



25th June 2011

Mr. Muhammad Ali
Chairman,
Securities and Exchange Commission of Pakistan,
National Insurance Corporation Building, Jinnah Avenue,
Islamabad-44000,
Fax No. (92-51) 9205692, 9204915

Sub: Complaint Against M/s Pakgen Power Limited-Offer for Sale of Shares
TI-P Letter dated 15 June 2011, SECP Reply dated 20 June 2011

Dear Sir,

Transparency International Pakistan has examined the clarification of SECP on the complaint received by TI-P, and forwarded to you on 15 June 2011 against M/s Pakgen Power Limited and underwriters on allegation of non disclosures of facts related to performance of AES Pak Gen Company Limited, as well as against SECP for approving the premium of Rs 5.17 based on insufficient due diligence reports.

TI Pakistan do not agree with the SECP statement that the *quantum of premium charged by the issuers on issue of shares through public offering is a deregulated area and the Securities and Exchange Commission of Pakistan has no role in fixing it.*

According to S. R. O. 110(I)96, Companies (Issue of Capital) Rules, 1996, SECP is required to confirm that the issue shares to the public on premium are complying to the conditions, and if the requirement are not met by the company, SECP is allowed to accord relaxation under certain conditions as per Rule No. 10.

Disclosure of all information is a mandatory requirement to be disclosed in the prospectus of the company for the information of public. In case the Company has violated this requirement, and or the Underwriter has violated this requirement in its due diligence report, SECP is responsible for the wrong approval.

SECP reply that *"as regard to non-disclosure of the alleged risks in the prospectus, it is stated that the same has been taken up with the Company and response received from them will be shared with you"* shall also be examined by SECP.

If SECP determines that the complaint was correct, action shall be taken against the responsible officers who approved the premium, and also against the company as well as against the underwriters for the violations.

Yours Sincerely,


Syed Adil Gilani
Chairman