



5th February 2016

Senator Ishaq Dar,
Federal Minister for Finance,
Government of Pakistan,
Secretariat Block F,
Islamabad .

Sub: Complaint on the allegation of illegal transaction of the sale of the land of the Services International Hotel (SIH) Lahore worth over Rs 3 billion at 10%-15% value to the company of a highly connected person, causing loss to Exchequer of over Rs 2.6 billion.

Dear Sir,

Transparency International Pakistan has received a complaint on the allegation of illegal transaction of the sale of the land of the Services International Hotel (SIH) Lahore worth over Rs 3 billion at 10%-15% value to the company of a highly connected person by the Ministry of Finance.

The complainant has made following allegations;

1. The Board of Directors of NICL approved the purchase of 100% share capital of CCC @ Rs.8/- per share as informed by Executive Director & Secretary Board, NICL vide his letter dated 31.3.2004. Entire Shares of CCC Rs.448.20 million were purchased by NICL by paying Rs.358.56 M in Feb, 2005.
2. One property included in CCC was The Services International Hotel, Lahore is on prime location of Mall Road, near Lahore Gymkhana, Lahore. It is a four story building, i.e. Basement, Ground Floor, 1st Floor and 2nd Floor with a covered area of 15.4 kanals (about 1.5 acres) consisting of 100 rooms.
3. In Dec 2006 open bidding round was held here under the chairmanship of Zahid Hamid, minister for privatisation and investment in the presence of media .The Privatisation Commission has received the highest offer of Rs850 million for the sale of land of "Services International Hotel (SIH)" on Shahrah-e-Quaid-e-Azam, in Lahore. Three parties M/s Hashwani Hotels Ltd, M/s S. A Builders and M/s Tri-Star Group participated in the bidding after depositing the earnest money of Rs100 million each by the due date. PC asked bidders to match value of Rs 1.5 billion, and no one agreed, and the process was abandoned.
4. Now in 2016, the value of property has increased at least to over Rs 3/5 billion.
5. On 27 August 2013 it was reported in press that the Privatisation Commission has formally prepared a list of 71 Public Sector Entities (PSEs) for divestment on fast-track basis subject to reaffirmation by the Council of Common Interests (CCI) of its approved privatisation programme.



6. One of the PSE to be privatized by the present PC is the Service International Hotel Ltd, Lahore.
7. It is reported that in 2015 the Ministry of Finance and Privatization commission has resorted to illegally award the Services International Hotel Ltd, Lahore to a well connected person at even less than the price received 10 years ago, of Rs 850 million, without following the open bidding process which was adopted by PC Chairman Mr Shahid Hamid in 2006.
8. Country assets are doled out in pennies by Ministry of Finance, and in this particular case loss to exchequer is over Rs 2.5 billion.

The Minister is requested to investigate the allegations, and if the allegations are found correct, stop the illegal process, save the expected loss to exchequer of over Rs 2.6 billion, forward the case against corruption of POH and private party to Nab, and order the PC to invite public tenders for the sale of Services International Hotel Ltd, Lahore.

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

Yours sincerely,

Sohail Muzaffar
Chairman

Copy forwarded for information with request to take action under their mandate to,

1. Secretary to the Prime Minister, for information of the Prime Minister, Islamabad.
2. Chairman NAB, Islamabad,
3. Minister of Interior, Islamabad,
4. Chairman Privatization Commission, Islamabad
5. DG NAB Karachi,
6. Chairman, NICL, Karachi with request to inquire and not to allow act of corruption committed in 2009, and SMC 18 of 2010.
7. Registrar, Supreme Court Pakistan, Islamabad