

## PRIVATISATION PROCESS

The privatisation process, which is aimed at selling Public Sector Entity (PSE) in an open and transparent way with a view to obtain the best possible price, varies somewhat depending on the nature of the entity being privatised, on the proportion of shares being offered for privatisation, and on whether a transfer of management is involved. The Board of the Privatisation Commission and the Cabinet Committee on Privatisation decides as to what kind of process will be followed after deciding which one of the following modes <sup>[1]</sup> be followed: -

- a) sale of assets and business;
- b) sale of shares through public auction or tender;
- c) public offering of shares through a stock exchange;
- d) management or employee buyouts by management or employees of a SOE
- e) lease, management or concession contracts;
- f) any other method as may be prescribed.
  - i) public offering of shares other than through a stock exchange;
  - ii) sale of shares, assets, business and property to a person that has a pre-emptive right to acquire the same (or any part thereof) subject to fulfillment of conditions attached to such rights.
  - iii) negotiated sale
  - iv) transfer of Property to a trust for the employees of an enterprise owned or controlled, wholly or partially, directly or indirectly, by the Federal Government on such terms and conditions as may be approved by the Federal Government
  - v) transfer of shares on conversion of exchangeable bonds or any other hybrid debt equity instrument issued by the President, on behalf of the Islamic Republic of Pakistan, provided that the concerned Divisions of the Federal Government under the Rules of Business, 1973 are consulted, where required

The Privatisation Process generally comprises of the following steps:

<u>Strategic Sales</u>	<u>Capital Market Transaction</u>
1) Identification of PSE to be privatised	1) Identification of PSE to be privatised
2) Approval of the Council of Common Interests (CCI), where required	2) Approval of the CCI, where required
3) Approval of Cabinet Committee on Privatisation (CCoP)	3) Approval of CCoP
4) Hiring of Financial Advisor (FA) or Valuator	4) Hiring of Financial Advisor (FA)
5) Due diligence by FA and PC	5) Due diligence by FA and PC
6) Finalization of Transaction Structure	6) Finalization of Transaction Structure
7) Invitation of Expressions of Interests from Potential Investors / Bidders	7) Fulfilment of regulatory requirements, where required
8) Submission of Statement of Qualifications from Potential Investors / Bidders	8) Preparation of Prospectus and other marketing material
9) Pre-qualification of Potential Investors / Bidders	9) Approval of Floor Price and marketing roadshows
10) Due diligence by Pre-qualified Potential Investors / Bidders	10) Book Building and approval of Strike (Final) Price & allocation
11) Sharing of Bid Documents / Instructions with Pre-qualified Potential Investors / Bidders	11) Settlement and Financial Closure
12) Pre-Bid Conference	
13) Approval of Valuation (Reference Price) by PC Board & CCoP	
14) Bidding process (media invited to observe bidding)	
15) Approval of bidding results by PC Board and CCoP	
16) Issuance of Letter of Intent to successful bidder	
17) Execution of Sale Agreement and Receipt of Proceeds	

<sup>[1]</sup>Section 25 of the PC Ordinance 2000 and Privatisation (Modes and Procedures) Rules 2001