



22nd December, 2017

TL17/2212/13A

Mr. Shahbaz Sharif,
Chief Minister Punjab,
Government of Punjab,
Chief Minister House,
Lahore.

**Sub: Allegation against prequalification of JSCL to Acquire Full Stakes in
Quaid-e-Azam Solar Power Plant**

Dear Sir,

Transparency International Pakistan has received a complaint, on the allegations that JSCL has been prequalified to acquire full stakes in 100 MW Quaid-e-Azam Solar Power Plant.

The complainant has made following allegation:

That,

1. Jahangir Siddiqui and Company Limited has been pre-qualified by the Punjab Privatization Board, Government of Punjab in relation to acquisition of 100 percent stake of Quaid-e-Azam Solar Power (Private) Limited, a 100MW solar power project installed in District Bahawalpur, by the Government of Punjab.
2. Jahangir Siddiqui Company Limited's (JSCL) has sent a notice to the bourse that they have been pre-qualified for acquisition of 100% equity stake of Quaid-e-Azam Solar Power (Pvt.) Ltd.
3. The company has been making inroads in the energy sector after the Board of Directors approved long term equity investment of up to Rs. 2,000 million in Energy Infrastructure Holding (Pvt.) Ltd.
4. The company would operate as a wholly owned subsidiary of the JSCL, after subscription of Right Shares which will be offered by Energy Infrastructure Holdings for further investment in Energy, Petroleum and Infrastructural sectors.
5. The Directors at JSCL approved raising funds up to Rs. 1,500 million through issuance of a term finance certificate.
6. Jahangir Siddiqui & Co. Ltd. (JSCL) is primarily an investment company in financial services which also makes long term investments in growing companies in Pakistan.
7. JSIL is facing corruption charges of Rs 255 million by AGP, and Rs.800 Million by FIA, The JSIL Corruption Investigation was stopped by the SHC. in the SMC 18 of 2010, NICL Case, and NAB , on 23.4.2014, and on 19.10.2016, under CP. No. D-2127 of 2014, filed by JSIL in SHC. But recently on 5th December 2017, after hearing NAB, JS Investments and Additional Attorney General, Sindh High Court ordered NAB to conduct investigation against JS Investment for defrauding NICL as per the direction of Supreme Court as NAB does not need to seek authorization of Sindh High Court.
8. In Pakistan Steel Privatization Case, the Supreme Court ordered that the Share Purchase Agreement dated 24th April, 2006 is declared as void and of no legal effect. The Supreme Court of Pakistan in Steel Mill Case, Constitution Petition No. 9 OF 2006 & CIVIL PETITION Nos. 345 & 394 OF 2006, ordered on 9th August 2006, that



the Letter of Acceptance (LoA) dated 31st March, 2006 and Share Purchase Agreement dated 24th April, 2006 are declared as void and of no legal effect.” On Arif Habib being qualified for the bidding, the court order said, “This statement in the pleadings on behalf of Arif Habib goes to substantiate without any doubt that his involvement in litigation was in the knowledge of the Privatization Commission. Thus, it had a duty to have applied mind before declaring him qualified to be one of the members of the consortium because we are of the opinion that a person who is involved in litigation in respect of the matter which pertains to a corporate body like K.S.E., etc, and against whom a report publicly has also been issued by the Task Force could not be considered a person who could, prima facie, handle the affairs of the Pakistan Steel Mills transparently. Thus, his involvement in the litigation as well as the corporate behavior as is evident from the Task Force Report could have disqualified him under Para 2.2(j) of the RSOQ”. And in para 88, the order gave following comments. And that however, for the purposes of qualification as a potential bidder, the disqualification condition stipulates that a potential bidder would be disqualified to participate in the bidding process if, “he is involved in litigation, arbitration or any other dispute or event which may have material adverse effect on its ability to acquire the Equity Stake or to manage PSMC after completion of the acquisition of the Equity Stake.” It is surprising that although the afore-referred allegations are a matter of record and have not been controverted either by respondent Mr. Arif Habib or by the Privatization Commission yet he was cleared of the qualification process and was allowed to participate.”.

9. Jahangir Siddiqui & Co. Ltd. (JSCL), one of the JS Group Company is also involved in Corruption Investigations under Supreme Court Orders by NAB.
10. Besides, Ali Siddiqui son of Jahangir Siddiqui, has been appointed on 31st August 2017 as Special Assistant to PM. History is that Ali Jehangir was Chairman of JS Private Equity Management, from 2002 to 2003 and Executive Director of JSIL. Mr. Ali Siddiqui was also a Director with Crosby, a private equity firm, and is the Chairman of JS Bank Limited, director of Mahvash & Jahangir Siddiqui Foundation and Airblue Limited of PM Shahid Khaqan Abbasi.
11. As Special Assistant to PM, Ali Siddiqui is Public Office Holder under Section 5 (m). And under Section 9 of NAO 1999, 9 (a) (iv) A holder of a public office, or any other person, is said to commit or to have committed the offence of corruption and corrupt practices, if he if he by corrupt, dishonest, or illegal means, obtains or seeks to obtain for himself, or for his spouse or dependents or any other person, any property, valuable thing, or pecuniary advantage;
12. This is a case also of Conflict of Interest, as a government functionary is trying to take over by his family group, a PSE, which is unconstitutional.

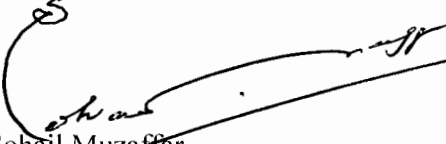
The complaint has been examined by TI Pakistan, and prima facie, this is a case of conflict of interest of a POH, as well as in the prequalification process.

Transparency International Pakistan requests the Chief Minister Punjab to examine the complaint, take immediate action if any irregularity is found in this deal, in view of the Supreme Court Order in Pakistan Steel case on 9th August 2006, on the credibility of the prequalification.



Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Sohail Muzaffar,
Chairman

Encl: Copy of complaint

Copies forwarded for the information with request to take action under their mandate to:

1. Chairman, NAB, Islamabad.
2. Chief Secretary, Government of Punjab, Lahore.
3. Registrar, Supreme Court of Pakistan, Islamabad.