u>
<b>CURRENT ASSETS</b>			
Advances, prepayments and other receivables	9	105,637	97,270
Advance tax	10	1,766	5,416
Short term investments	11	1,898,883	1,749,897
Cash and bank balances	12	146,703	103,672
		<u>2,152,989</u>	<u>1,956,255</u>
<b>CURRENT LIABILITIES</b>			
Provision against performance guarantees encashed	13	846,231	828,466
Staff benefits	14	63,934	75,797
Accrued and other liabilities	15	94,162	67,351
		<u>1,004,327</u>	<u>971,614</u>
<b>NET ASSETS</b>		<u><u>1,342,377</u></u>	<u><u>1,164,401</u></u>
<b>REPRESENTED BY:</b>			
PPIB Fund	16	1,300,910	1,125,042
Investments revaluation reserve		41,467	39,359
		<u><u>1,342,377</u></u>	<u><u>1,164,401</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>		17	

The annexed notes form an integral part of these financial statements. *Para.*

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

		2020	2019
	NOTE	(Rupees in thousand)	
<b>INCOME</b>			
Income from operations	18	603,606	499,683
Income from financial assets	19	149,951	224,415
Other income		650	2,430
		<u>754,207</u>	<u>726,528</u>
<b>EXPENDITURE</b>			
Salaries and benefits	20	495,738	479,327
Repair and maintenance	21	6,193	6,130
Printing and stationery	22	2,498	2,063
Professional and legal services fee		4,824	3,421
Board meeting expenses		1,692	2,540
Traveling expenses		2,262	7,730
Office / ground rent		41,930	27,936
Telephone, fax, postage and courier		1,799	1,760
Fixed assets insurance		1,094	1,071
Utilities		7,005	5,650
Audit fee	23	821	693
Depreciation	4	7,681	11,328
Amortization	5	199	199
Finance cost	24	2,929	2,754
Advertisement expenses		603	1,709
Other expenses	25	6,481	6,999
		<u>583,749</u>	<u>561,310</u>
<b>PROFIT BEFORE TAXATION</b>		<u>170,458</u>	<u>165,218</u>
Taxation	26	(5,070)	(55,640)
<b>PROFIT AFTER TAXATION</b>		<u><u>165,388</u></u>	<u><u>109,578</u></u>

The annexed notes form an integral part of these financial statements.

  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	2020 (Rupees in thousand)	2019
<b>PROFIT AFTER TAX</b>	165,388	109,578
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>		
<b>Items that will be subsequently reclassified to income and expenditure</b>		
Surplus / (deficit) on remeasurement of investments to fair value	2,969	(22,103)
Deferred income tax	(861)	284
	2,108	(21,819)
<b>Items that will not be subsequently reclassified to income and expenditure</b>		
Remeasurement of defined benefit plan	14,761	9,784
Deferred income tax	(4,281)	(2,837)
	10,480	6,947
<b>Other comprehensive income / (loss) - net of tax</b>	12,588	(14,872)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>177,976</u>	<u>94,706</u>

The annexed notes form an integral part of these financial statements.

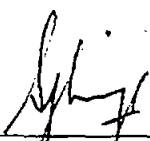
  
**MANAGING DIRECTOR**

  
**BOARD MEMBER**

**PRIVATE POWER AND INFRASTRUCTURE BOARD**  
**STATEMENT OF CHANGES IN FUND AND RESERVE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	PPIB fund	Investments revaluation reserve	Total
----- (Rupees in thousand) -----			
<b>Balance as at 30 June 2018</b>	1,008,517	61,178	1,069,695
Profit for the year	109,578	-	109,578
Other comprehensive loss for the year	6,947	(21,819)	(14,872)
Total comprehensive income for the year	116,525	(21,819)	94,706
<b>Balance as at 30 June 2019</b>	1,125,042	39,359	1,164,401
Profit for the year	165,388	-	165,388
Other comprehensive income for the year	10,480	2,108	12,588
Total comprehensive income for the year	175,868	2,108	177,976
<b>Balance as at 30 June 2020</b>	<u>1,300,910</u>	<u>41,467</u>	<u>1,342,377</u>

The annexed notes form an integral part of these financial statements.

  
 \_\_\_\_\_  
**MANAGING DIRECTOR**

  
 \_\_\_\_\_  
**BOARD MEMBER**



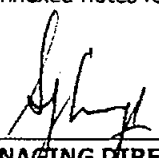
# PRIVATE POWER AND INFRASTRUCTURE BOARD

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	170,458	165,218
Adjustments for non-cash and other items:		
Depreciation	7,681	11,328
Amortization	199	199
Return on held to maturity investments	(110,468)	(73,566)
Income on bank deposits	(15,754)	(8,810)
Interest on loan to employees	(6,651)	(3,439)
Provision for staff gratuity	32,482	32,218
Provision for leave encashment	16,588	16,382
Gain on sale of property and equipment	-	(2,031)
Unrealized foreign exchange gain - net	(14,685)	(135,063)
<b>Net cash generated from operating activities</b>	<b>79,850</b>	<b>2,436</b>
<b>Effect of working capital changes:</b>		
(Increase) / decrease in advances, prepayments and other receivables	(8,898)	44,228
Increase / (decrease) in accrued and other liabilities	26,811	(59,851)
	17,913	(15,623)
Gratuity paid	(29,298)	(82,588)
Leave encashment paid	(16,874)	(14,069)
Taxes paid	(13,387)	(6,096)
	(59,559)	(102,753)
<b>Net cash generated / (used in) from operating activities</b>	<b>38,204</b>	<b>(115,940)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property and equipment	10,875	(7,475)
Proceeds from sale of property and equipment	-	2,031
Decrease in long term loans and advances	(2,681)	(12,293)
Return on bank deposits	19,089	7,592
Interest on loan to employees	6,651	3,439
Return on held to maturity investments received	84,628	59,851
Investment made - net	(146,185)	(353,115)
<b>Net cash used in investing activities</b>	<b>(27,623)</b>	<b>(299,970)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,581</b>	<b>(415,910)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>103,672</b>	<b>206,451</b>
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	<b>32,450</b>	<b>313,131</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>146,703</b>	<b>103,672</b>

The annexed notes form an integral part of these financial statements.

  
MANAGING DIRECTOR

  
BOARD MEMBER



## PRIVATE POWER AND INFRASTRUCTURE BOARD

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

#### 1 STATUS AND OPERATIONS

- 1.1 Private Power and Infrastructure Board (PPIB) was constituted in August 1994 under a Federal Government Notification to act as one window organization on behalf of all the agencies and Ministries of the Government of Pakistan (GOP) to process and facilitate private sector power projects, monitor their performance and perform all other related functions. The registered office of PPIB is situated at Mauve Area, Sector G-8/1, Islamabad.
- 1.2 Private Power and Infrastructure Board (PPIB) Act No. VI of 2012 (the Act), was enacted on 02 March 2012 for establishment of PPIB as a body corporate having perpetual succession & common seal, independent in performance of its functions and competent to sue and be sued in its own name and acquire and hold property. As per the Act, PPIB is responsible for implementing the power policies of the Government of Pakistan, the development and implementation of power projects and related infrastructure in the private sector and on public-private partnership basis, enter into agreements & contracts, to provide for matters connected therewith or incidental thereto, etc.

Upon commencement of the Act, the Private Power and Infrastructure Board established vide Federal Government's Notification (hereinafter referred to as the former Board) stood dissolved and consequent to such dissolution:-

- (a) all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former board subsisting immediately before its dissolution stood transferred to and vested in PPIB constituted under the Act;
- (b) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the former Board are deemed to have been incurred, entered into, acquired or engaged to be done by, with or for PPIB;
- (c) all suits and other legal proceedings instituted by or against the former Board, before its dissolution, are deemed to be suits and proceedings by or against PPIB and will be proceeded or otherwise dealt with accordingly; and
- (d) any reference to the former Board in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as applicable in Pakistan.

##### 2.2 Accounting convention

These financial statements have been prepared on the historical cost basis except financial instruments which are carried at their fair values or amortized cost and staff retirement gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets. Assets transferred from Private Power Cell (PPC) are carried at their assigned values as explained in note 3.1 to the financial statements.

##### 2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying PPIB's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to PPIB's financial statements or where judgments were exercised in application of accounting policies are as follows:

### **Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of PPIB. Further, PPIB reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

### **Employee benefits**

PPIB operates funded scheme of gratuity for all employees of PPIB, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to scheme' benefits.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Employee benefits scheme cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

### **Income tax**

In making the estimates for income tax currently payable by PPIB, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to PPIB**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for PPIB's accounting periods beginning on or after 01 July 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 - 2017 Cycle

The above mentioned accounting standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

#### **2.5 Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the PPIB**

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the PPIB's financial statements and are therefore, not detailed in these financial statements.

#### **2.6 Amendments to published approved accounting standards that are not yet effective but relevant to PPIB**

Following amendments to existing standards have been published and are mandatory for PPIB's accounting periods beginning on or after 01 July 2020 or later periods:

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits—this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore, would not have an impact on past financial statements.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A PPIB shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

## 2.7 Standards, interpretations and amendments to approved published standards that are not yet effective and not considered relevant to PPIB

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on PPIB's financial statements and are therefore not detailed in these financial statements.

## 2.8 Functional and presentation currency

These financial statements are presented in the currency of the primary economic environment in which PPIB operates. The financial statements are presented in Pakistani Rupees, which is PPIB's functional currency.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property and equipment

#### a) Cost

Tangible assets except those transferred from PPC and leasehold land are stated at cost less accumulated depreciation and impairment loss (if any). Property and equipment transferred from PPC are stated at assigned values less depreciation and impairment loss (if any) with corresponding credit to a property and equipment reserve which has been amortized in full over the useful life of these assets. Leasehold land is carried at cost less impairment, if any.

Subsequent costs are included in the assets' carrying amount when it is probable that future economic benefits associated with the item will flow to PPIB and the cost of the item can be measured reliably. Carrying amount of the replaced part is de-recognized.

#### b) Depreciation

Depreciation is charged on the straight line method so as to allocate their cost over their estimated useful life at the rates specified in note 4 to these financial statements.

Depreciation is charged on pro-rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

c) **Repairs and maintenance**

Maintenance and normal repairs, including minor alterations, are charged to income as and when incurred.

d) **Gains and losses on disposal**

Gains and losses on disposal of assets are included in income and expenditure account currently.

All other repairs and maintenance are charged to income during the year. Gain and losses on disposal of property and equipment are included in the income and expenditure account currently.

e) **Capital work in progress**

Capital work in progress is stated at cost.

3.2 **Intangible assets**

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to PPIB and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization or impairment loss, if any. Amortization is based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment, if any.

Amortization is recognized in income and expenditure account on a straight line basis @ 10 % per annum, from the month the asset is available for use.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in income and expenditure account as incurred.

3.3 **IFRS 16 "Leases"**

PPIB has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the financial statements of the PPIB.

**Right-of-use assets**

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the PPIB expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

PPIB has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

## Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the PPIB's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 3.4 Investments and other financial assets

### a) Classification

PPIB classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on PPIB's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether PPIB has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. PPIB reclassifies debt investments when and only when its business model for managing those assets changes.

### b) Measurement

At initial recognition, PPIB measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## Debt instruments

Subsequent measurement of debt instruments depends on PPIB's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which PPIB classifies its debt instruments:

### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in income and expenditure account.

#### **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

#### **Fair value through profit or loss**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

#### **Equity instruments**

PPIB subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

#### **Fair value through other comprehensive income (FVTOCI)**

Where PPIB's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

#### **Fair value through profit or loss**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when PPIB's right to receive payments is established

#### **Financial liabilities**

##### **a) Classification and measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

### **3.5 Impairment of financial assets**

PPIB assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, PPIB applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

#### **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

#### **Fair value through profit or loss**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

#### **Equity instruments**

PPIB subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

#### **Fair value through other comprehensive income (FVTOCI)**

Where PPIB's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

#### **Fair value through profit or loss**

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when PPIB's right to receive payments is established

#### **Financial liabilities**

##### **a) Classification and measurement**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

### **3.5 Impairment of financial assets**

PPIB assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, PPIB applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

### 3.6 De-recognition

#### a) Financial assets

PPIB derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by PPIB is recognized as a separate asset or liability.

#### b) Financial liabilities

PPIB derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

### 3.7 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and PPIB intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 3.8 Trade debts and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

PPIB has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

### 3.9 Accrued and other liabilities

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 3.10 Employee retirement benefits

The main features of the retirement benefit schemes operated by PPIB for its employees are as follows:

#### 3.10.1 Defined benefit plans

PPIB has in place a defined benefit funded gratuity for all eligible employees who complete qualifying period of service and age.

The fund is administered by trustees. Annual contributions to the gratuity fund are based on actuarial valuation using Projected Unit Credit Method, related details of which are given in note 14 to the financial statements. The obligation at the reporting date is measured at the present value of the estimated future cash outflows. All contributions are charged to income and expenditure account for the year. The latest actuarial valuation was carried out at 30 June 2019.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income and past service cost is recognized in income and expenditure account when they occur.

Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

#### 3.10.2 Defined contribution plan

PPIB operates and manages a contributory provident fund scheme for all its regular employees who have completed the probation period. PPIB has created a trust for this purpose and has applied to Commissioner of Income tax for recognition of the fund under the provisions of part 1 of sixth schedule of Income Tax Ordinance, 2001.

Equal monthly contributions are made by PPIB and the employees at the rate of 5% of basic salary. Contributions are charged to income and expenditure account.

### 3.11 Leave encashment

PPIB also has a policy whereby all its employees are able to encash accumulated leave balance as per PPIB service rules. Provision is made in the financial statements for the amount payable on account of unavailed leave balance of the employees. Provision for leave encashment is made for unavailed leave balance as at period end at the rate of 2.5 days for every calendar month of duty period rendered by him.

### 3.12 Taxation

Income tax expense comprises of current and deferred tax.

#### Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred tax

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

### 3.13 Revenue recognition

Income as presented in income and expenditure statement is the revenue as defined under IFRS 15 - Revenue from Contracts with Customers. IFRS 15 establishes the principles that an entity shall apply about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Revenue is recognised from different sources as follows:

-Registration fee, request for quotation fee, expression of Interest fee and project processing fee is recognized on receipt basis.

-extension and issuance of letter of intent (LOI) and letter of support (LOS) is recognized on meeting performance obligation which is dependent upon approval of Board.

Revenue from profit on bank balances, investments, operations and other income is recognized on accrual basis. Dividend income is recognized when the right to receive dividend is established.

Proceeds from encashment of performance guarantees is recognized as income in the year in which the guarantee is encashed and the management believes that the outcome of the transaction can be estimated reliably.

### 3.14 Off-setting

Financial assets and liabilities are set off in the statement of financial position, only when PPIB has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### 3.15 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak rupee at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are charged to income for the current year.

### 3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with bank.

### 3.17 Provisions

Provisions are recognized when PPIB has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

#### 4 PROPERTY AND EQUIPMENT

	Leasehold land	Furniture and fixtures	Leasehold improvements	Computer equipment	Office equipment	Air conditioners	Vehicles	Books, tools and spares	Capital work in progress Note 4.1	Total
Rupees in thousand										
<b>At 30 June 2018</b>										
Cost	15,014	7,120	17,200	20,630	7,114	492	21,919	906	15,666	106,061
Accumulated depreciation	-	(4,412)	(11,192)	(14,571)	(5,145)	(234)	(15,167)	(783)	-	51,504
	<u>15,014</u>	<u>2,708</u>	<u>6,008</u>	<u>6,059</u>	<u>1,969</u>	<u>258</u>	<u>6,752</u>	<u>123</u>	<u>15,666</u>	<u>54,557</u>
<b>Year ended 30 June 2019</b>										
Opening net book value	15,014	2,708	6,008	6,059	1,969	258	6,752	123	15,666	54,557
Additions	-	1,354	-	1,067	108	-	4,911	35	-	7,475
Disposals:										
Cost	-	(75)	-	(1,587)	(132)	-	(3,866)	-	-	(5,660)
Accumulated depreciation	-	75	-	1,587	132	-	3,866	-	-	5,660
Depreciation charge	-	(466)	(5,426)	(1,868)	(667)	(74)	(2,781)	(46)	-	(11,328)
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>	<u>50,704</u>
<b>At 30 June 2019</b>										
Cost	15,014	8,399	17,200	20,110	7,090	492	22,964	941	15,666	107,876
Accumulated depreciation	-	(4,803)	(16,618)	(14,852)	(5,680)	(308)	(14,082)	(829)	-	(57,172)
	<u>15,014</u>	<u>3,596</u>	<u>582</u>	<u>5,258</u>	<u>1,410</u>	<u>184</u>	<u>8,882</u>	<u>112</u>	<u>15,666</u>	<u>50,704</u>
<b>Year ended 30 June 2020</b>										
Opening net book value	15,014	3,596	582	5,258	1,410	184	8,882	112	15,666	50,704
Additions	-	1,092	1,200	1,391	1,302	-	5,886	4	-	10,875
Disposals:										
Cost	-	-	-	-	-	-	(4,388)	-	-	(4,388)
Accumulated depreciation	-	-	-	-	-	-	3,964	-	-	3,964
Depreciation charge	-	(562)	(797)	(2,112)	(555)	(63)	(3,550)	(42)	-	(7,681)
	<u>15,014</u>	<u>4,126</u>	<u>985</u>	<u>4,537</u>	<u>2,157</u>	<u>121</u>	<u>10,794</u>	<u>74</u>	<u>15,666</u>	<u>53,474</u>
<b>At 30 June 2020</b>										
Cost	15,014	9,491	18,400	21,501	8,392	492	24,462	945	15,666	114,363
Accumulated depreciation	-	(5,365)	(17,415)	(16,964)	(6,235)	(371)	(13,668)	(871)	-	(60,889)
	<u>15,014</u>	<u>4,126</u>	<u>985</u>	<u>4,537</u>	<u>2,157</u>	<u>121</u>	<u>10,794</u>	<u>74</u>	<u>15,666</u>	<u>53,474</u>
Rate of depreciation (per annum)	-	10%	33%	20%	15%	15%	20%	10%	-	

#### 4.1 Capital work in progress

This represents payments made to National Engineering Services Pakistan (Private) Limited, Capital Development Authority and Pakistan Environmental Protection Agency for planning and designing of construction of building on leasehold land.

5 INTANGIBLE ASSETS - Computer softwares	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>Year ended 30 June</b>			
Opening book value		1,158	1,357
Amortization		(199)	(199)
Closing net book value		<u>959</u>	<u>1,158</u>
Cost as at 30 June		2,068	2,068
Accumulated amortization		<u>(1,109)</u>	<u>(910)</u>
Net book value		<u>959</u>	<u>1,158</u>
Amortization rate		10%	10%

## 6 LONG TERM INVESTMENTS

### Fair value through other comprehensive income

National Investment Trust (NIT) 1,602,033 units (2019: 1,563,112 units)	87,097	107,137
Surplus / (deficit) on remeasurement of investment to fair value	<u>2,969</u>	<u>(22,103)</u>
	<u>90,066</u>	<u>85,034</u>

## 7 LOANS AND ADVANCES - at amortized cost

Loans and advances - considered good	7.1 & 7.2	53,688	51,007
Less: Current portion shown under current assets	9	<u>(14,842)</u>	<u>(11,688)</u>
		<u>38,846</u>	<u>39,319</u>

- 7.1 These represent loan to employees for house construction, medical and other purposes and carry interest at the rate of one year KIBOR prevailing when loan is granted. These are recoverable in equal monthly installments spread over a period of 5 years and are secured against future gratuity payments of the employees and also indemnity bonds in favor of PPIB executed by two employees of PPIB acting as sureties on behalf of employee obtaining loan.

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
7.2 Loans to key management personnel		
Opening balance	22,956	33,029
Loans adjusted during the year	<u>(4,612)</u>	<u>(10,073)</u>
Closing balance	<u>18,344</u>	<u>22,956</u>

## 8 DEFERRED INCOME TAX ASSET

This comprises of following:

### Deferred tax liability on taxable temporary differences in respect of:

Accelerated depreciation	(7,581)	(6,069)
Surplus on remeasurement of investments to fair value	<u>(590)</u>	<u>-</u>
	<u>(8,171)</u>	<u>(6,069)</u>

### Deferred tax asset on deductible temporary differences in respect of:

Provision for staff gratuity	11,645	9,343
Provision for leave encashment	6,896	-
Deficit on remeasurement of investments to fair value	<u>-</u>	<u>271</u>
	<u>18,541</u>	<u>9,614</u>
	<u>10,370</u>	<u>3,545</u>

## 8.1 Movement in deferred income tax asset

As at 01 July 2019	Statement of profit or loss (Note 26)	Other comprehensive income	As at 30 June 2020
--------------------	---------------------------------------	----------------------------	--------------------

-----Rupees in thousand-----

Accelerated tax depreciation	(6,069)	(1,512)	-	(7,581)
Deficit / (surplus) on remeasurement of investments	271	-	(861)	(590)
Provision for gratuity	9,343	6,583	(4,281)	11,645
Provision for leave encashment	-	6,896	-	6,896
<b>Deferred income tax asset</b>	<b>3,545</b>	<b>11,967</b>	<b>(5,142)</b>	<b>10,370</b>

- 8.2 Deferred income tax asset of Rupees 231.097 million (2019: Rupees 269.847 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not probably be available against which the temporary differences can be utilized.

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to:			
- employees against provident fund		1,735	1,735
- suppliers / services		142	149
- employees against expenses		906	1,461
		<u>2,783</u>	<u>3,345</u>
Current portion of loans and advances	7	14,842	11,688
Prepayments		3,143	1,139
Accrued interest on bank deposits		110	3,795
Accrued income on account of fees	9.1	82,235	74,236
Other receivables		2,524	3,067
		<u>105,637</u>	<u>97,270</u>

- 9.1 This represents accrued fee in respect of extension of "letter of intent" LOI and "letter of support" LOS approved by Board of Directors for various Independent Power Producers (IPPs).

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>10 ADVANCE TAX</b>			
Balance at the beginning of the year		5,416	27,248
Income tax paid / deducted at source		13,387	6,096
Provision for taxation - current	26	<u>(17,037)</u>	<u>(27,928)</u>
Balance at the end of the year		<u>1,766</u>	<u>5,416</u>

- 10.1 This represents tax withholding suffered at source and includes an amount of Rupees 8.9 million relating to tax years 2009, 2010 and 2011 in whose respect, the refund applications were filed by the Board with taxation authorities on 26 August 2011. A reminder of the same was filed on 18 June 2012 whereas, the aforesaid applications were rejected by the Officer Inland Revenue, Regional Tax Office, Islamabad. PPiB had filed appeals with Commissioner Inland Revenue - Appeals (CIR - A) in this respect which were rejected. Thereafter, PPiB filed appeals with Appellate Tribunal Inland Revenue (ATIR). In disposing off the appeal, the ATIR has vacated the order of CIR-A and directed PPiB to approach the Taxation Officer (TO) and the TO has been directed that he may consult Federal Board of Revenue for procedure in such cases. However, PPiB has claimed credit of aforesaid refund amount of Rupees 8.9 million against tax liability in the income tax return for tax year 2018.

	2020	2019
	(Rupees in thousand)	
<b>11 SHORT TERM INVESTMENTS - Amortized cost</b>		
<b>Term Deposit Receipts (TDRs)</b>		
<b>(In US Dollars)</b>		
Habib Metropolitan Bank Limited (HMBL) USD 5,209,922 (2019: USD 5,033,726)	876,570	825,531
JS Bank Limited (JSBL) USD 2,450,482 (2019: USD 2,379,188)	412,294	390,187
	<u>1,288,864</u>	<u>1,215,718</u>
<b>(In PKR)</b>		
Pak Oman Investment Company Limited (POIC)	200,000	-
Pak Brunei Investment Company Limited (PBIC)	-	150,000
JS Bank Limited (JSBL)	100,000	100,000
Faysal Bank Limited (FBL)	250,000	250,000
	<u>550,000</u>	<u>500,000</u>
<b>Accrued profit on:</b>	<u>1,838,864</u>	<u>1,715,718</u>
<b>TDRs</b>		
<b>In US Dollars</b>		
- HMBL	4,171	4,767
- JSBL	5,662	5,839
	<u>9,833</u>	<u>10,606</u>
<b>In PKR</b>		
- POIC	13,798	-
- PBIC	-	4,635
- JSBL	7,659	2,167
- FBL	28,729	16,771
	<u>50,186</u>	<u>23,573</u>
	<u>1,898,883</u>	<u>1,749,897</u>

11.1 Maturity dates and profit margin are as follows:

Bank / certificate	Currency	Maturity	Profit rate per annum
<b>TDRs</b>			
JSBL	USD	October 2020	3.50%
JSBL	USD	June 2021	3.00%
HMBL	USD	April 2021	3.05%
HMBL	USD	March 2021	3.35%
HMBL	USD	June 2021	3.15%
FBL	PKR	September 2020	14.00%
FBL	PKR	September 2020	14.00%
JSBL	PKR	December 2020	13.25%
POIC	PKR	December 2020	13.25%

	NOTE	2020	2019
		(Rupees in thousand)	
<b>12 CASH AND BANK BALANCES</b>			
Cash at bank:			
- Current accounts		-	1
- Saving accounts	12.1, 12.2 & 12.3	146,654	103,663
		<u>146,654</u>	<u>103,664</u>
Cash in hand		49	8
		<u>146,703</u>	<u>103,672</u>

- 12.1 Balances in these accounts include Rupees 69,647 million (2019: Rupees 47,676 million) held on account of employees' provident fund scheme.
- 12.2 Balances in saving accounts include USD 16,671 (2019: USD 14,398).
- 12.3 Balances in saving accounts carry rates of profit ranging from 2.79% to 15.39% (2019: 0.25% to 8.75%) per annum.

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>13 PROVISION AGAINST PERFORMANCE GUARANTEES ENCASHED</b>			
Spencer Powergen Company of Pakistan Limited	13.2	41,046	41,046
Star Energy Venture Pakistan Limited	13.3	78,400	78,400
Liberty Power Tech Limited		23,500	23,500
Star Power Generation Company Limited	13.4	450,910	439,520
Kotli Hydropower Project	13.5	84,125	82,000
Gujranwala Energy Limited		<u>168,250</u>	<u>164,000</u>
		<u>846,231</u>	<u>828,466</u>

**13.1 Movement of provision against performance guarantees encashed**

Balance at the beginning	828,466	650,398
Exchange loss	<u>17,765</u>	<u>178,068</u>
Balance at the end	<u>846,231</u>	<u>828,466</u>

13.2 Based on order of Islamabad High Court dated 4 April 2013, PPIB had to pay the amount of performance guarantee of Rupees 33 million along with profits amounting to Rupees 24.51 million. PPIB may be required to pay further amount of Rupees 41.046 million as per contempt petition vide order dated 20 March 2019 of Islamabad High Court filed by Spencer Powergen Company of Pakistan Limited which was challenged by the PPIB in Apex court of Pakistan where the matter is pending adjudication.

13.3 In June 1999, Star Energy Venture Pakistan Limited filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.

13.4 Star Power Generation Company Limited has filed a writ petition before Sindh High Court challenging the encashment of performance guarantee by PPIB and PPIB may be required to pay the said amount.

13.5 In April 2010, PPIB issued LOS to Mira Power Limited for the establishment of 100 MW Hydropower project on the Poonch River, near Kotli located in the territory of the State of Azad Jammu and Kashmir (AJ & K). Due to failure to achieve financial close on the specified date i.e. 29 April 2013, the performance guarantee was encashed on 29 May 2013. As per the agreement of agency between PPIB and AJ & K Council, "The Authorized Agent (PPIB) shall transfer to the Principal (AJ & K Council), full amount of bank guarantee and bid bond following their encashment in the event of default by sponsors or project company less any actual legal expenses incurred by the Authorized Agent". In case the PPIB's act of encashment of performance guarantee is not contested at court of law then after three years this amount shall be payable by PPIB to AJ & K Council.

13.6 The provision mentioned above are being carried on the basis of management's assessment of related cases. Further, PPIB is also defending its views before the High Court in connection with the above cases filed by the aforesaid entities.

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>14 STAFF BENEFITS</b>			
Leave encashment	14.1	23,779	24,065
Gratuity	14.2	<u>40,155</u>	<u>51,732</u>
		<u>63,934</u>	<u>75,797</u>

**14.1 Movement of provision for leave encashment is as follows:**

Balance at the beginning		24,065	21,752
Expense for the year	20	16,588	16,382
Payments made during the year		<u>(16,874)</u>	<u>(14,069)</u>
Balance at the end		<u>23,779</u>	<u>24,065</u>

**14.2 Gratuity**

The latest actuarial valuation was carried out as at 30 June 2020, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>14.2.1 The amounts recognized in the statement of financial position are as follows:</b>			
Present value of defined benefit obligation	14.2.5	356,785	322,670
Fair value of plan assets	14.2.6	<u>(316,630)</u>	<u>(270,938)</u>
		<u>40,155</u>	<u>51,732</u>

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)		
14.2.2	The amounts recognized in income and expenditure account are as follows:				
	Current service cost	27,720	26,715		
	Net interest cost	4,762	5,503		
	20	<u>32,482</u>	<u>32,218</u>		
14.2.3	Movement in statement of financial position				
	Opening liability	51,732	111,886		
	Expense for the year	32,482	32,218		
	Charged to other comprehensive income	(14,761)	(9,784)		
	Contributions paid	<u>(29,298)</u>	<u>(82,588)</u>		
	Liability to be recognized in the statement of financial position	<u>40,155</u>	<u>51,732</u>		
14.2.4	Based on the actuarial valuation a contribution of Rupees 29.634 million is expected to be paid to the defined benefit plan during the year ending 30 June 2021.				
		2020 (Rupees in thousand)	2019 (Rupees in thousand)		
14.2.5	Changes in the present value of defined benefit obligation are as follows:				
	Present value of defined benefit obligation at beginning	322,670	311,247		
	Current service cost	27,720	26,715		
	Interest cost	44,577	26,665		
	Benefits paid	(12,365)	(11,042)		
	Benefits due but not paid	-	(18,894)		
	Remeasurement of defined benefit obligation	<u>(25,817)</u>	<u>(12,021)</u>		
	Present value of defined benefit obligation at 30 June	<u>356,785</u>	<u>322,670</u>		
14.2.6	Changes in the fair value of plan assets are as follows:				
	Fair value of plan assets at beginning	270,938	199,361		
	Expected return on plan assets	39,815	21,162		
	Contributions to the fund	29,298	82,588		
	Benefits paid	(12,365)	(11,042)		
	Benefits due but not paid	-	(18,894)		
	Remeasurement of plan assets	<u>(11,056)</u>	<u>(2,237)</u>		
	Fair value of plan assets at 30 June	<u>316,630</u>	<u>270,938</u>		
14.2.7	Composition of plan assets as a percentage of total plan assets of defined gratuity plan are as follows:				
		2020 %	2019 %	2020 (Rupees in thousand)	2019 (Rupees in thousand)
	Bank balances	7.25	14.03	22,943	38,026
	NIT units	1.11	1.77	3,524	4,783
	Term deposit receipts	93.44	88.86	295,849	240,755
	Others	0.52	2.31	1,644	6,267
	Payables	<u>(2.32)</u>	<u>(6.97)</u>	<u>(7,330)</u>	<u>(18,893)</u>
		<u>100</u>	<u>100</u>	<u>316,630</u>	<u>270,938</u>
14.2.8	Principal actuarial assumptions used in the actuarial valuation are as follows:			2020	2019
	Discount rate			8.50%	14.25%
	Future salary increase			8.50%	14.25%
	Expected return on plan assets			14.25%	9.00%
	Withdrawal Rates			Age-Based	Age-Based
	Mortality Rates			Adjusted SLIC 2001-2005 Setback 1 Year	Adjusted SLIC 2001-2005 Setback 1 Year

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>14.2.9 Re-measurements recognized in other comprehensive income during the year:</b>		
Remeasurement gain on obligation	25,817	12,021
Remeasurement loss on plan assets	(11,056)	(2,237)
	<u>14,761</u>	<u>9,784</u>
<b>14.2.10 Sensitivity analysis</b>		
Discount Rate + 1 %	328,512	297,592
Discount Rate - 1 %	389,074	351,198
Salary growth rate + 1 %	388,759	350,934
Salary growth rate - 1 %	328,266	297,384
<b>14.2.11 Plan assets</b>		
Bond	91.32%	0.0%
Equity	1.09%	1.7%
Cash and / or deposits	7.59%	98.3%
<b>14.2.12 Expected benefit payments for the next 10 years and beyond</b>		
FY 2021	9,256	
FY 2022	47,805	
FY 2023	45,780	
FY 2024	12,304	
FY 2025	37,834	
FY 2026	30,048	
FY 2027	17,576	
FY 2028	40,634	
FY 2029	13,005	
FY 2030	133,518	
FY 2031 onwards	1,492,690	
The average duration of the defined benefit obligation is	<b>8 Years</b>	
<b>14.2.13 Risk associated with defined benefit plans</b>		
<b>Investment risk:</b>		
The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.		
<b>Longevity risks:</b>		
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.		
<b>Salary increase risk:</b>		
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.		
<b>Withdrawal risk:</b>		
The risk of actual withdrawals varying with actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.		

	NOTE	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>15 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		12,551	14,953
Audit fee payable		763	1,056
Retention money		710	710
Other payables		7,588	2,519
Provident fund payable	15.1	<u>72,550</u>	<u>48,113</u>
		<u>94,162</u>	<u>67,351</u>
<b>15.1 Movement of provision for provident fund is as follows:</b>			
Balance at the beginning		48,113	25,281
Provision for the year		21,534	22,328
Interest for the year	24	2,903	2,669
Payments made during the year		-	(2,165)
Balance at the end		<u>72,550</u>	<u>48,113</u>

**16 PPIB FUND**

As per the requirement of Section 14 of the PPIB Act (Act No. VI of 2012), the accumulated surplus and Government fund available on the PPIB balance sheet as at 1 March 2012 were converted into PPIB Fund. The PPIB Fund is to be administered and controlled by PPIB. The PPIB Fund is to be funded through various sources as specified in Section 14 of the PPIB Act and expended for operations of PPIB for the objects and purposes as specified in Section 15 of the PPIB Act. At the end of each financial year, a balance sheet and income and expenditure account is required to be prepared and any profit / loss is to be transferred to the PPIB Fund.

**17 CONTINGENCIES AND COMMITMENTS****17.1 Contingent liabilities**

Certain sponsors of power projects have filed suits against Government of Pakistan (GOP) / PPIB for aggregate claims against damages of Rupees 113,457 million (2019: Rupees 113,457 million) and USD 58 million (2019: USD 58 million). Also, claims have been lodged against the performance guarantees encashed amounting USD 0.2 million (2019: USD 0.2 million). These law suits are currently being defended by PPIB. At this stage, either it is not possible to determine the expected outcome of these litigations or favorable results to PPIB are probable. All the cases are pending in the courts of law so the expected timing of outflow of resources cannot be ascertained.

	NOTE	2020 (Rupees in thousand)	2019
<b>17.2 Commitments</b>			
Commitments against capital expenditure		<u>25,671</u>	<u>25,671</u>
<b>18 INCOME FROM OPERATIONS</b>			
Registration fee		95	42
Request for quotation fee		-	42
Project processing fee		7,990	6,940
Issuance of LOI/LOS fee		45,822	-
Extension in LOI/LOS fee		419,905	401,900
Proposal processing fee solicited projects		-	7,915
Fee for achievement of financial close		51,150	70,170
Fee for design change		23,340	-
Fee for change in shareholding		<u>55,304</u>	<u>12,584</u>
		<u>603,606</u>	<u>499,593</u>
<b>19 INCOME FROM FINANCIAL ASSETS</b>			
Return on bank deposits		15,754	8,810
Return on short term investments		110,468	73,566
Interest on loans to employees		6,651	3,439
Dividend income		2,393	3,537
Exchange gain - net		<u>14,685</u>	<u>135,063</u>
		<u>149,951</u>	<u>224,415</u>
<b>20 SALARIES AND BENEFITS</b>			
Salaries and allowances		352,570	362,337
Bonus		69,719	35,074
Provision for staff gratuity	14.2.2	32,482	32,218
Provision for leave encashment	14.1	16,588	16,382
PPIB Contribution towards EOBI		1,152	3,819
Provident fund contribution		9,892	10,114
Other benefits		<u>13,335</u>	<u>19,383</u>
		<u>495,738</u>	<u>479,327</u>
<b>21 REPAIR AND MAINTENANCE</b>			
Vehicle running and maintenance		4,125	4,705
Office repair, maintenance and renovation		802	683
Computer repair		847	320
Equipment repair		396	369
Furniture repair		<u>23</u>	<u>53</u>
		<u>6,193</u>	<u>6,130</u>

	NOTE	2020 (Rupees in thousand)	2019
<b>22 PRINTING AND STATIONERY</b>			
Computer stationery		636	618
Office stationery		891	768
Printing		971	677
		<u>2,498</u>	<u>2,063</u>
<b>23 AUDIT FEE</b>			
<b>Riaz Ahmad and Company</b>			
Statutory audit fee		363	363
<b>A.F. Ferguson &amp; Co.</b>			
Gratuity fund audit		108	-
Provident fund audit		350	330
		<u>458</u>	<u>330</u>
		<u>821</u>	<u>693</u>
<b>24 FINANCE COST</b>			
Bank charges		26	85
Employees' provident fund trust	15.1	<u>2,903</u>	<u>2669</u>
		<u>2,929</u>	<u>2,754</u>
<b>25 OTHER EXPENSES</b>			
Newspapers and periodicals		336	334
Training, conferences and seminars		1,295	2,321
Entertainment and office supplies		1,834	1,738
Security services		2,492	1,881
Miscellaneous		524	725
		<u>6,481</u>	<u>6,999</u>
<b>26 TAXATION</b>			
Current	10	17,037	27,928
Deferred	8.1	<u>(11,967)</u>	<u>27,712</u>
		<u>5,070</u>	<u>55,640</u>

- 26.1 Provision for current tax represents income from other sources / alternate corporate tax because of gross loss for the year and in view of available tax losses of Rupees 796.888 million (2019: Rupees 983.664 million). Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate has not been prepared being impracticable.

## 27 FUND MANAGEMENT

PPIB's objective when managing fund is to safeguard PPIB's ability to continue as a going concern so that it can achieve its primary objective, provide benefits for other stakeholders and to maintain a strong fund base to support the sustainable operations. There were no changes to PPIB's approach to fund management during the year and PPIB is not subject to externally imposed fund requirements.

## 28 RELATED PARTY TRANSACTIONS

PPIB operates in an economic regime currently dominated by entities directly or indirectly controlled by the Government of Pakistan ("State - controlled entities") through its government authorities, agencies, affiliates and other organizations. Transactions with these state - controlled entities are not very significant and hence impracticable to quantify for disclosure in these financial statements.

Other related parties are key management personnel and gratuity fund/trust. Transactions with key management personnel and gratuity fund/trust other than those specifically disclosed in relevant notes of these financial statements are as follows:

	2020 (Rupees in thousand)	2019
Salaries and benefits to key management personnel	129,765	141,043
Contribution to gratuity fund / trust	29,298	82,588

## 29 FINANCIAL RISK MANAGEMENT

### 29.1 Financial risk factors

PPIB's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). PPIB's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on PPIB's financial performance. The Board members have overall responsibility for the establishment and oversight of PPIB's risk management framework. The Board members are also responsible for developing and monitoring PPIB's risk management policies.

This note presents information about PPIB's exposure to each of the above risks, PPIB's objectives, policies and processes for measuring and managing risk, and PPIB's management of fund. Further quantitative disclosures are included throughout these financial statements.

Risk management policies are established to identify and analyze the risks faced by PPIB, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PPIB's activities. PPIB, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Market risk

Market risk is the risk that the value of financial instrument, may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in the market sentiments, speculative activities, supply and demand of securities and liquidity in the market, will affect PPIB's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. PPIB is exposed to currency risk, interest rate risk and price risk only.

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Pak Rupee is the functional currency of PPIB and as a result currency exposure arises from transactions and balances in currencies other than Pak Rupee. PPIB's potential currency exposure comprises;

- Transactional exposure in respect of non-functional currency monetary items.
- Transactional exposure in respect of non-functional currency expenditure and revenues.

The potential currency exposures are discussed below;

#### Transactional exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of PPIB are periodically restated to Pak Rupee equivalent, and the associated gain or loss is taken to the income and expenditure account. The currency risk related to monetary items is managed as part of the risk management strategy.

#### Transactional exposure in respect of non-functional currency expenditure and revenues

Performance guarantees encashed, income from operations, and certain income on investments and bank deposits is earned in currencies other than the functional currency. These currency risks are managed as a part of overall risk management strategy. There were no forward exchange contracts.

#### Exposure to currency risk

PPIB's exposure to currency risk is as follows:

	2020	2019
	(US Dollars in thousand)	
Short term investments - amortized cost	7,660	7,413
Bank balances	17	14
Net exposure	<u>7,677</u>	<u>7,448</u>

The following significant exchange rates applied during the year:

	2020	2019
<b>Rupees per USD</b>		
Average rate	166.13	142.70
Reporting date mid point rate	168.25	164.00

#### **Sensitivity analysis**

At 30 June 2020, if the currency had weakened / strengthened by 10% against US dollar with all other variables held constant, the impact on profit before tax would have been Rupees 129.167 million (2019: Rupees 121.801 million) higher/lower.

#### **(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Board's investment in mutual fund amounting to Rupees 90.07 million (2019: Rupees 85.03 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2020, if fair value (NAV) had been 10% higher / lower with all other variables held constant, total comprehensive loss for the year would have been higher / lower by Rupees 9.007 million (2019: Rupees 8.503 million).

#### **(iii) Interest rate risk**

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. A policy is adopted to ensure that interest rate risk is minimized by investing in fixed rate investments like PIBs and TDRs. There were no borrowings.

#### **Profile**

At the reporting date the interest rate profile of variable rate interest-bearing financial instruments is:

	2020 (Rupees in thousand)	2019
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investments	1,898,883	1,749,897
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances	146,654	103,663

#### **Sensitivity analysis**

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 1.467 million (2019 : Rupees 1.037 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Investments	1,988,949	1,834,931
Loans, advances and other receivables	140,292	133,840
Bank balances	<u>146,654</u>	<u>103,664</u>
	<u>2,275,895</u>	<u>2,072,435</u>

Geographically there is no concentration of credit risk as PPIB operates in the same geographical area.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Bank balances	Short term	Long term	Agency	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	1	1
Dubai Islamic Bank Limited	A1+	AA	VIS	52	51
National Bank of Pakistan	A1+	AAA	PACRA	107	22,597
Habib Bank Limited	A1+	AAA	VIS	129,777	78,698
Bank Alfalah Limited	A1+	AA+	PACRA	-	1
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1	1
United Bank Limited	A1+	AAA	VIS	368	357
NIB Bank Limited	A1+	AA-	PACRA	-	1
Summit Bank Limited	A3	BBB-	VIS	1	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	2
Askari Bank Limited	A1+	AA+	PACRA	-	1
JS bank Limited	A1+	AA-	PACRA	1,351	869
Faysal Bank Limited	A1+	AA	PACRA	1,139	1,084
MCB Bank Limited	A1+	AAA	PACRA	-	1
Meezan Bank Limited	A1+	AA+	VIS	13,856	-
First Women Bank Limited	A2	A-	PACRA	1	-
				<u>146,654</u>	<u>103,664</u>

**Investments**

**Term deposit receipts**

- Faysal Bank Limited	A1+	AA	PACRA	278,729	266,771
- Habib Metropolitan Bank Limited	A1+	AA+	PACRA	880,741	830,298
- JS Bank Limited	A1+	AA-	PACRA	525,615	498,193
- Pak Oman Investment Company Limited	A1+	AA+	VIS	213,798	-
- Pak Brunei Investment Company Limited	A1+	AA+	VIS	-	154,635
				<u>1,898,883</u>	<u>1,749,897</u>
National Investment Trust	Unknown			90,066	85,034
				<u>1,988,949</u>	<u>1,834,931</u>

Due to the Board's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Board. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that PPIB will not be able to meet its financial obligations as they fall due. PPIB's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

PPiB follows an effective cash management and planning policy to ensure availability of funds and to take measures for new requirements.

The maturity profile of PPIB's financial liabilities based on the contractual amounts is as follows:

2020		2019	
Carrying amount	Contractual cash flows (within one year)	Carrying amount	Contractual cash flows (within one year)
846,231	846,231	828,466	828,466
21,612	21,612	19,238	19,238
<u>867,843</u>	<u>867,843</u>	<u>847,704</u>	<u>847,704</u>

## 30 FINANCIAL INSTRUMENTS

### 30.1 Financial assets and liabilities

30 June 2020

**Financial assets :**

**Maturity upto one year**

Advances and other receivables

### Short term investments

Cash and bank balances

**Maturity after one year**

Long term investments

### Loans and advances

Amortized cost	FVTOCI	Total
----- (Rupees in thousand) -----		
101,446	-	101,446
1,898,883	-	1,898,883
146,703	-	146,703
	90,066	90,066
38,846	-	38,846
<u>2,185,878</u>	<u>90,066</u>	<u>2,275,944</u>

**Financial liabilities :**

**Other financial liabilities**  
(Rupees in thousand)

Maturity upto one year

Provision against performance guarantees encashed  
Accrued and other liabilities

846,231	846,231
21,612	21,612
<u>867,843</u>	<u>867,843</u>

**30 June 2019**

Amortized cost	FVTOCI	Total
(Rupees in thousand)		
94,521	-	94,521
1,749,897	-	1,749,897
103,672	-	103,672
-	85,034	85,034
39,319	-	39,319
1,987,409	85,034	2,072,443

**Financial liabilities :**

**Other financial liabilities**  
(Rupees in thousand)

Maturity upto one year

Provision against performance guarantees encashed  
Accrued and other liabilities

828,466	828,466
19,238	19,238
<u>847,704</u>	<u>847,704</u>

### 30.2 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair values except for held to maturity financial assets which are carried at amortized cost whose fair value in comparison with carrying amount is as follows:

2020		2019	
Carrying amount	Fair Value	Carrying amount	Fair Value
----- (Rupees in thousand) -----			

Assets carried at amortized cost

Short term investments	<u>1,898,883</u>	<u>1,898,883</u>	<u>1,749,897</u>	<u>1,749,897</u>
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The basis for determining fair values is as follows:

### 30.3 Interest rates used for determining the fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread.

### 30.4 Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Board has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

30 June 2020	Level 1	Level 2	Level 3	Total
Assets carried at fair value	----- (Rupees in thousand) -----			
Fair value through other comprehensive income	<u>90,066</u>	<u>-</u>	<u>-</u>	<u>90,066</u>
30 June 2019				
Assets carried at fair value				
Fair value through other comprehensive income	<u>85,034</u>	<u>-</u>	<u>-</u>	<u>85,034</u>

The carrying value of the financial assets and liabilities reflected in the financial statements approximates their respective fair values.

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Board has no investments which are classified under level 3 of fair value hierarchy table.

The Board's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Board is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**30.5 Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

**31 DATE OF AUTHORIZATION**


These financial statements were approved on 04 JAN 2021 by the Board members of PPB.

**32 CORRESPONDING FIGURES**

No significant reclassification have been made in corresponding figures.

**33 GENERAL**

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

  
MANAGING DIRECTOR

  
BOARD MEMBER

REGISTERED No.  $\frac{M - 302}{L - 7646}$ 

# The Gazette of Pakistan

EXTRAORDINARY  
PUBLISHED BY AUTHORITY

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ISLAMABAD, TUESDAY, MARCH 26, 2019

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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN  
**MINISTRY OF ENERGY**  
(Power Division)

NOTIFICATION

*Islamabad, the 8th March, 2019*

**S.R.O. 406(I)/2019.**—In exercise of the powers conferred by section 23 read with section 5 of the Private Power and Infrastructure Board Act, 2012 (VI of 2012), the Private Power and Infrastructure Board is pleased to make the following rules, namely:—

1. **Short title and commencement.**—(1) These rules shall be called the Private Power and Infrastructure Board (Fee and Charges) Rules, 2018.

(2) These rules shall come into force at once.

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

(691)

Price : Rs. 10.00

[514(2019)/Ex. Gaz.]



- (l) "power policies" means the policies in relation to power and infrastructure projects pronounced by relevant entities of the Federation of Pakistan;
- (m) "power project" includes generation, transmission and distribution project processed, to be processed or facilitated by PPIB pursuant to provisions of the power policies; and
- (n) "Schedule" means the Schedule to these rules.

(2) The words and expressions used in these rules, but not herein defined shall have the same meaning as are respectively assigned thereto in the Act.

3. **Payment of fees.**—(1) All power companies, sponsors or affiliates thereof shall pay to PPIB such fees and charges, on the due date, calculated in the amount, manner and for the purpose specified in the Schedule from time to time. The obligations to pay such fees and charges under these rules by power companies, their sponsors and affiliates shall be joint and several.

(2) All fee and charges payable by the power companies, sponsors or affiliates, as the case may be, shall be paid within due date in one or more accounts so designated by PPIB for the purpose.

(3) The fees and charges shall be considered paid to the PPIB only when the amount is credited to the designated account of the PPIB.

(4) All fees and charges payable under these rules may be paid in equivalent Pak Rupee on interbank closing exchange rate of National Bank of Pakistan on the day preceding the due date of payment.

(5) Payment of fees and charges under these rules shall not be construed as having entitled the power companies, sponsors or affiliates thereof or any person claiming through them that their applications shall be accepted or approved by PPIB.

(6) The Board may from time to time, by notification in the official Gazette, alter or modify the manner, time, calculation or the amount of fee specified in the Schedule and for that purpose may amend the Schedule.

(7) All fees and charges paid by power companies, sponsors or persons and received by PPIB from time to time as of the date hereof after the date of commencement of the Act shall be deemed to have been validly paid and received under the Act.

6.	Issuance of LOS	US\$ 800/MW Min US\$ 20,000 Max US\$ 400,000	Before due date of issuance of LOS		
	Issuance of LOS/LOA for ICB Projects	Same as above	Before due date of issuance of LOS or LOA		
	Extension in Financial Close under LOS(for each extension)	US\$ 500/MW Min US\$ 10,000 Max US\$ 300,000	Before due date of issuance of extension		
7.	Upon achievement of Financial Closing	US\$ 1,000/MW Min US\$ 20,000 Max US\$ 500,000	On or before financial closing date		
8.	Upon achievement of Commercial Operation Date (COD).	US\$ 300/MW	On or before COD		
	Payable on each anniversary of COD starting from past anniversary (a)	US\$ 300/MW	On or before each anniversary of COD		
9.	Design Change Fee per MW	US\$ 250  Max US\$ 150,000	With application for change in design		
10.	Fee upon any change in direct, indirect or beneficial shareholding of the power companies and their affiliates, as the case may be, where PPIB approval is required either under the Act, LOI, LOS or Implementation Agreement	As listed below (US\$)		With application for change in shareholding	
		Rate per % change	Max Cap		
		300	20,000		
		400	25,000		
		500	32,000		
		750	50,000		
		1,500	100,000		
		1,800	120,000		
		4,500	300,000		
		6,000	400,000		
		Capacity MW			
		Upto 25			
		From 26-50			
	From 51-100				
From 101-200					
From 201-300					
From 301-400					
From 401-500					
Above 500					

[F. No. IPPs-3(6)/2017-PPIB.]

MUHAMMAD SAULAT ALI,  
Section Officer (IPPs).



Notification

**PRIVATE POWER AND INFRASTRUCTURE BOARD (FEE AND CHARGES) (AMENDMENT) RULES, 2021**

**S.R.O. ....(1)/2021.—**

Whereas it is expedient further to amend the Private Power and Infrastructure Board (Fee and Charges) Rules 2018, hereinafter referred to as the said Rules, for the purpose hereinafter appearing;

Now therefore, in exercise of the powers conferred by Section 23 read with Section 5 of the Private Power & Infrastructure Board Act, 2012 (V of 2012), Private Power & Infrastructure Board hereby notifies the following amendments in the said Rules, namely:—

1. **Title and Commencement.** (1) These rules may be called the Private Power & Infrastructure Board (Fee and Charges) (Amendment) Rules, 2021.  
(2) These amendment rules shall come into force at once.

2. **Insertion of new sub-clause (ee) in Clause 2 of the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

In the said Rules, after the sub-clause (e) of Clause 2, following new sub-clause (ee) shall be inserted namely:

*"ICEP" means indicative generation capacity expansion plan including any amendments thereto as duly approved by NEPRA from time to time."*

3. **Insertion of new sub-clause (8) in Clause 3 of the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

*"(3) Fee and charges payable hereunder in relation to power generation projects shall be calculated on the basis of gross capacity until the COD of such project and on the basis of net capacity on or after the COD."*

4. **Insertion of Clause 3A after Clause 3 of the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

In the said Rules, after Clause 3, a new Clause 3A shall be inserted, namely

*"3A. Exemption from payment of fee and charges.—From and after the commencement of these Rules, the power companies and sponsors shall be exempt from*



*payment of any fee or charges under these Rules in relation to any extension required in the target date of a specific milestone under the LOI solely due to adjustment of its timelines under the IGCEP."*

**5. Amendment in Clause 4 of the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

In Clause 4 of the said Rules, for the words "two percent" the words "one percent" shall be substituted.

**6. Insertion of a new Clause 4A in the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

In the said Rules, after Clause 4, a new Clause 4A shall be inserted, namely

*"Notwithstanding anything contained in these Rules, late payment charges due and payable by any power company under these Rules that remain unpaid upto the commencement date of Private Power & Infrastructure Board (Fee and Charges) (Amendment) Rules, 2021, shall stand waived."*

**7. Substitution of Schedule to the Private Power and Infrastructure Board (Fee and Charges) Rules 2018—**

In the said Rules, the Schedule shall stand substituted with the revised Schedule to the Private Power & Infrastructure Board (Fee and Charges) (Amendment) Rules, 2021.

# SCHEDULE

## PART-I

[see rules 2 and 3]

### FEE AND CHARGES PAYABLE IN RELATION TO GENERATION PROJECTS

Sr #	Instances of payment	Fee and Charges in US\$	Timing
(1)	(2)	(3)	(4)
1.	Registration	300	On or before registration of application
2.	Unsolicited Proposals: Issuance of Pre-Qualification Documents Solicited Proposals : Issuance of Request for Proposals (RFP) documents	300 500	On or before issuance of PQDs/RFP
3.	Bid Processing for ICB Projects from each Bidder	500/MW Min 10,000 Max 100,000	On or before submission of bids date
4.	Proposal Processing for Solicited (Non ICB) Projects	300/MW Min 7,000 Max 50,000	Before submission of proposal
5.	Issuance of LOI  Extension in any of the milestones under LOI (for each extension)	500/MW Min 10,000 Max 300,000  250/MW Min 5,000 Max 150,000	Before due date of issuance of LOI as notified by PPIB  With application for extension
6.	Issuance of LOS  Issuance of LOS/LOA for ICB Projects  Extension in Financial Close under LOS (for each extension)	800/MW Min 20,000 Max 400,000  Same as above  500/MW Min 10,000 Max 300,000	Before due date of issuance of LOS as notified by PPIB  Before due date of issuance of LOS or LOA as notified by PPIB  With the application for extension
7.	Upon achievement of Financial Closing	1,000/MW Min 20,000 Max 500,000	On or before financial closing date

OK

Sr #	Instances of payment	Fee and Charges in US\$		Timing
(1)	(2)	(3)		(4)
8.	Upon achievement of Commercial Operation Date (COD).	250 /MW (Gross Capacity)		Within seven days from COD
	Payable on each anniversary of COD.	250 /MW (Net Capacity)		On or before each anniversary of COD
9.	Design Modification/Change of Power Complex	500/MW Min. 10,000  Max 300,000		With the application for change/modification in design
10.	Creation of lien in relation to working capital/short term facilities	For new facility 10,000 For each renewal or rollover 5,000		With the application for no objection to term sheet or submission of undertaking to PPIB, as applicable
11.	Change in direct, indirect or beneficial shareholding of the power companies and their affiliates, as the case may be, where PPIB approval is required either under the Act, LOL, LOS or Implementation Agreement	As listed below		With application for change in shareholding
		Capacity MW	Rate per % change	Max Cap
		Upto 25	375	25,000
		From 26-50	450	30,000
		From 51-150	600	40,000
		From 151-250	750	50,000
		From 251-350	1,500	100,000
		From 351-550	2,250	150,000
		From 551-750	4,500	300,000
		Above 750	6,000	400,000

OK

# SCHEDULE

## PART-II

[see rules 2 and 3]

### FEE AND CHARGES PAYABLE IN RELATION TO HVAC / HVDC TRANSMISSION PROJECTS

In case a transmission project (Bid/Proposal) comprises different components such as one or more transmission line (TL), Converter Station (CS) and / or Grid Station (GS) / Sub Station (SS), fee for each component shall be charged / applied separately.

Sr #	Instances of payment	Fee and Charges in US\$	Timing
(1)	(2)	(3)	(4)
1.	Registration	300	On or before registration of application
2.	Issuance of Request for Proposals (RFP) documents (ICB projects)	500	On or before issuance of RFP by PPIB
	Issuance of Application Form and other necessary documents by PPIB (For upfront or other modes)	300	On or before issuance of Application Form by PPIB
3.	Bid Processing Fee for ICB Projects from each Bidder / Proposal Processing Fee for Projects under Upfront Tariff or any other mode	<u>For each TL component of the Bid / Proposal:</u> 3,000 (upto 100 km) 6,000 (101-200 km) 13,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Bid / Proposal:</u> 3,000 (upto 1000 MW or 1000 MVA as applicable) 6,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable)	On or before bid submission date  : : :  : : :  : : :

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Sr #	Instances of payment	Fee and Charges in US\$	Timing
(1)	(2)	(3)	(4)
		20,000 (Above 3000 MW or 3000 MVA as applicable)	With application for extension :
5	Issuance of LOS/Letter of Award/Project Fee	<u>For each TL component of the Project:</u> 40,000 (upto 100 km) 60,000 (101-200 km) 80,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Project:</u>  50,000 (upto 1000 MW or 1000 MVA as applicable)  70,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable)  90,000 (above 3000 MW or 3000 MVA as applicable)	With application for LOS  : : :  : : :  : : :  : : :  : : :
7	Extension in Financial Close under LCS (for each extension)	<u>For each TL component of the Project:</u> 20,000 (upto 100 km) 30,000 (101-200 km) 40,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Project:</u>  20,000 (upto 1000 MW or 1000 MVA as applicable)	With application for extension  : : :  : : :  : : :

Sr #	Instances of payment	Fee and Charges in US\$	Timing
(1)	(2)	(3)	(4)
		30,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable)  40,000 (above 3000 MW or 3000 MVA as applicable)	With application for extension  : : :
8.	Upon achievement of Financial Close	<u>For each TL component of the Project:</u>  50,000 (upto 100 km) 60,000 (101-200 km) 80,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Project:</u>  50,000 (upto 1000 MW or 1000 MVA as applicable)  60,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable)  80,000 (above 3000 MW or 3000 MVA as applicable)	On or before financial closing date  : : :  : : :  : : :  : : :
9.	Upon achievement of Commercial Operation Date (COD)  and  Payable on each anniversary of COD starting from past anniversary	<u>For each TL component of the Project:</u>  50,000 (upto 100 km) 60,000 (101-200 km) 80,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Project:</u>  50,000 (upto 1000 MW or 1000 MVA as	Within seven days after the COD  and  On or before each anniversary of COD  : : :  : : :



Sr #	Instances of payment	Fee and Charges in US\$	Timing
(1)	(2)	(3)	(4)
		applicable) 60,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable) 80,000 (above 3000 MW or 3000 MVA as applicable)	Within seven days after the COD  and  On or before each anniversary of COD : :
10.	Design Change/Modification of CS or GS/SS/Transmission Line	<u>For each TL component of the Project:</u>  5,000 (upto 100 km) 15,000 (101-200 km) 30,000 (above 200 km)  <u>For each CS and / or GS / SS(s) of the Project:</u>  15,000 (upto 1000 MW or 1000 MVA as applicable)  20,000 (1001 to 3000 MW or 1001 to 3000 MVA as applicable)  30,000 (above 3000 MW or 3000 MVA as applicable)	With application the for change/modification in design : : : : : : : : : : : :
11.	Creation of lien in relation to working capital/short term facilities (CS or GS/SS/Transmission Line)	For new facility 10,000  For each renewal or rollover 5,000	With the application for no objection to term the sheet or submission of undertaking to PPIB as applicable
12.	Fee upon any change in direct, indirect or beneficial shareholding of the project companies and their affiliates, as applicable, where PPIB approval is required either under the	<u>Rate per % change in shareholding</u>	With application for change in shareholding :

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[illegible]