

PAK LAW PUBLICATION

NEWS

UPDATES

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Top Stories

Supreme Court gives birth to hope

September 02, 2014

KHUDAYAR MOHLA

The Supreme Court on Monday asked the counsel for Pakistan Tehreek-e-Insaaf (PTI) and Pakistan Awami Tehreek (PAT) to consult their clients and inform the court by Tuesday (today), whether they are agreeable to an adjudication after it resumed the hearing of identical petitions against anti-government protests filed by Supreme Court Bar Association, all High Court Bar Associations and Islamabad District Bar. A four-member bench led by Chief Justice Nasirul Mulk observed that the bench is not supposed to mediate or arbitrate but to decide the current matter in accordance with the facts of petitions.

-- Apex court asks PTI, PAT whether or not they are agreeable to adjudication

The bench also directed Attorney General for Pakistan (AGP) Salman Aslam Butt to seek instructions from the government and directed the relevant office of the apex court to arrange for dissemination of speeches of Dr Tahirul Qadri and Imran Khan in the court room on the next hearing.

During the course of proceedings, the AGP apprised the bench that both the political parties have violated the government's 'No Objection Certificates (NOCs)', saying lines of the Red Zone the protestors dismantle the gate of Parliament House and attempted to storm Prime Minister's House. The AGP prayed the bench to issue directions in the matter so that an action could be taken against protestors.

Chief Justice Nasirul Mulk observed that it is the domain of the government to deal with the situation in accordance with law. Justice Jawwad S Khawaja stated that if the AGP is requesting the apex court for a direction on grounds that the government is incapable of dealing with the situation the bench will certainly issue constitutional directions in the matter.

The AGP responded: "I am calling the attention of the Supreme Court, being an officer of the court," while the Chief Justice Mulk stated, " You are also representing the federation".

Justice Mian Saqib Nisar responded: "We are not going to address a political question but concept of political justice connected to fundamental rights in the current matter." He further observed while addressing the counsel for PTI Ahmed Awais: "If the government or the PTI cannot resolve the accusation of rigging in the general election then it is up to you to let the court know how the court can decide the issue in hand".

Terming the Constitution a principal document of the nation's existence, Justice Nisar said, "Once a fundamental right is violated then it is the duty of the court to act as a custodian." Chief Justice Nasirul Mulk asked the PTI counsel to "tell us as to what the apex court can do within the parameters of the constitution to resolve the current political impasse." Ahmed Awais submitted

that the PTI lead counsel Hamid Khan was in Lahore; hence he sought time from the court.

The court gave one hour to the PTI counsel to seek the response of the lead counsel; however after the court resumed hearing it gave the counsel time till today (Tuesday) with a view to enabling them to consult with their leaderships a possible role of judiciary in resolving a grave crisis.

The hearing of matter was adjourned till Tuesday (today).

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Clarification by army helps strengthen credibility of protest

September 02, 2014

WASIM IQBAL

The army has categorically rejected the assertions that Army and ISI have been backing PTI and PAT in anyway in the current political stand-off. According to an ISPR press release, Army is an apolitical institution and has expressed its unequivocal support for democracy at numerous occasions. "It is unfortunate that Army is dragged into such controversies. Integrity and unity of the Army is its strength which it upholds with pride," the clarification concluded.

Meanwhile, Pakistan Army and government spokespersons on Monday strongly rejected that Army Chief General Raheel Sharif had suggested to Prime Minister Nawaz Sharif to resign from his post during their meeting on Monday. Some private television channels claimed that the army chief had asked the premier to resign but their reports were immediately contradicted by ISPR spokesperson Major-General Asim Bajwa, who said: "News being run on private channels after Chief of Army Staff and Prime Minister meeting regarding Prime Minister's resignation or his going on leave is totally baseless".

Later, the spokesman of PM House referred to the same news report, terming it "baseless and scandalous."

Sources said that General Raheel informed the Premier of decisions taken at the corps commanders meeting held on Sunday. Corps Commanders urged the government and protesters to resolve their differences peacefully and emphasised that the army was committed to playing its part in ensuring security of the state after clashes left three dead and 600 wounded.

Following his meeting with the army chief on Monday, the prime minister held discussion with opposition leaders and representatives of parliamentary parties in PM House to find a way out of the current political impasse.

Defence sources said that Pakistan Army has instructed 700 troops not to take any harsh action against protesters. General Secretary of Pakistan Ex-Servicemen Association (PESA) said taking over Pakistan Television Corporation Headquarters by protesters and consequent appearance of

Army troops asking protesters to leave the building indicates that there are clear instructions to Pakistan Army personnel deployed in the area not to take any action against protesters.

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Hashmi steps up allegations against Imran

September 02, 2014

TAHIR AMIN

Terming the Azadi march of PTI 'scripted plan' Pre-sident Pakistan Tehreek-e-Insaf (PTI) Javed Hashmi Monday said PTI Chairman Imran Khan told him that Army allegedly asked him to work in tandem with Pakistan Awami Tehreek's (PAT) Tahirul Qadri.

Talking to media persons outside the Parliament House, Hashmi said that Imran Khan came to Islamabad with a scripted plan. "Imran Khan told us, 'they' [badge bearers] asked him to move forward with Tahirul Qadri," said Javed Hashmi, adding that Imran said we could not move forward without Army.

"Imran claimed that all matters have been settled and general elections would be held by late August or early September as per plan. Imran is here with a plan. Who is the planner? I do not know," Javed Hashmi said.

Contradicting Imran Khan's statement that only Javed Hashmi disapproved the protest march towards the Prime Minister's House, Hashmi said that entire core committee of the PTI had asked Imran Khan not to move forward. He said that Shah Mehmood Qureshi, Jehnagir Tareen, Pervaiz Khattak and Arif Alvi were also opposed to the advance towards Prime Minister's House.

"When Imran shared his plan with us, he said that a judge of our choice is coming as the chief justice of Supreme Court," said Hashmi. "Supreme Court will expel Nawaz Sharif and Shahbaz Sharif, he [Imran] maintained," Javed Hashmi added. According to him, Imran told him and others: "we have a friendly chief justice now." While he did not name the current Chief Justice Nasirul Mulk, he later confirmed that he was referring to the "current" chief justice.

"Resignations were taken from the party MNAs under coercive as nobody was willing to resign," said Hashmi, adding that he was still the President of the party. He said that Imran did not follow the process laid down in the PTI's constitution to oust party's president He further said that Imran had promised that he would never support 'Martial Law' in the country.

Hashmi said that Imran wanted to move forward along with Tahirul Qadri. "I told him we were being hijacked by someone else," said Hashmi. Imran had come to Islamabad with an agenda, he added.

Hashmi said none of the demands of PTI was unconstitutional and Chief Minister Punjab Shahbaz Sharif should have resigned after the Model Town tragedy where several people were killed. He said he had clarified everything before the nation and now it was up to people to

decide.

"Imran had told the core committee that the new set-up would not be called a martial law. We will file a petition in the Supreme Court and get a judge of our choice in September and he will endorse it. That Chief Justice will validate the actions that will be taken eventually. "Today I've heard that CJ has called all judges. Justice Jilani will retire and the current CJP will become chief justice and they will get rid of the government," he 'quoted' Imran as.

Hashmi further said that the whole party leadership had warned Khan not to join hands with Sheikh Rasheed and the core committee had passed a resolution against Sheikh saying that he (Sheikh) would "ruin him [Imran]". The PTI president said that Khan did not care about the Constitution, adding that he acted as the king of his party. "Khan accepts the Constitution only where it works in his favour. When it is otherwise, he abandons it," Hashmi claimed.

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Two PTI 'rebel' MNAs attend session

September 02, 2014

NAVEED BUTT & ZAHEER ABBASI

After 31 out of 34 Pakistan Tehreek-e-Insaf MNAs tendered their resignations, two on Monday attended the session of National Assembly where they vowed to abide by the Constitution and uphold the supremacy of Parliament. MNAs Nasir Khan Khattak and Mussarat Ahmad Zeb attended the session of the National Assembly by thumping desks.

Earlier, while addressing the protesters on Sunday, PTI Chief Imran Khan had announced the expulsion of three PTI Members of the National Assembly (MNAs) from the party.

Three members of PTI - Mussarat Ahmed Zeb, Nasir Khan Khattak and Gulzar Ahmed - have not submitted their resignations to National Assembly Speaker Sardar Ayaz Sadiq despite party leadership's orders.

The session of National Assembly resumed on Monday after a two-day break. The members of Muttahida Qaumi Movement (MQM) did not attend the session while five to six members of Pakistan People's Party (PPP), two members of Jamaat-i-Islami, one member of Pakhtunkhwa Milli Awami Party and some members of Pakistan Muslim League-Nawaz (PML-N) attended the House. The top leaderships and all the Parliamentary leaders of treasury and opposition parties were not present in the House.

Mussarat Ahmed Zeb, who has refused to resign from the National Assembly, told the House that she had taken oath to stand by the Constitution. According to her, it is sacred House and we should abide by the Constitution and rules and regulations.

Nasir Khan Khattak said that today a case was being made to pave the way for dictatorship and the Parliament is required to decide whether it stood by democracy or dictatorship. He said he had given a message to the world that they were with democracy and public.

"We are not standing with those who want to invite dictatorship. We are standing with the Constitution and democracy. We are sitting here due to democracy in the country. Our children will live here while the children of Tahirul Qadri will not live in the country. Future of the country will be destroyed if unconstitutional step are taken. We will foil the conspiracies of those forces who want to derail democracy and violate constitution."

Aasiya Nasir of Jamiat Ulema-e-Islam (JUI-F) said that her party would give resistance to any unconstitutional step. She said the two parties staging sit-ins had violated all the norms of decency by attacking the state institutions. She strongly condemned an attack on Pakistan Television by protesters.

She claimed that Parliamentarians of PTI were still using Parliament Lodges and staying there despite their resignations. She said a privilege motion should be moved in the House against them.

Sheikh Rohail Asghar of PML-N strongly criticised PTI and PAT for barging into the compound of Parliament, saying that it was an extra-constitutional measure. Rohail added that those parties were bent upon destabilising the democratic process. He said that if the anti-democracy moves were not stopped, his party would reveal the secrets of these two parties. He further stated that a line had been drawn between democratic and undemocratic forces.

Sardar Awais Khan Leghari said Pakistan Muslim League (N) Parliamentarians would remain loyal to Nawaz Sharif even if he was not a Prime Minister. He also vehemently criticised PTI and PAT leaders. Awais said that the dignity of the Parliament was compromised by the entry of protesters in its premises. He said that presence of the people in front of the Parliament was creating immense problems for the MNAs to attend sessions. He said women and children were being used as human shield by the leaders of both the parties. Awais said that those giving the examples of western democracy must also tell people that no one could cross even yellow line in those countries. He said these protests had badly damaged the image of the country.

Speaker National Assembly Ayaz Sadiq said that PTI and PAT were talking about constitution, law and democracy but their people had entered in the premises of National Assembly. He said that they had violated constitution and law which reflected contradiction in their words and actions.

Meanwhile, Parliamentary reporters staged a walkout from the press gallery of the Lower House of the Parliament against police torture on media persons during the coverage of protest of PTI and PAT workers on Sunday.

Minister of State for Parliamentary Affairs Aftab Ahmed Sheikh strongly condemned the attacks on media persons and said that an inquiry into the matter would be conducted.

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I will neither resign nor go on leave: Prime Minister

September 02, 2014

ZAHEER ABBASI

Prime Minister has assured all the Parliamentary leaders of political parties that he would neither resign nor go on leave. A joint declaration issued after a four-hour meeting of Parliamentary parties leaders here on Monday to discuss the prevailing political crisis in the country stated that political leadership has reiterated their resolve to uphold the supremacy of Constitution, and continuity of a democratic system. The parliamentary leaders further stated that the people had made great sacrifices for democracy and the political leadership would safeguard their sacrifices.

According to the meeting, no one can get his demand accepted by making the parliament hostage; it expressed serious concerns on baseless and irresponsible attitude by some quarters of media about current political situation and the role of military leadership. The meeting strongly condemned the attacks on Parliament, PTV, and Prime Minister's House, terming them an attack on state and democracy. Such attacks had caused immense damage to country's image at international level, the meeting pointed out and added that strict action should be taken against those behind law and order situation in capital.

The Prime Minister thanked parliamentary leaders and assured them that he would not compromise on the confidence reposed in him by the Parliament. He added that would never renege on his constitutional oath.

Those who attended the meeting included Syed Khurshed Shah, Aitzaz Ahsan and Rehman Malik of Pakistan People's Party, Dr Farooq Sattar and Babar Ghauri of Muttahida Qaumi Movement (MQM), Mahmood Khan Achakzai of Pakhtunkhwa Awami Milli Party (PKAMP), Maulana Fazlur Rehman of Jamiat Ulema-e-Islam (JUI-F), Aftab Ahmad Khan Sherpao of Quami Watan Party, Mir Hasil Bizenjo of National Party (NP), Professor Sajid Mir of Markazai Jamiat Ahle Ahadit, Haji Adeel, Haji Ghulam Ahmad Bilour of Awami National Party (ANP), Ghazi Gulab Jamal of FATA, Ejaz-ul-Haq of Mulsim League-Zia. Khawaja Muhammad Asif, Ahsan Iqbal, Abdul Qadir Baloch, Pervez Rashid, Senator Ishaq Dar, Irfan Siddiqui and Khawaja Saad Rafique of ruling Pakistan Muslim League (N) also attended the meeting.

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Joint session of Parliament today

September 02, 2014

In exercise of the powers conferred by Clause (1) of Article 54 of the Constitution, the President has summoned the Majlis-e-Shoora (Parliament) in joint sitting in the Parliament Building, Islamabad today at 11:00 am, says a press release.

-PR

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Body formed to resume talks

September 02, 2014

After all talks failed to find an amicable solution to the ongoing political crisis, the government on Monday once again formed a six-member committee comprising members from all political parties for resumption of talks with Pakistan Tahrik-e-Insaaf (PTI) and Pakistan Awami Tehrik (PTI).

The committee will hold direct talks with PTI chairman Imran Khan and PAT chief Dr Tahirul Qadri. The committee comprises Siraj ul Haq, Dr Farooq Sattar, Rehman Malik, Hasil Bizanjo, Gazi Gulab Jamal and Liaquat Baloch.

The sources said the government negotiators will enjoy the joint mandate of government and the opposition political parties.

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No transmissions for 30 minutes: soldiers secure PTV

September 02, 2014

ZULFIQAR AHMAD, FAZAL SHER & WAQAR LILLAH

The state-run Pakistan Television went off air for about an hour after anti-government protesters allegedly belonging to Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) Monday stormed the building, pushing away the riot police guarding the road leading to PM house.

The transmissions were restored after the army personnel successfully persuaded protesters to leave the building. However, both the parties denied that their workers attacked the PTV, saying the government staged a drama to malign peaceful PAT-PTI workers. "You have come to the wrong place, please leave immediately as that is highly embarrassing ...," the military personnel made announcements over a loudspeaker.

Addressing the crowd soon after the incident took place, PTI chairman Imran Khan distanced himself from those who stormed the TV station, saying his party workers had nothing to do with it.

"We have not asked anybody to barge into any buildings. They're not our people and the

government must stop making a false propaganda against my party's peaceful protesters," he maintained.

The hide-and-seek between police and protesters also continued in different parts of the Red Zone, including Margala road. The shipping containers of both Imran and Qadri could not make any headway towards the PM's House.

The organisers made several announcements to keep their workers alert, saying the 'the Gullu Butts of Punjab police' have chalked out a plan for a crackdown anytime with an aim to arrest Qadri and Imran, but no such crackdown took place. Protesters were equipped with sticks and slingshots; and many of them were wearing gas masks and helmets that they had snatched from police.

The angry protesters shouted 'go Nawaz go' slogans and also pelted police with stones. The protesters tried to get to the gate surrounding the Prime Minister house where they have been stopped by army troops. But they are optimistic that they would reach their ultimate destination - outside PM's official residence, situated at less than half a kilometer away.

The protesters managed to enter the Parliament lawns in front of National Assembly and Senate of Pakistan on Saturday night where they are still camping in the lawns along with women and children - an area which remains out of reach general public.

A large number of people fromk different parts of the country are also pouring in here on the call of PTI chairman Imran Khan.

The followers of both Qadri and Imran on Monday morning staged a sit in at the gate of PM house and vowed they would accomplish their 'mission'.

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Civil disobedience plan hasn't worked

September 02, 2014

MUSHTAQ GHUMMAN

Chairman Pakistan Tahreek-e-Insaf (PTI) Imran Khan's civil disobedience movement has not worked in accordance with party expectations as people across Pakistan are paying electricity, gas bills and other taxes in rotuine. Chairman PTI in his address to workers on different occasions during 'Azadi March' in front of Parliament House appealed to the entire nation not to pay their utility bills and taxes including toll tax as part of disobedience movement aimed at putting pressure on Prime Minister Nawaz Sharif to resign.

This correspondent talked with a number of people in different parts of the country to determine whether or not the appeal of Chairman PTI has worked. Most of the people maintained that they could not afford not to pay electricity and gas bills. "If we do not pay utility bills, our electricity and gas will be disconnected and Imran Khan will not come forward to help us," said Kaleem Iftikhar, a businessman from Sialkot.

He further maintained that if people do not pay bills, gas and power companies will not be able to supply these utilities so the appeal of Imran Khan cannot be implemented. However, some reports suggest that the public is angered at what many believe are inflated electricity August bills. Sources in National Transmission and Dispatch Company (NTDC) told this scribe that people have not boycotted payment of bills despite PTI Chief Imran Khan's plea.

Some consumers in Khyber Pakhtunkhwa (KPK) have not paid their electricity bills; but their number is very small. Chief Minister KPK Pervez Khattak is in Islamabad taking part in an anti-government protest and is demanding the resignation of Prime Minister.

Official documents reveal that Peshawar Electric Power Company (Pesco) sent bills of Rs 0.560 billion in August to the provincial government departments of which recovery was Rs 0.214 billion; which implies the provincial government made some payment. Payment from other provincial governments is similarly discouraging.

Private sector billing was Rs 84.851 billion in July of which consumers paid only Rs 74.009 billion.

Official sources told this scribe that FBR's tax collection is progressing in a routine manner and the appeal of Imran Khan is ineffective.

Insiders in PTI argue that PTI's top brass except Imran Khan term the disobedience movement unimplementable. Some PTI workers who recently reached Islamabad to participate in 'Azadi March in groups, however, did not pay toll tax.

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PTI seeks to register FIR against Prime Minister, others

September 02, 2014

Pakistan Tehreek-e-Insaf (PTI) on Monday submitted an application to police for the registration of an FIR against Prime Minister Nawaz Sharif, Chief Minister Punjab Shahbaz Sharif and senior police officials for murders and attempted murders. Federal Minister for Railways Khwaja Saad Rafique, Interior Minister Chaudhry Nisar, Defence Minister Khwaja Asif were also named in its application.

Besides, the names of IG Islamabad Police Khalid Khattak, IG Railways Police, IG Punjab Police, SSP Operation Asmatullah Khan Junejo, Deputy Commissioner Islamabad, SHO Secretariat police station and officials of Punjab, AJK and Frontier Constabulary and other unknown civil persons in uniform of police were also made part of the application.

Shah Mehmood Qureshi Vice Chairman PTI, Shireen Mazari, Central Information Secretary PTI, senior PTI leaders Arif Alvi, Jehangir Tareen, Asad Umar and Saifullah Khan Niazi submitted their application in the Secretariat Police Station.

According to the PTI, the party has been staging a peaceful protest when police fired indiscriminate teargas and rubber bullets and live bullets on protesters. Three people were killed while over 400 injured due to ruthless police action.

It said that the accused mentioned are involved committed directly and indirectly crimes of murder, hatched a conspiracy to commit murder, caused body harm, use of government machinery for their ulterior personal motives and aided and abetted under Anti-Terrorism Act 1997, PPC, Code of Criminal Procedure, Protection of Pakistan Ordinance 2014 and all other applicable laws of Pakistan.

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Case of sedition filed against Imran and Qadri

September 02, 2014

The government on Monday registered a sedition case against Pakistan Tehreek-i-Insaf (PTI) chief Imran Khan and Pakistan Awami Tehreek (PAT) chairman Dr Tahir ul Qadri for allegedly igniting riots, damaging state buildings and attacking police personnel. A police official said the Secretariat Police Station registered First Information Report (FIR) No. 182 under section 7ATA, 124A, 109, 148, 324, 336, 149, 188, 152, 186 and 452 on the complaint of Superintendent of Police (SP) City Mustansar Feroze.

He said that PAT and PTI leadership have been charged under a section of Anti-Terrorism Act pertaining to treason, incitement to violence, attempted murder, robbery and interference in the affairs of the state. The official said the violation of section 144 and the written agreement with Islamabad administration regarding protests are also part of the FIR.

The official said the FIR also includes the names of Awami Muslim League chief Sheikh Rasheed, PTI senior leader Jahangir Tareen, Shah Mehmood Qureshi, PML-Q chief Chaudhry Shujat Hussain and some others.

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FBR House shut as precautionary measure

September 02, 2014

Following an attack on Pakistan Television Corporation (PTV) Headquarters, the Federal Board of Revenue (FBR) management decided to close the FBR House as a precautionary measure here on Monday. The main gates of the FBR headquarters remained shut and there was no presence of army or rangers inside or outside of the FBR.

Some officials and employees of FBR managed to reach the FBR House to perform their regular duties, but were instructed by the FBR Administration Wing to evacuate the building at 11-11:30am in the wake of the attack on PTV headquarters. Tax authorities including, FBR Chairman Tariq Bajwa, left the office due to a law and order situation on Constitution Avenue.

The office of Federal Tax Ombudsman (FTO) located at Constitution Avenue remained closed due to ongoing law and order situation.

There was no police deployment on Islamabad Stock Exchange Towers housing offices of brokerage houses, ISE members and Competition Commission of Pakistan (CCP). Routine buying and selling activity was witnessed on the ISE where market closed at 3:30 pm at the same time as the Karachi Stock Exchange and Lahore Stock Exchange did.

No police was deployed for the security of the Securities and Exchange Commission of Pakistan (SECP) located at NIC Building, Blue Area, and the building's own private security performed their routine duty throughout the day.

However, police, rangers and army have been deployed outside Election Commission of Pakistan (ECP) office on Constitution Avenue. An official of ECP confirmed that the government has made some security arrangements for the staff and building of the ECP. He said that some staff of the ECP has been attending the office for three to four hours daily, adding a majority of the staff is doing office work at home.

Necessary security arrangements were seen outside the office of NADRA and Radio Pakistan after the attack on PTV HQ. Police and Rangers have been deputed along with private security for the protection of buildings of NADRA and Radio Pakistan.

It has been more than three weeks since the sit-ins started in the capital - first in Aabpara and on Kashmir Highway, and then in the Red Zone. Official work in government offices has almost come to a halt as employees are finding it difficult to get to work. Staff numbers in the Evacuee Trust building, the Ministry of Science and Technology, and the Ministry of Information Technology were much less than on routine working days. The situation at Pak Secretariat was no different as most of the lower cadre staff come from Rawalpindi and those using public transport have to get off at stops near Lal Masjid in G-6 or Super Market in F-6 and walk the remaining five-odd kilometres.

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Anti-terrorism act section added to Model Town FIR

September 02, 2014

Police have added Section 7 of the Anti-Terrorism Act to the first information report (FIR) of the Model Town case against prime minister, Punjab chief minister, federal ministers, and others, a private TV reported. Pakistan Awami Tehreek (PAT) Chairman Dr Tahirul Qadri had rejected

the FIR of Model Town tragedy on grounds that a section of the anti-terrorism act was not added to it. But, now the government has meet Qadri's demand.

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CJP summons all judges

September 02, 2014

Chief Justice of Pakistan Justice Nasirul Mulk Monday summoned all judges of the apex court to the federal capital. According to sources, a meeting of Supreme Court judges is likely to be held today. It may be mentioned that most of the judges of the apex court are on summer vacations till September 8.

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THE RUPEE: volatility dominates

September 02, 2014

Volatility dominated the money market on Monday as political instability persisted and under the circumstances, no one is able to predict about return of normalcy in the country, dealers said.

INTER-BANK MARKET RATES: The rupee could not hold its firmness against the dollar, as it was down by 75-paisa for buying at Rs 102.50 and it also lost 65-paisa for selling at Rs 102.55, they said.

OPEN MARKET RATES: The rupee also fell by 50-paisa in relation to the dollar for buying and selling at Rs 102.00 and Rs 102.20, and it also depreciated by 75-paisa against the euro for buying and selling at Rs 133.50 and Rs 133.75, they said.

In the first Asian trade, the euro hit a fresh one-year low, as heightened worries about the crisis in Ukraine kept the currency on the defensive ahead of a European Central Bank policy meeting later this week. The euro fell as far as \$1.3119, reaching lows not seen since early September 2013. It last traded at \$1.3125, down 0.1 percent on the day.

The dollar was trading against the Indian rupee at Rs 60.49, the greenback was at 3.1500 in terms of the Malaysian ringgit and the US currency was available at 6.1405 versus the Chinese yuan.

Inter bank buy-sell rates for the taka against the dollar on Sunday: 77.40-77.40 (previous 77.40-77.40). Call Money Rates: 05.50-06.75 percent (Previous 05.40-06.75 percent).

=====
Open Bid Rs.102.00
Open Offer Rs.102.20
=====

Interbank Closing Rates: Interbank Closing Rates For Dollar on Monday.

=====
Bid Rate Rs.102.50
Offer Rate Rs.102.55
=====

RUPEE IN LAHORE: The rupee was depreciated against the major currencies including US dollar and British pound on the local currency market on Monday.

According to the currency dealers, the dollar was opened on a healthy note and kept on rising throughout the day. At close of trading, the dollar recorded considerable gain and was ended at Rs 102.10 and Rs 102.35 on buying and selling side against Rs 101.50 and Rs 101.75 of last Saturday, respectively.

Similarly, the Pak rupee remained under pressure and was declined against the pound sterling. The pound's buying and selling rates were improved from last week closing of Rs 168.00 and Rs 168.25 to Rs 168.80 and Rs 169.05, respectively, the dealers said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee-dollar parity remained unchanged on the open currency markets of Islamabad and Rawalpindi here on Monday.

The dollar opened at Rs 102.00 (buying) and Rs 102.10 (selling) against last rate. It did not observe further change in the second session and closed at Rs 102.00 (buying) and Rs 102.10 (selling).

Pound Sterling opened at Rs 168 (buying) and Rs 168.10 (selling) against same overnight value. It did not observe further change in the evening session and closed at Rs 168 (buying) and Rs 168.10 (selling).

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Foreign airlines adopt way to avoid paying advance tax

September 02, 2014

MUHAMMAD ALI

Foreign airlines have reportedly adopted a novel technique to avoid paying advance tax imposed on international passengers in budget 2014-15, creating problems for local airline to maintain competitive ticket prices; it is learnt here on Monday. Sources said the government has inserted Section 236L in Income Tax Ordinance, 2001 in budget 2014-15 to collect advance tax on purchase of international air ticket.

According to aforesaid Section, every airline, operating in Pakistan, shall collect advance tax at specified rates on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan. The advance tax collected under said Section shall be adjustable.

Sources said the foreign carriers in order to avoid paying heavy excise duty to the Federal Board

of Revenue (FBR) are now reportedly issuing tickets from Pakistan to their hubs established mainly in Gulf countries and collecting applicable FED only for this travel.

The tickets for the remaining part of the travel from their hubs to other destinations in the world are being issued out of Pakistan. Therefore, these tickets are much cheaper than the tickets of local air carriers involving FED for the full itinerary.

Sources further said the practice of foreign airlines to issue tickets from their hubs and make the passengers travel from Pakistan without involving any FED, is not only providing financial shocks to the national kitty but also dragging local airlines in an uncompetitive business environment.

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Sales tax return: self-assessment amount of tax can only be altered through fresh assessment: LHC

September 02, 2014

SOHAIL SARFRAZ

The Lahore High Court (LHC) declared that self-assessed amount of tax due by a taxpayer in his or her sales tax return can only be altered through a fresh assessment of tax under section 11 of Sales Tax Act, 1990 subject to selection of a taxpayer through audit.

Sources told *Business Recorder* here on Monday that notices issued to taxpayers/appellants under section 11 of the Sales Tax Act and subsequent recovery proceedings thereunder have been declared as illegal and without lawful authority.

When contacted, a Lahore-based tax lawyer Waheed Shahzad Butt told this correspondent about the legal implications of this unique case wherein the petitioners had challenged the show cause notices for recovery of sales tax under section 11A of the Act in LHC under writ jurisdiction, wherein it is declared by the LHC that self-assessed amount of tax due by a taxpayer in his or her sales tax return can only be altered through assessment of tax afresh under the Section 11 of the Act subject to the process of selection of a taxpayer through audit.

Under the Act it is inevitable that the petitioner shall first be selected for audit by the FBR and only then would the field formation conduct its audit in accordance with a procedure given in Section 25 of the Act and thereafter, due tax (if any) may be recovered after issuing show cause notices. The present move is illegal and without lawful jurisdiction, being against the guarantees given in Articles 4, 10A, 18 & 25 of the Constitution and in contradiction to the provisions of the Act. Direct show cause notices in fact selecting the petitioner for audit of its sales tax affairs, are not only illegal but also violative of Constitution of Pakistan; hence, a nullity in the eyes of law, Waheed added.

LHC order states: "scope and interpretation of Section 11A of the Act have come up for consideration before the Court. The appellants filed their sales tax returns and fully paid the amount of tax indicated in the said returns. In spite of following the given procedure, the appellant has been served with notices under section 11A of the Act for short paid amount of tax. The Notices have been issued on the ground that the amount of sales tax to be charged by the appellant have been incorrectly reflected in the sales tax return.

"Sales Tax is premised on a self-assessment paradigm, where the tax due is self-assessed by a taxpayer and deposited along with the monthly sales tax return. Supervision and monitoring of the self-assessment regime is through the process of audit provided under sections 25 of the Act. Once the taxpayer is selected through audit and the department is of the view that the taxpayer has an outstanding of tax liability, the case undergoes assessment of tax through the process of adjudication under section 11 of the Act. Therefore, the self-assessed amount of tax due by the taxpayer in its sales tax return can only be altered through fresh assessment of tax under the section 11 of the Act, subject to the process of selection of a taxpayer through audit. Section 11 provides for assessment of tax where a taxpayer fails to file a return, or pays an amount which is less than the amount of tax due or has made short payment or has claimed input tax credit or refund which is not admissible. The section further provides that where by reason of collusion or deliberate act any tax has not been levied or has been short levied or has been erroneously refunded, or by reason of inadvertence, error or misconstruction any tax has not been levied or short levied or has been erroneously refunded, the Officer of Inland Revenue passes an assessment order along with penalty and default surcharge. Section 11 is the only provision under the Act which provides for assessment of tax through adjudication in case the self-assessed tax of the taxpayer, according to the department, is unpaid or short paid for the above reasons. Post assessment if the taxpayer fails to pay the tax assessed, recovery can be initiated against the taxpayer under section 48 of the Act.

"Direct show cause notices issued for payment of arbitrary imaginary tax demands is simply an act without lawful jurisdiction. If the law had prescribed a specific method and given specific powers for doing of a thing in a particular manner, such provision of law is to be followed in letter and spirit and achieving or attaining the objective of performing or doing of a thing in a manner other than that provided by law would not be permitted. If the FBR official is permitted to conduct the void proceedings without adhering to any lawful jurisdiction then it will compromise the neutrality of the taxation system. It will also create a statutory anomaly whereby the Official has to exercise jurisdiction within four corners of law but the FBR official doing injustice with the Petitioner on his whims.

"Connected petitions and writ petitions are allowed and impugned notices issued under section 11A of the Act and subsequent recovery thereunder are declared illegal and without lawful authority and are, therefore, set aside," LHC order added.

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Hashmi's allegations are baseless: PTI

September 02, 2014

Rejecting the allegations levelled by Pakistan Tehreek-e-Insaf (PTI) President Javed Hashmi that the 'Azadi March' of PTI was an 'scripted plan' as the party is gaining support from the armed forces in the ongoing political crisis, the PTI senior leadership termed Hashmi's statement 'unfortunate' and 'unfounded'. The PTI's Central Information Secretary Shireen Mazari said that there was no conversation that the PTI was linked to the army or "any such covert agenda". "If Hashmi thought PTI was linked to the army then he should have immediately resigned," she said.

Responding to the allegations levelled by Javed Hashmi, she said that the PTI chairman had said from the day-one that if the legal avenues of redressal failed to give justice to PTI's appeals against rigging, then the party would take to the streets for justice. She added that the party is adopting the party's constitutional path by issuing him a show-cause notice.

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Justice Faez Isa appointed Supreme Court judge

September 02, 2014

The President has approved the appointment of Justice Qazi Faez Isa, Chief Justice of Balochistan High court, as judge of the Supreme Court of Pakistan. He has been appointed on the advice of the Prime Minister as recommended by the Judicial Commission and the Parliamentary Committee on Judges Appointment.

The President also approved extension of one year of the tenure of three additional judges of the Balochistan High Court on the advice of the Prime Minister. They are Justice Shakil Ahmed, Justice M Ijaz Swati and Justice M Kamran Mulakhail.

President Mamnoon Hussain has also approved extension of one year in the tenure of additional judges of the High Court of Sindh. They are Justice Shaukat Ali Memon, Justice Ashraf Jahan Shah Nawaz Tariq, Justice Abdul Maalik Gaddi, Justice Nazar Akbar, Justice Junaid Ghaffar, Justice Zafar Ahmed Rajput and Justice Hassan Feroze.

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PBA condemns attack on PTV

September 02, 2014

Pakistan Broadcasters Association (PBA) has condemned the attack and unlawful takeover of its member channel Pakistan Television Network's Islamabad headquarters by protesters. The statement further appealed to all sides not to hinder or attack media and journalists who are performing their lawful duties.

-PR

Afghan talks on unity government collapse; crisis deepens

September 02, 2014

Talks on a power-sharing deal between Afghanistan's rival presidential candidates have collapsed, a top leader said on Monday, rekindling fears of ethnic unrest over disputed election results. Under the terms of a deal brokered by U.S. Secretary of State John Kerry, the runner-up in the vote was to name a "chief executive" in a national unity government conceived to keep the lid on political tensions.

Abdullah Abdullah was runner-up in the official election results. Mohammad Mohaqeq, one of Abdullah's vice presidential running mates, told Reuters the two sides could not agree on the powers of the chief executive, accusing the camp of election winner Ashraf Ghani of hardening its position.

"The talks collapsed two days ago. The political process is now at a stalemate, we don't see any way out," Mohaqeq, a leader of the minority Hazara community, said in an interview in Kabul, as a months-long power struggle to succeed President Hamid Karzai showed no signs of a resolution.

The breakdown in negotiations on a political deal comes days after Abdullah's team walked out of a U.N. audit of votes from a June 2 run-off ballot, saying it was dissatisfied with the way that fraudulent votes were being handled. Together, the two failures have left the U.S.-mediated deal in tatters and deepened the uncertainty about when President Hamid Karzai can hand over power to a successor.

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India, Japan Prime Ministers to boost defence ties amid China tensions

September 02, 2014

Conservative soulmates Narendra Modi and Shinzo Abe will hold formal talks in Tokyo Monday to cement a blossoming relationship between India and Japan, on a visit that began with a bear hug and a tour of Kyoto. The personal chemistry on show during the five-day tour is increasingly reflected in the strengthening of bonds between two countries that bookend an ever-more assertive China.

Modi, who is hoping his market-focused policies will give a boost to India's floundering economy, could walk away with almost half a billion dollars' worth of loans for much-needed

infrastructure projects, reports said.

The visit is Modi's first foreign trip outside the sub-continent and is intended to showcase the warming ties between Asia's second and third largest economies.

As well as a gamut of business deals that could see a doubling of Japanese direct investment, and the 50 billion yen in low-interest loans for new railways, highways and industrial parks, the summit will also reinforce diplomatic and defence ties.

Japanese media reported that the two premiers are likely to agree on launching a "two-plus-two" security consultative framework involving their foreign and defence ministers.

Japan already has such arrangements with the United States, Australia, Russia and France.

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Under Putin's gaze, Gazprom starts mega-pipeline to China

September 02, 2014

President Vladimir Putin on Monday oversaw the start of construction on a giant pipeline that is due to ship \$400 billion worth of Russian gas to China in the three decades after flows begin in 2019. The 4,000 km (2,500 mile) "Power of Siberia" pipeline, being built by state-controlled Gazprom, forms a key part of the Kremlin's energy strategy, symbolising Russia's attempts to wean itself off dependence on European markets that account for most of its exports.

"Just now, we along with our Chinese friends are starting the biggest construction project in the world," Putin told a Chinese delegation, headed by Vice Premier Zhang Gaoli, and a group of Gazprom workers in Russia's far east.

He said the first gas pipeline between Russia and China: "Will not only allow us to export gas, but to develop gas infrastructure in our country, to speed up (economic) development, not only in this region, but in the whole country."

Putin also told Zhang that he welcomed the idea of Chinese investors joining the Vankor oil project in east Siberia, owned by Russia's Rosneft. Flows through the "Power of Siberia" will start at 5 billion cubic metres (bcm) of gas in 2019, ramping up to 38 bcm under a deal signed by the two countries in May.

The long-awaited deal with China National Petroleum Corp (CNPC) was a diplomatic coup for the Kremlin after a decade of difficult negotiations, and a symbol of its efforts to strengthen economic ties with Asia as Russia's economy faces the effects of Western sanctions over the crisis in Ukraine.

Gazprom chief Alexei Miller told Putin and Zhang that a further contract on shipment of gas via a second, more westerly route, could be signed in November: "If we work closely with CNPC."

He did not give details, however. On Putin's command "Begin!" two workers lowered their protective visors and welded the first segment of the black pipeline with flaring blowtorches. The Kremlin leader then signed his name on it.

With a total capacity of 61 bcm per year, the new pipeline should deliver gas both to China and to remote regions in Russia's Far East. Gazprom said on Saturday it planned to launch its far eastern Chayanda gas field at the end of 2018, aiming to ship the first gas to China in 2019. Chayanda is one of the keys to supplying China and will produce up to 25 bcm a year at its peak.

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Kiev warns of 'great war' with Russia

September 02, 2014

Ukrainian forces ceded a strategic eastern airport to pro-Russian insurgents on Monday as the government in Kiev accused Moscow of launching a "great war" that could claim tens of thousands of lives. The sense of foreboding in Kiev came as European-mediated talks over the fast-escalating crisis opened behind closed doors in the Belarussian capital Minsk, attended by government, separatist and Russian envoys.

The rebels have launched a major counteroffensive in recent days that the Ukrainian government and its Western allies claim is backed by Russian forces - a charge Moscow denies.

Ukraine's Defence Minister Valeriy Geletey vowed on Monday to "immediately mount defences against Russia, which is trying not only to secure positions held by terrorists before but to advance on other territories of Ukraine". "A great war arrived at our doorstep, the likes of which Europe has not seen since World War II," he wrote on Facebook, warning of "tens of thousands of deaths".

Russian agencies quoted rebel representatives at the Belarus meeting demanding that Kiev provides the separatist regions of Donetsk and Lugansk with a "unique procedure" that would let them integrate closer with Russia. The developments come a day after Russian President Vladimir Putin said for the first time that the issue of "statehood" should be discussed in talks on the crisis in the east, where fighting has killed over 2,600 people since mid-April.

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Index loses 74 points

September 02, 2014

After incessant fluctuation, the Karachi Stock Exchange (KSE) on Monday closed lower as investors were cautious after riots between police and protestors in Islamabad. The benchmark KSE-100 index lost 74 points to close at 28,494 points compared to 28,568 points in the previous session. During the intraday trading, market fell by some 1.4 percent amid political uncertainty, however later recovered partially in expectations of some kind of resolution after the Supreme Court hinted the mediation between political parties.

Commenting on the market situation, Ahsan Mehanti - analyst at Arif Habib - said that stocks closed lower amid concerns for political standoff against protesters across the country.

Rupee instability, political deadlock impacted the sentiments amid support by state owned institutions, positive CPI data for August 2014 at 6.99 percent (Year on Year) supported to index, he said.

Fall in banking spreads, huge losses on political crises played a catalyst role in bearish activity at KSE despite Supreme Court ruling on refund of GIDC for industrial sector, he added.

During the intra-day trading, the KSE-100 index also touched 28,577 points highest and 28,180 points at lowest level. Following the selling pressure volume at the ready counter declined to 123 million shares compared to 188 million in previous session. Market capitalisation fell by Rs 16 billion to Rs 6.711 trillion against previous Rs 6.727 trillion. Trading took place in 325 companies, of which 121 closed in green zone, 185 in red, while share price of some 19 companies were remain unchanged.

Among top 10 volume leaders, five companies recorded a positive trend. K-Electric Ltd emerged the volume leader as its some 19.54 million shares were traded, gaining Re 0.55 to close at Rs 8.26. Maple Leaf Cement stood second and increased by Re 0.02 to close at Rs 26.63 on 8.7 million shares. Jah Sidd Co ranked on third with 7.67 million shares and it closed at Rs 8.84, up by Re 0.57. With trading volume of 7.37 million, Pak Elektron Ltd lost Re 0.06 to Rs 29.33.

BOP declined by Re 0.07 to close at Rs 7.99 on seven million shares. Some 4.3 million shares of Faysal Bank were traded and it closed at Rs 14.66, fell by Re 0.37. DG Khan Cement lost Rs 1.73 to Rs 73.42 on 3.2 million shares. Lafarge Pak gained Re 0.07 to Rs 15.55 and its some 3.11 million shares were traded.

With trading volume of 2.77 million, JS Bank Ltd up by Re 0.13 to close at Rs 5.08 and Engro Fertilizer Ltd closed at Rs 52.58, down by Rs 1.32 on 2.7 million shares. Wyeth Pak Ltd and Pak Tobacco were the top gainers with Rs 167.89 and Rs 49 to close at Rs 3,528.00 and Rs 1,150, respectively. Rafhan Maize and Bata Pak were the top losers and declined by Rs 275 and Rs 165 to close at Rs 10,500 and Rs 3,150 respectively.

"Due to riots between police and protestors over the weekend, investors remained cautious, according market act negatively," said Samar Iqbal analyst at Topline securities. In addition, lower than expected CPI for the month of July at 6.99 percent also given some support to the

market. "Market after falling by 1.4 percent recovered partially on Monday intraday in expectations of some kind of resolution after Supreme Court hinted the mediation between political parties," she added.

At end of the session, the KSE-100 index declined by 0.26 percent and volumes declined by 35 percent to 123 million shares. Value also fell by 38 percent to 61 million (value Rs 6.1 billion). KEL remained volume leader with 20mn shares after announcing dividend last week Profit taking was seen in PSO and MLCF Samar Iqbal Assistant Vice President Equity Sales.

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LSE-25 index up by 114.89 points

September 02, 2014

Bullish sentiments dominated on the Lahore Stock Exchange on Monday, as the LSE-25 index registered handsome gain of 114.89 points to close at 5291.43 against 5176.54 of last Friday. However, transaction volume was restricted to 1.2 million shares compared with previous volume of 1.553 million shares.

The market was opened on a healthy note and stayed in green zone as investors made fresh entries in shares. As a result, Hascol Petroleum, K-Electric, Bank Al-Habib, Askari Bank, Lafarge Pakistan Cement, Fauji Cement, PICIC Investment Fund and Lotte Chemical Pakistan ended with gains.

On the contrary, D G Khan Cement, Kohat Cement, Maple Leaf Cement, Gul Ahmed Textile Mills, Avanceon Limited, Pakistan Reinsurance, PTCL, WorldCall Telecom, Fatima Fertilizer, Faysal Bank and Dewan Farooq Motors, Byco Petroleum and Pak Elektron remained under selling pressure.

The losers were more than the gainers, as out of a total of 76 active issues, eight companies posted gains, 18 registered declines while 50 companies remained unchanged at their previous closing.

Hascol Petroleum gained 93-paisa, K-Electric was improved by 62-paisa while Bank Al-Habib and Lafarge Pakistan Cement were up by 40-paisa and 19-paisa, respectively.

D G Khan Cement lost Rs 1.75, Gul Ahmed Textile Mills was declined by Rs 1.1, while Kohat Cement and Avanceon Limited were down by 76-paisa and 60-paisa, respectively.

K-Electric with trading of 298,500 shares topped the volume leaders followed by Lafarge Pakistan Cement with 201,500 shares.

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ISE index down by 27.29 points

September 02, 2014

Bears returned in the driving seat at the Islamabad Stock Exchange (ISE) on Monday, where losers outclassed gainers amid decrease in index. ISE Ten Index showed a decrease of 27.29 points as the ISE Ten Index moved from 4,504.43 to 4,477.14 points. The overall turnover amounted to 220,500 shares as compared to previous volume of 167,500 shares.

Total 132 companies participated in buying and selling activity. Majority of stocks (82) closed in negative territory, 48 closed in positive territory, whereas two companies remained pegged to its overnight levels.

The volume of Lafarge Pakistan Cement was 200,000 shares. The volume of Askari Bank Ltd was 10,000 shares. The volume of Bank of Punjab was 10,000 shares.

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Business and Economy: *Pakistan*

Chief Minister Punjab directs austerity body to continue function

September 02, 2014

Punjab Chief Minister Muhammad Shahbaz Sharif has directed Austerity Committee set up under the chairmanship of Finance Minister to continue to function for controlling unnecessary expenses. He further directed that departments must prepare timely procurement plans. He said that disbursement in disproportion to the procurement requirements needs to be controlled and the Austerity Committee should meet on weekly basis to keep the procurement flow smooth.

He observed that the Austerity Committee is a necessary check on the ostentatious and exaggerated procurement expenditure of the departments and is a forum where the departments need to justify and rationalise their wish list.

The Chief Minister further ordered that the departments must develop and share their procurement calendar/plans with Finance Department, so that Finance Department is able to accommodate each department's procurement accordingly.

It may be mentioned that Austerity Committee is functioning in the province for past several years and there is a ban on the purchase of new vehicles, renovation and decoration of offices as well as other unnecessary expenses.

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LCCI's seminar on September 4

September 02, 2014

The Lahore Chamber of Commerce and Industry (LCCI) is holding a seminar on "Achieving Sustainable Economy by fully benefiting from China" on September 4 at its premises.

The objective is to draw a roadmap for a sustainable economy by 2017 through SME exports to China, Relocation of SME from China and joint ventures with local companies, Transfer of technology to make the SME competitive, Human resource development (On the job training) and industrial workers' training and the owners' training. Pakistani and Chinese experts will speak on the occasion.

Pakistan has the ability to be on growth path and what is required is linking up the Pakistani private sector with Chinese market and bridging the Chinese private sector with Pakistan market.

China had made 531 billion dollars direct overseas investment by end of 2012 with an annual investment target of 50 billion dollars by 2015. China has 3.5 trillion dollars reserves.

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LCCI team visits Wagha border

September 02, 2014

A 15-member team of the Lahore Chamber of Commerce and Industry (LCCI) team on Monday visited Wagha Border and also witnessed flag-lowering ceremony.

The LCCI team headed by its Senior Vice President Mian Tariq Misbah spent over an hour at Wagha Border and discussed issues of mutual interest with Sector Commander Sutluj Rangers Brigadier Najeeb.

Speaking on the occasion, LCCI Senior Vice President Mian Tariq Misbah said that "Pakistan is our identity and we should make all efforts for its progress and prosperity. He said that we should remember our forefathers and pay our gratitude to them for their immense sacrifices." He demanded of all the political parties to show maturity and try to resolve issues through talks as politics of agitation is pushing national economy to the wall.

He said that the country was facing a huge economic loss only because wrong statements and irrational attitude of political players. He said that a week of stalled economic activity costs the country 500 million dollars or two billion dollars per month and a weak economy like Pakistan cannot afford to lose even one million dollar loss to exports.

He said that the leadership of all political parties should join hands for strengthening the economy instead of hatching conspiracies against the government for their vested interests.

LCCI Vice President Kashif Anwar said the political leaders should settle issues in Parliament, which is a democratic, and the just forum for this purpose instead of disturbing the business activities and public life through holding sit-ins and rallies.

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PCJCCI for participation in Furniture China exhibition

September 02, 2014

Pak-China Joint Chamber of Commerce and Industry (PCJCCI) President Shah Faisal Afridi stressed the need for participation in Furniture China 2014 exhibition, scheduled to be held from September 10 to 14, at the Shanghai New International Expo Centre.

Such exhibitions can play a pivotal role for Pakistani furniture manufacturers in achieving the furniture export target of more than \$1 billion annually in the international furniture market, Afridi said in a statement on Monday.

He said Pakistani furniture industry exhibited astounding growth during the recent year. Exports of furniture from the country increased by 16.31 percent during July 2014 compared to the same months of last year, according to data of Pakistan Bureau of Statistics (PBS), Pakistan earned \$0.770 million from the exports of furniture compared to the \$0.662 million in July 2013; furthermore, the exports of furniture increased by 8.30 percent in July 2014 when compared to the exports of \$771 in June 2014.

He said Furniture China is a professional international furniture exhibition with an excellent reputation for more than 16 years, launched in 1993. Furniture China 2013 attracted 85,313 visitors in total, including 64,182 local visitors and 21,131 from overseas which cover 6 continents of 144 countries and regions. There were around 292 overseas companies participating as exhibitors.

He narrated the example of Japan that has great scope for Pakistani Furniture, because they like Pakistani Traditional Hand-Carved furniture designs with classic finishing and similar designs can be replicated in China market; therefore, efforts must be made to promote furniture exports by more regular participation in international shows. All this can happen if there is government's will and a vision amongst furniture traders.

He asserted that joint ventures with China through trade commissions for providing machines on lease can bring product quality at par with highest international standards. But, for this to happen, the furniture industry in Pakistan must vigorously be transformed from cottage or small scale industry to innovative industry through training, upgrading supplies and imports.

Faisal Afridi added Quality export furniture is being produced at Chiniot, Gujrat, Peshawar, Rawalpindi and Karachi and the demand for Pakistani furniture has been rising constantly. The wooden furniture industry in Gujrat is also flourishing and contributing a large amount of foreign exchange earnings to Pakistan. About 70 to 80 percent furniture is made of Sheesham.

The leading furniture making areas of Pakistan are Chiniot, Gujrat, Peshawar, Lahore and Karachi. In terms of exports, Karachi comes first, followed by Lahore and Peshawar. Pakistan's major buyers of wooden furniture are the UK, the USA, Sri Lanka and Gulf countries like the UAE, Saudi Arabia, Oman and Kuwait. The United States buys mostly bedroom furniture. UK and the Gulf countries import kitchen furniture and office furniture. For example, the British retail chain Harrods sells some Pakistani furniture at its outlets. More than 80 percent of the furniture demand in the country is met by the Chinioti furniture. This industry, combined with the handicraft industry, is employing about 50,000 people.

The PCJCCI President said furniture with calligraphic engraving had great demand in local and international markets, which seems to be the dominant one in Pakistan; therefore, Pakistani craftsmen should focus on working in this particular area to earn the much-needed foreign exchange. In this regard Afridi appreciated the role of "Furniture Pakistan Company" and "All Pakistan Furniture Exporters Association 'APFEA'" in bringing the latest technical know-how in Pakistan to develop the local Furniture Industry for manufacturing quality products competitive with the international market, he added.

MCCI chief condemns attack on PTV station

September 02, 2014

President of Multan Chamber of Commerce and Industry (MCCI), Khawaja Muhammad Usman has strongly condemned attack on building of Pakistan Television Corporation (PTV) and termed it a conspiracy against the country.

Talking to media here on Monday he said, "Acts of vandalism, destroying or damaging public property deliberately, especially Pak Secretariat, PTV Station and Parliament is not democracy."

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Pakistan Embassy in Berlin participates in BMZ International Open Day

September 02, 2014

Pakistan Embassy in Berlin participated in the BMZ International Open Day organized by the German Federal Ministry for Economic Co-operation and Development along with embassies of about 60 other countries based in Berlin on Monday. An info-cultural stall was put up on the occasion and handicrafts, embroidered accessories and books and brochures on Pakistan, its diverse culture, landscape and people were put on display.

Parliamentary State Secretary of the Ministry, Hans-Joachim Fuchtel visited the stall. He was received by the Ambassador Syed Hasan Javed and was offered slices of Pakistani mangoes. He appreciated the sweet taste and aroma of Pakistani mangoes. The Ambassador also briefed him about the beautiful landscape of Pakistan and its diverse culture.

Hasan Javed presented him souvenir of books on Pakistan and a set of audio cassettes of selected Sufi Kalam (Poetry by Sufi Saints) sung by famous Sufi singers of Pakistan. A large number of German and international communities with their families visited the stall throughout the day. They were served with chicken baryani and slices of Pakistani mangoes, which they found very delicious.

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Mauritius minister meets Pakistani delegation

September 02, 2014

Mauritius Minister for Trade & Industries Cader Sayed Hossen has said that in 2002 foreign investment in Mauritius was \$327 million which has crossed over \$9 billion in 2012. He expressed his thoughts while meeting a Pakistani delegation led by Mauritius Honorary Counsel General in Karachi Sohail Yasin Suleman.

Pakistani delegation includes Anjum Nisar, Yahya Polani, Abdul Rauf Tabbani, Anis Haji Yunus, Mohammad Rajpar Anwar Ali, Yasmeen Peer Mohammad and Pakistan Mauritius Friendship Association President Major General Mohammad Siddique (Retd).

Cader Hossen said that through Mauritius Pakistani investors can penetrate into Madagascar, Comoros, Malawi, Tanzania, Zimbabwe, Somalia, Kenya, Maldives, Philippines, South Africa, Uganda, Ethiopia, Mozambique and Zambian market.

Mauritius Minister for Trade & Industries said in term of Governance Mauritius stands top in 52 countries that show we have friendly policies for the foreign investors. That's why our strong management system is attracting investors from all over the world. Foreign investors can earn mouth-watering profits by focusing sectors like seafood, minerals, electrical, construction, garments, light engineering, food grains. To facilitate and benefit investors.

Government has specially devised its trade policy, Cader Hossen added. Pakistani delegation also expressed its interest in several areas as the future trade in Africa is exceptional and Mauritius can play a vital role in this regard.

Pakistani delegation head Sohail Yaseen told media that trade openings, policies, competitive environment and port in Mauritius can be beneficial for Pakistani businessmen. As our government focus is towards new international markets and our visit is sequence of it, he added. Sohail Yasin further said that to explore African market the best place to step in is Mauritius as there is a good fortune for export and import.-PR

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TJA invites KCCI members to Istanbul jewellery show

September 02, 2014

Consultant Turkish Jewellery Association (TJA), Oguz Ozdemir invited members of Karachi Chamber of Commerce and Industry (KCCI) to participate in Istanbul Jewellery Show scheduled to be held from October 16 to October 19, 2014. Speaking at a meeting of KCCI, he said the show will provide an opportunity to Pakistani jewellery manufacturers and exporters see the latest at international jewellery products and trend.

He said the expo also provide an opportunity to Pakistani Jewellery manufacturers and exporters to hold B2B meetings, exchange information and meet suppliers and buyers from all over the world.

He further informed that a similar jewellery expo will be held in March 2015.

He said Istanbul Jewellery Show is the unique meeting platform for the jewellery industry that carries a special significance as an outstanding trade bridge between Europe and Middle East.

He said more than 800 manufacturers and exporters of TJA beside machinery and equipment manufacturers from 40 countries will also put on display their goods in this exhibition.

He informed that the Engineering Department of Istanbul Trade University has a dedicated Jewellery Engineering Department which offers masters degree and doctorate.

Students from Pakistan can study Jewellery Engineering at Istanbul Trade University which would surely help in improving their knowledge and skills, besides pave way for exchange of information, he added.

President KCCI, Abdullah Zaki said Pakistan holds huge resources of gemstone with several varieties at par with international standards in Azad Jammu and Kashmir and northern areas of the country.

"Pakistan has a potential yield of 800,000 carats of ruby, 875,000 carats of emerald and five million carats of peridot which remain unutilised", he added.

Abdullah Zaki noted that Turkish Jewellery Industry, which continues to grow with a stable and constant development, has become one of the prominent countries in gold and jewellery markets around the globe with momentum gained in the recent years.

Many significant opportunities for creating long lasting and highly valuable commercial partnership exist between Pakistan and Turkey. By exploring the competitive and comparative advantages, the two countries can increase trade and help promote new and better businesses.

He stressed that there is a need to effectively utilise trade talks, exhibitions and other trade promotion strategies which can prove beneficial for promotion of bilateral trade between the two countries.

He said KCCI has always raised voice for technology transfers and enhanced investments as they believe that boosting bilateral relations and economic activities could help countries rapidly grow and prosper on a sustainable basis.

Vice President KCCI, Muhammad Idrees requested Turkish Commercial Attaché to assist KCCI in seeking ways and means of how to effectively promote My Karachi Oasis of Harmony 2015 Exhibition in Turkey so that maximum participation of Turkish companies could be ensured at this exhibition which is likely to be attended by more than one million visitors. KCCI's My Karachi exhibition, which will be staged in 2015, is likely to be attended by foreign exhibitors from 10 to 15 countries. Expert TJA Evindar Akcan, Commercial Attaché of Turkish Consulate Murat Mustu, etc, were present in the meeting.

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ICI announces profit after tax of Rs 1.7 billion

September 02, 2014

The Board of Directors of ICI Pakistan Limited is pleased to announce the financial results for the fiscal year ended June 30, 2014. The Company posted profit after tax of Rs 1.7 billion which is 47% higher than the same period of last year.

Net Sales Income is 5% higher than the same period of last year primarily due to a higher sales volume in the Life Sciences, Soda Ash and Chemicals Businesses. The successful commissioning of the Coal-Fired Boilers at the Soda Ash plant and Coal-Fired Heaters at the Polyester plant positively impacted energy costs during the year, reducing the burden of usage of high priced furnace oil. The Polyester Business continued to face a difficult trading environment with margins remaining under pressure.

To further improve the energy mix in the Polyester Business, a Coal-Fired Steam Turbine project was approved by the Board and is expected to be completed by Q4 in 2014-2015.

To enhance its footprints in the Pharma segment, the Company is in the process of setting up a Nutraceuticals plant at West Wharf, Karachi. This project is scheduled for commissioning in July 2015.

The Company has also recently completed its initial investment in NutriCo Pakistan Pvt Limited (Morinaga infant milk marketing and distribution business). This investment is in line with the Company's aspiration to advance its portfolio growth in diverse portfolios through organic and inorganic business opportunities.

Earnings per share for the year ended June 30, 2014, is PKR18.43 (PKR12.55 in the same period of last year).-PR

Copyright Business Recorder, 2014

Activities at Karachi and Qasim ports

September 02, 2014

The Karachi Port handled 177,512 tonnes of cargo comprising 120,156 tonnes of import cargo and 57,356 tonnes of export cargo including 2,943 loaded and empty containers during the last 48 hours ending at 0700 hours on Monday.

The total import cargo of 120,156 tonnes comprised of 43,852 tonnes of containerised cargo; 11,289 tonnes of general cargo; 65,015 tonnes of bulk cargo: 31,558 tonnes of coal; 2,508 tonnes of cement; 2,740 tonnes of canola; 17,740 tonnes of DAP; 10,274 tonnes of soyabean meal and 871 tonnes of palm kernal.

The total export cargo of 57,356 tonnes comprised of 35,332 tonnes of containerised cargo; 142 tonnes of general cargo; 3,382 tonnes of cement and 18,500 tonnes of oil/liquid cargo.

As many as 2,943 containers comprising 756 containers import and 2,187 containers export were handled during the last 24 hours on Monday.

The breakup of imported containers shows 364 of 20's and 176 40's loaded while nil of 20's and 20 of 40's empty containers, whereas that of exported containers shows 320 of 20's and 350 of 40's loaded containers while 329 of 20's and 419 of 40's empty containers were handled during the business hours.

There were ten ships namely Teera Bhum, Hyundai Singapore, Makita, Uni Premier, APL Seattle, PAC Aries, Unik, Admiral Koral, Endeavour and Global Destiny carrying containers, oil tankers and tug respectively sailed out to sea during the reported period.

There were seven vessels viz. APL Aries, Teera Bhum, Express Euphrates, Mid Osprey, DI Sunflower, Bao Success and Admiral Coral carrying containers, oil tankers and general cargo respectively currently at the berths.

There were two ships namely Express Euphrates and Julia Oldendorff carrying containers and coal respectively sailed out to sea on Monday, while two more ships namely Spring Sunshine and Bao Success carrying DAP and general cargo respectively are expected to sail on Tuesday.

There were six vessels viz. MOL Distinction, Japan, HS Marcopolo, Express Kailash, Angel-2 and Chrisopigi Lady carrying containers respectively due to arrive on Monday, while seven vessels viz. OEL Trust, Kota Kaya, Santa Rosa, Gema, Xiu Chi, Al Mahboobah and Bsle Genova carrying containers, mogas, ethanol, chemical and general cargo respectively are due to arrive on Tuesday.

PORT QASIM

A cargo volume of 83,725 tonnes comprising 67,324 tonnes of import cargo and 16,401 tonnes of export cargo inclusive 781 loaded and empty containers (TEUs) was handled at Port Qasim during the last 24 hours on Friday.

The total import cargo of 67,324 tonnes includes 40,017 tonnes of furnace oil; 10,400 tonnes of edible oil and 16,907 tonnes of wheat.

The total export cargo includes 16,401 tonnes of containerised cargo.

There were two ships namely CV MSC Anti Gua and MT Quetta with containers and furnace oil sailed out sea on Monday morning, while two more ships namely CV Express Kailas and MT Chemroad Mega with containers and edible oil are expected to sail on the same day afternoon.

A total number of four vessels viz. CV MSC Anti Gua, MV Ocean Future, MT Quetta and MT Chemroad Mega currently occupied berths to load/offload containers, wheat, furnace oil and edible oil respectively

during the last 24 hours.

As many as eight ships namely Express Kailash, MSC Panama, RBD Anema E Care, Ratna Shalini, Al-Salam-II, Argent Iris, Ince II Gaz and Oriental Clematis with containers, furnace oil, diesel oil, edible oil, rape seed and soya bean oil are currently at the outer anchorage of Port Qasim.

There are four vessels carrying containers, wheat, furnace oil and edible oil took berths at Qasim International Containers Terminal, Grain & Fertilizer Terminal, FOTCO Oil Terminal and Liquid Cargo Terminal respectively on Sunday.

There are five ships namely CV Express Kailash, CV MSC Panama, Ratna Shalini, Argent Iris and Oriental Clematis with containers, furnace oil, edible oil and soya bean oil due to arrive on Monday.

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IMC reports Rs 3.87 billion profit after tax

September 02, 2014

The Indus Motor Company Limited (IMC) has reported a Profit after Tax of Rs 3.87 billion for the fiscal year 2013-14, up 15 percent over the corresponding period last year. The sales revenue was Rs 57 billion, down 11 percent compared to Rs 64 billion achieved in 2012-13.

The announcement was made at the recent Board of Directors' meeting.

Commenting on the industry performance, the CEO of IMC Parvez Ghias said that during the fiscal year 2013 14, the industry was marred by various factors such as sluggish economic growth and the inventory overhang of used cars. The government's decision to restrict the age limit of imported used vehicles to three years lent some respite to the auto industry however, despite the restriction, over 30,000 used vehicles still entered the market during the year as traders took advantage of the 50 percent duty and sales tax concession provided for hybrid vehicles and targeted hybrid imports.

IMC's sales of Toyota and Daihatsu brand (CKD and CBU) vehicles during 2013-14 were down 11 percent to 34,470 units, compared to 38,517 units sold in the prior year. The decline in sales is attributable to the run-out of the 10th Generation Corolla and re-tooling of the assembly lines requiring plant closures. Additionally, the imposition of 10 percent federal excise duty (FED) on the Toyota Fortuner adversely impacted the company's volumetric sales for the first true SUV to be manufactured locally. The government's intervention to strengthen the value of Pak Rupee was hailed by all quarters of the industry and enabled IMC to lead the auto industry with major reductions in product prices.

Based on the financial results for the fiscal year ended June 30, 2014, the board announced a final cash dividend of Rs 23.50 per share, in addition to an earlier interim dividend of Rs 6 per share, bringing the cumulative dividend paid for the fiscal year at Rs 29.50 per share.-PR

Foreign airlines adopt way to avoid paying advance tax

September 02, 2014

MUHAMMAD ALI

Foreign airlines have reportedly adopted a novel technique to avoid paying advance tax imposed on international passengers in budget 2014-15, creating problems for local airline to maintain competitive ticket prices; it is learnt here on Monday. Sources said the government has inserted Section 236L in Income Tax Ordinance, 2001 in budget 2014-15 to collect advance tax on purchase of international air ticket.

According to aforesaid Section, every airline, operating in Pakistan, shall collect advance tax at specified rates on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan. The advance tax collected under said Section shall be adjustable.

Sources said the foreign carriers in order to avoid paying heavy excise duty to the Federal Board of Revenue (FBR) are now reportedly issuing tickets from Pakistan to their hubs established mainly in Gulf countries and collecting applicable FED only for this travel.

The tickets for the remaining part of the travel from their hubs to other destinations in the world are being issued out of Pakistan. Therefore, these tickets are much cheaper than the tickets of local air carriers involving FED for the full itinerary.

Sources further said the practice of foreign airlines to issue tickets from their hubs and make the passengers travel from Pakistan without involving any FED, is not only providing financial shocks to the national kitty but also dragging local airlines in an uncompetitive business environment.

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New Gwadar Airport: amendment to MoU agreed between CAA & Chinese company

September 02, 2014

An Amendment to MoU has been agreed between Pakistan Civil Aviation Authority and China Communication and Construction Company for New Gwadar International Airport. An amendment to MoU was inked between Air Marshal (Retd) Muhammad Yousuf, Director General Pakistan Civil Aviation Authority and Wang Xiaoping, CEO of M/s China Construction & Communication Company at CAA Headquarters, Karachi on 28th August, 2014.

This is a part of Pak China Economic Corridor (PCEC). Oman Government has decided to grant \$17.5 million for New Gwadar International Airport out of which \$2.85 million has already been released which has been utilised for Watch Towers, Boundary Walls and 18 KMs long road.-PR

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Over 200 firms from 23 countries to take part in B2B event

September 02, 2014

Despite prevailing situations, the 12th International Exhibition of Plastic and Printing PLASTI&PACK and 11th International Exhibition of Food and Beverage Processing and Packaging IFTECH FOOD+BEV TEC, is receiving tremendous response from the leading international and local companies. The exhibition will take place from September 4 to 6, 2014 at Expo Centre Lahore.

Chaudhry Sher Ali, Minister of Minerals, Government of Punjab will inaugurate the Exhibition on September 4. President Lahore Chamber of Commerce, Sohail Lashari will be the Guest of Honour of the exhibition.

"The B2B exhibition will be a great opportunity for international exhibitors to explore the emerging Pakistani market, for their respective products and services" stated a spoke person from the organiser.

A high profile seminar ANNUAL PACKAGING FORUM is also been planned on September 6. The theme of the seminar is "Technologies that shape up the future of packaging". Prominent speakers from Netherlands, Pakistan Singapore and UAE are presenting their papers at the forum.

A unique feature of the exhibition is the participation of College of Tourism and Hotel Management, (COTHM), in collaboration with Chefs Association of Pakistan, which has organised a "Skill Showcasing Activity," by professional Chefs and COTHM students during the three days of exhibition.-PR

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Company News: *Pakistan*

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Shahzad Textile Mills Limited

September 02, 2014

Shahzad Textile Mills Limited (KSE: SZTM) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore stock exchanges. The company, headed by Imran Afzal as CEO, registered office is situated at Lahore and is engaged in the productions of ring spun cotton and synthetic blended yarns.

Shahzad textile mills limited is comprised of four production units, built in the heart of cotton growing belt in Punjab. Reportedly, it has a total installed capacity of 78,924 spindles with a capacity to produce around 100 x 40"FCLs per month.

The company delivers its products to customers in Europe and North America.

Performance for 9M FY14

SZTM current performance on the whole has been unswervingly on an uphill curve with notable top line growth trickling down to impressive bottom line.

Enhanced sales initiatives have occasioned in revenue collection to risen by 20 percent year on year with net sales for the 9M FY14 clocking in at Rs3.66 billion against net sales of Rs3.05 billion. Sales performances in both local and export markets were encouraging during 9M FY14 owing to the firm's revenue being earned from a huge mix of customers and availability of better yarn rates in local as well as international market. Polyester prices also remained constant nearly Rs173 per kg in the corresponding period.

SZTM's gross profit grew by 60.8 percent year on year in 9M FY14 attributing to less proportionate surge in cost of goods sold which only increased by 16 percent. That mostly points to improved productions efficiencies and efficient cost reduction strategies.

SZTM has shown sturdy net profit after tax growth of 136.7 percent year on year on the back of strong sales revenue abetted by firm margins. Additional support to bottom line is provided by decline in core operating expenses and lower finance cost of 4 percent year on year and 23.2 percent year on year, respectively. On the other hand, pressures have been observed with distribution and administrative costs increasing by 6 percent year on year and 4.6 percent year on year adding stress to bottom line expansion.

The company's fixed asset turnover in 9M FY14 was 2.76 as in comparative corresponding period two units remained closed for two months which adversely effected the production and ultimately diminution in sales of yarn.

Moreover, the current ratio of 1.22 when contrasted to the last year of 1.09 shows the firm's growing inability to service its short-term obligations.

Solid performance in 9M FY14 granted the firm to reward its investors by earnings per share of Rs12.8 compared to Rs5.41 for the vis-à-vis previous financial year.

Future outlook

Energy crisis like unscheduled electricity load shedding and Sui gas cessation is still prevailing over the country especially in Punjab, thus gravely affecting the textile sector in shape of truncated production and non-fulfilment of foreign orders for supply of yarn. Despite of all disparaging circumstances the management has effectively run the units in profitable position by fetching good yarn rates in local as well as international market.

The company is incessantly working over modernisation and expansion plan to improve the production capacity and expand the yarn quality of existing units. Reportedly, two Schlafhorst

auto coners and two sets of roving frames which were imported in previous quarter have been successfully installed and started giving production.

=====9MFY13 9MFY14

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Profitability

Gross profit margin	8.90%	12.00%
Operating profit margin	5.50%	9.00%
Net profit margin	3.20%	6.30%
ROE	8.10%	16.00%
ROA	4.10%	8.60%

Liquidity

Current ratio	1.09	1.22
Quick ratio	0.38	0.42

Turnover

Total asset turnover	1.3	1.37
Fixed asset turnover	2.32	2.76

Market

EPS - Rs	5.41	12.8

Source: Company accounts

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Taxation: *Pakistan*

Sales tax return: self-assessment amount of tax can only be altered through fresh assessment: LHC

September 02, 2014

SOHAIL SARFRAZ

The Lahore High Court (LHC) declared that self-assessed amount of tax due by a taxpayer in his or her sales tax return can only be altered through a fresh assessment of tax under section 11 of Sales Tax Act, 1990 subject to selection of a taxpayer through audit.

Sources told *Business Recorder* here on Monday that notices issued to taxpayers/appellants under section 11 of the Sales Tax Act and subsequent recovery proceedings thereunder have been declared as illegal and without lawful authority.

When contacted, a Lahore-based tax lawyer Waheed Shahzad Butt told this correspondent about the legal implications of this unique case wherein the petitioners had challenged the show cause notices for recovery of sales tax under section 11A of the Act in LHC under writ jurisdiction, wherein it is declared by the LHC that self-assessed amount of tax due by a taxpayer in his or her sales tax return can only be altered through assessment of tax afresh under the Section 11 of the Act subject to the process of selection of a taxpayer through audit.

Under the Act it is inevitable that the petitioner shall first be selected for audit by the FBR and only then would the field formation conduct its audit in accordance with a procedure given in Section 25 of the Act and thereafter, due tax (if any) may be recovered after issuing show cause notices. The present move is illegal and without lawful jurisdiction, being against the guarantees given in Articles 4, 10A, 18 & 25 of the Constitution and in contradiction to the provisions of the Act. Direct show cause notices in fact selecting the petitioner for audit of its sales tax affairs, are not only illegal but also violative of Constitution of Pakistan; hence, a nullity in the eyes of law, Waheed added.

LHC order states: "scope and interpretation of Section 11A of the Act have come up for consideration before the Court. The appellants filed their sales tax returns and fully paid the amount of tax indicated in the said returns. In spite of following the given procedure, the appellant has been served with notices under section 11A of the Act for short paid amount of tax. The Notices have been issued on the ground that the amount of sales tax to be charged by the appellant have been incorrectly reflected in the sales tax return.

"Sales Tax is premised on a self-assessment paradigm, where the tax due is self-assessed by a taxpayer and deposited along with the monthly sales tax return. Supervision and monitoring of the self-assessment regime is through the process of audit provided under sections 25 of the Act. Once the taxpayer is selected through audit and the department is of the view that the taxpayer

has an outstanding of tax liability, the case undergoes assessment of tax through the process of adjudication under section 11 of the Act. Therefore, the self-assessed amount of tax due by the taxpayer in its sales tax return can only be altered through fresh assessment of tax under the section 11 of the Act, subject to the process of selection of a taxpayer through audit. Section 11 provides for assessment of tax where a taxpayer fails to file a return, or pays an amount which is less than the amount of tax due or has made short payment or has claimed input tax credit or refund which is not admissible. The section further provides that where by reason of collusion or deliberate act any tax has not been levied or has been short levied or has been erroneously refunded, or by reason of inadvertence, error or misconstruction any tax has not been levied or short levied or has been erroneously refunded, the Officer of Inland Revenue passes an assessment order along with penalty and default surcharge. Section 11 is the only provision under the Act which provides for assessment of tax through adjudication in case the self-assessed tax of the taxpayer, according to the department, is unpaid or short paid for the above reasons. Post assessment if the taxpayer fails to pay the tax assessed, recovery can be initiated against the taxpayer under section 48 of the Act.

"Direct show cause notices issued for payment of arbitrary imaginary tax demands is simply an act without lawful jurisdiction. If the law had prescribed a specific method and given specific powers for doing of a thing in a particular manner, such provision of law is to be followed in letter and spirit and achieving or attaining the objective of performing or doing of a thing in a manner other than that provided by law would not be permitted. If the FBR official is permitted to conduct the void proceedings without adhering to any lawful jurisdiction then it will compromise the neutrality of the taxation system. It will also create a statutory anomaly whereby the Official has to exercise jurisdiction within four corners of law but the FBR official doing injustice with the Petitioner on his whims.

"Connected petitions and writ petitions are allowed and impugned notices issued under section 11A of the Act and subsequent recovery thereunder are declared illegal and without lawful authority and are, therefore, set aside," LHC order added.

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FBR to declare incomplete income tax returns as 'invalid': penalty may be imposed

September 02, 2014

The Federal Board of Revenue (FBR) has decided to declare income tax returns for Tax Year 2014 as 'invalid' on which National Tax Number (NTN) or computerised national identity card numbers (CNICs) are missing or incorrect and penalty would also be imposed in case of 'invalid' returns.

In this regard, the FBR has issued new Income Tax Return/Wealth Statement Forms for Individual/AOPs for Tax Year 2014, directing the taxpayers to file separate Reconciliation Statement in case Wealth Statement is filed for the first time.

Under the new return form, five kinds of errors/omissions shall render a Return invalid & make

the taxpayer a non-filer & liable to penalty under section 182(1) of the Income Tax Ordinance, 2001. The invalid return forms include those on which NTN or CNIC is missing, incorrect or invalid; return on which mandatory fields marked by '*' are empty; return which is not signed by the taxpayer or representative (as defined in section 172 of the Income Tax Ordinance, 2001) of the taxpayer; return that is not filed on the prescribed Form and return which is not filed in the prescribed mode.

According to the instructions for filling in Return Form and Wealth Statement issued by the FBR, the individuals deriving income under the head Salary have to file one page IT-1A Form with Annex-F & Wealth Statement if required to be filed.

The individuals deriving income under the head Salary, Property, Capital Gains & Other Sources (excluding Business) & Income subject to fixed / final tax have to file one page Return in IT-1B Form with Annex-A, Annex-F & Wealth Statement if required to be filed.

The FBR said that individuals deriving income under the head business or falling under Final Tax Regime (FTR) such as Commercial Importers, Exporters, Contractors, etc have to file two-page Return in IT-2 Form with Annex-A, Annex-B, Annex-F & Wealth Statement if required to be filed. Annex-C, Annex-D & Annex-E are required only where Depreciation / Amortisation, Admissible/ Individuals, including members of AOPs or directors of Companies, whose last declared or assessed income or declared income for the current tax year is equal to or more than Rs 1,000,000 or the final tax paid is equal to or more than Rs 35,000, must file Wealth.

The AOPs deriving income under the head business or falling under Final Tax Regime (FTR) such as Commercial Importers, Exporters, Contractors, etc have to submit IT-2 Form with Annex-A & Annex-B. Remaining Annexes (C, D, E) are required only where Depreciation / Amortization, Admissible / Inadmissible Deductions & Minimum Tax Chargeable / Option out of Presumptive through the following modes: AOPs deriving income under any head other than business have to file one page IT-1C Form with Annex-A.

Electronically at FBR Portal (<https://e.fbr.gov.pk>) which is mandatory for all AOPs, Sales Tax Registered Persons, Refund Claimants & Salaried Persons having annual income of Rs 500,000 or more. However, all others are also encouraged to file the returns electronically; manually on paper at Taxpayer Facilitation Counter of the respective Regional Tax Office. Paper Return Form can be downloaded from FBR Website <http://www.fbr.gov.pk>.

Taxpayers may seek guidance through the following modes: By calling Helpline 0800 00 227, 051 111-227-227; by visiting the nearest Taxpayer Facilitation Centre (TFC), list of which can be downloaded from FBR website at <http://www.fbr.gov.pk>

The tax can be paid in any authorised branch of NBP & SBP at any time before filing of return. List of authorised braches of NBP & SBP can be downloaded from <http://www.fbr.gov.pk>.

The FBR said the arrears of salary are to be included in amount declared in Col 'A' and again included in amount declared in Col 'B'.

Flying / Submarine Allowance is to be included in amount declared in Col 'A' and again included in amount declared in Col 'B'. Transport Monetization for Civil Servants to be included in amount declared in Col 'A' and again included in amount declared in Col 'B'. Employment

Termination Benefits to be included in amount declared in Col 'A' and again included in amount declared in Col 'B'.

The FBR said that only Foreign Income (Not Loss) should be declared. Only Agriculture Income (Not Loss) should be declared.

Tax Credits include Tax Credits for the following:- Share in Taxed Income from AOP and charitable Donations u/s 61.

The investment in Shares of Public Companies listed on a Stock Exchange in Pakistan (only for Original Allottee other than a Company) u/s 62; contribution to Approved Pension Fund (only for Pakistani Individual registered with FBR / NADRA deriving income from Salary / Business) u/s 63; property u/s 64.

The FBR said taxpayers wanting to opt out of Presumptive Tax Regime (PTR) u/c (41A), (41AA) or (41AAA), Part IV, Second Schedule, must file Annex-E.

The FBR said only Personal / Household (Non-Business) expenses should be declared.

Expenses borne by more than one person must be declared in total by each person. For example, if in one family more than one member are contributing to expenses or if more than one family are living jointly & within each family more than one member are contributing to expenses, total expenses under each head must be declared by each member of each family, FBR said.

If rows provided in any segment are inadequate, additional rows may be inserted.

All assets must be declared at cost, including ancillary expenses. If an asset is acquired under a Hire Purchase Agreement, total price should be declared as asset under the appropriate head & balance payable amount should be declared as liability.

If Wealth Statement is filed for the first time, separate Reconciliation Statement must be filed for each previous year.

The FBR said the equipment, Plant, Machinery (Non-Business) must be declared with description, for example, Generator, Tubewell, Harvester, Tractor, Trolley, etc.

The FBR added that assets created in the name of spouse(s), children & other dependants should be declared only if acquired by them with funds provided by you (Benami Assets), according to the new return form.

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Taxation: *World*

Swiss complete tax-dodge payments to Britain, Austria

September 02, 2014

Switzerland said Monday that it had completed a programme to pay Britain and Austria hundreds of millions of euros in settlements for past tax-dodging by their citizens.

In a statement, the Swiss tax administration said that London had received a total of 469.5 million pounds (593 million euros, \$779 million), and Vienna, 738.3 million euros over the course of the year-long programme.

With the financial crisis having put Switzerland under mounting pressure to lift its trademark banking secrecy laws, the country opted to give ground in some areas in order to defend the overall principle of privacy.

Under bilateral deals with Britain and Austria, Switzerland offered two options to people who failed to declare in their home countries money placed in Swiss banks.

They could either turn themselves in to their homeland's revenue services, or have their accounts taxed by the Swiss, who then transferred the funds without naming the clients.

It was under the latter system that Switzerland handed over the sums in tranches between July 2013 and August 2014.

The completion of the payments means that the British and Austrian clients' funds are now considered clean by their homelands' tax authorities and Switzerland. The total amount of funds regularised in this way in Switzerland now stands at 10.4 billion pounds and 5.9 billion euros.

In addition to the deal on securing back taxes, Switzerland has agreed to collect regular taxes from British, Austrian and other European Union account holders, then transfer the money to the individual's homeland anonymously.

Switzerland, which is not a member of the European Union, had also negotiated a deal with Germany to clear past tax-dodging, but it was shot down by German lawmakers.

France, meanwhile, has refused to make a similar deal with Switzerland, preferring to oblige French tax-dodgers with cash in Switzerland to use its own national system.

The deals with Britain and Austria could become redundant from 2017, when Switzerland has pledged to apply rules on the automatic exchange of tax information.

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Agriculture and Allied: *Pakistan*

Daily trading Report of PMEX

September 02, 2014

On Monday at Pakistan Mercantile Exchange (PMEX) value traded was recorded at PKR 1.683 billion. The number of lots traded was 7,619 and PMEX Commodity Index closed at 2,986.

Major business was contributed by crude oil amounting to PKR 1.242 billion, followed by gold amounting to PKR 416 million and silver at PKR 25 million.

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Cotton and Textiles: *Pakistan*

Cotton growers advised to save crop from rain

September 02, 2014

Punjab Agriculture Department (PAD) has advised the cotton growers to take all necessary steps for saving their crop from damages may be caused by the rains at this important juncture.

In an advisory issued here on Monday, a spokesman of the department said that the cotton production target during this season had been set at 10.5 million bales in the Punjab province.

The spokesman urged the growers to take timely steps for saving their crop from rain. He also said that picking should be stopped during the rain and restart after cotton become completely dry. He also advised to make exit for rain water in to some lower field from the cotton field as rain water, if stands more than 24 hours in the field, may cause negative impact on the production stopping the growth of the plant. He said that water should be shifted to some nearby sugarcane or fodder field. He also said that if exit of water is not possible then it should be transferred to one corner of cotton field by digging a ditch there.

The spokesman also advised the growers to consult the local agricultural experts of the department if crop sustain heavy loss because of rain.

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APTMA demands reduction in Loadshedding

September 02, 2014

Chairman APTMA Punjab S M Tanveer has urged the government to end the mismatch in electricity and gas supply to the Punjab-based textile industry for the continuity of production activities. He said the production activities are badly affected due to the prolonged mismatch in energy supplies.

According to him the SNGPL was providing eight hours a day gas supply to the Punjab-based textile industry. While, the duration of electricity loadshedding is 10 hours a day. Resultantly, the Punjab-based textile mills are exposed to energy supply mismatch for two hours daily.

Resultantly, he said, the concerned mills have no option but to close down one shift and lay off textile workers in Punjab.

Punjab-based textile mills having no other source of energy are facing 10 hours a day electricity loadshedding, eroding their viability fast.

He said that the industry was given assurance that electricity loadshedding would be reduced to eight hours a day after Eid. Accordingly, he said, the member mills had planned their operations and expected immediate cut in electricity loadshedding since August. Despite various reminders to the Ministry for Water and Power to the promised cut in load shedding, industry is not being provided with relief in load shedding.

Lingering effect on electricity supplies is becoming visible with every passing day, which is adversely impacting the whole supply chain.

S M Tanveer has urged the government to end the mismatch and reduce electricity loadshedding to 8 hours daily, enabling textile industry operations for value added goods meant for exports. Reduction in loadshedding at this time is possible as the weather has considerably improved and demand of electricity has reduced, he added.

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Fuel and Energy: *Pakistan*

Bidding for Gambat project of PPL creates controversy

September 02, 2014

The bidding of Gambat South EWT project by the Pakistan Petroleum Limited (PPL) has created a controversy, as one of the contenders has challenged the process by sending a legal notice followed by formal legal action during the ongoing week.

According to a legal notice available with Business Recorder, M/s SPEC Energy has dispatched a legal notice to the PPL against its strange disqualification for the award of tender proceedings.

Interestingly, the PPL has dubiously declined to explain the reasons behind disqualification and awarded the contract to one of the competitors hurriedly.

It may be noted that Rule 48 of the Public Procurement Rules says that no party can be condemned unheard after due evaluation in the award of any government contract.

In its grievance/complaint, M/s SPEC has pointed out that it has submitted detailed and comprehensive technical and financial bid along with bid bond in line with requirements of the tender, taking into account the pre-bid clarifications by making itself readily available to any query as may be required to support and facilitate the evaluation process during the post-bid clarification phase.

The legal notice has pointed out that the standard procurement procedure of evaluation and standard practice of all the procurement agencies of Oil & Gas, a bidder is asked to furnish their post bid responses if any area requires to be elaborated further to substantiate responsiveness or non-responsiveness of a bidder.

However, the technical evaluation report did not specify technical reasons for disqualification.

But instead of satisfying M/s SPEC grievances by constituting a committee and providing patience hearing, the PPL issued a letter dated 18 August 2014 and stated that due to non-compliance to item 1.1 (Section 1.0), which speaks about mandatory requirements of evaluation criteria, the PPL turned down request of M/s SPEC for formation of a committee. It was stated that M/s SPEC is an equipment packager and does not have experience of executing a complete project on Engineering, Procurement, Construction & Commissioning (EPCC) basis.

In response, M/s SPEC provided the PPL with a list of companies for which it has completed such projects and also produced completion certificates. Furthermore, a list of ongoing projects was also appended with the clarification.

Repeated attempts to hold a meeting and explain and clarify the situation were denied by the PPL and preferred to award the contract to another company bidding US \$40 million higher than the

cost quoted by SPEC.

It is also worth noting that the PPL has not returned the bid of SPEC until today and there are strong apprehensions that certain technical elements have been opened up before the opening of financial bid. Hurry in opening up the financial bid on 21 August 2014 has caused substantial loss to M/s SPEC in monetary terms besides irreparable loss in its reputation, added the legal notice.

The legal notice has termed it a discriminatory, unfair, prejudice and biased act showing inclination towards a specific bidder by the PPL, speaking volume about dreadful exercise of power. Neither solid cause has been shown by the PPL for disqualifying M/s SPEC nor was an opportunity provided to explain its position. It appears that the whole exercise has been made just to award the project to a favourite firm. It is against the public policy and a clear manifestation of discrimination and slackness and repeated requests to review its decision has been falling on deaf ear of the PPL.

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Inauguration of CNG buses crosses another deadline

September 02, 2014

The long-awaited CNG bus project that had to be inaugurated until September 2 (today) is still waiting for green light to get started, while government is well aware that due to extreme shortage of buses people are compelled to travel on the rooftops of buses putting their lives at risk and traffic on roads is getting more and more thicker/ congested day by day.

The assertions made by Sindh government regarding providing mass transit system and improved transportation to Karachiites on immediate basis seem to be no more than empty talks. One wonders that what are the priorities of the government or what is balking them to implement the plans for the better interest of public.

Sindh Chief Minister Syed Qaim Ali Shah had directed the management of KMC on 21st August to bring the fleet of 36 CNG buses on road by September 2. Before this he had once more vowed on 12th June that CNG buses would hit the road by the end of June. Presiding over a meeting regarding the intra-city bus project at the CM House, Qaim Ali Shah had said that the reconditioning of the buses was in the final stages and that their reintroduction would be followed by intensive efforts to introduce a mass transit system in the city.

Then, Chief Secretary of Sindh Sajjad Salim Hotiyana had said on June 18 that CNG buses would soon be on roads. He had also ordered the concerned officials to ensure strict vigilance and maintenance of the buses which were stationed at the bus depot of Karachi Metropolitan Corporation in Surjani Town. At that time it seemed that nothing is going to stop the project to facilitate the citizens. After that, Administrator Karachi Rauf Akhter Farooqui had confirmed on 28th June that the buses would be on roads in around a week or two maximum.

Sindh Govt has spent Rs40 million for re-conditioning the CNG buses which were off road due to deteriorating conditions since long.

Now, KMC press release has informed that the inauguration ceremony to be held on 2nd September under KMC had been postponed and the ceremony would be held at Chief Minister House on 5th September, where Qaim Ali Shah would inaugurate the 35 CNG buses that would ply the route from Tower to Quaidabad.

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Prices of imported LPG continue to move downward

September 02, 2014

Prices of imported Liquefied Petroleum Gas (LPG) continue to move downward and posted another decline of \$21 per ton for September 2014. New Saudi Aramco Contract Price for LPG import declined to \$773 per ton for this month as compared to previous \$794 per ton.

As a result, the price per ton of imported LPG in the country would reduce by Rs2100 Rs2 per 1kg-in the same way Rs 25 per 11.8 kg cylinder and Rs 96 per 45.4kg cylinder, Central Chairman All Pakistan LPG Distributors Association, Abdul Hadi Khan informed on Monday. He suggested the local LPG producers to reduce the gas prices since the prices of the said gas have been decreased globally.

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Wapda's hydel stations deliver 2236m electricity units in August

September 02, 2014

The hydel power stations operated by the Pakistan Water and Power Development Authority (Wapda) delivered 2236 million units of electricity to the national grid in August 2014 as compared to 2143 million units generated during the corresponding period last year. This generation registered an increase of 93 million units at a time when the country is in dire need of electricity.

It is also pertinent to mention that the average peak share during August 2014 remained 6355MW against average peak share of 6166MW in August 2013, representing an increase of 189MW.

This increased generation and average peak sharing is due to enhanced water outflows from the reservoirs by IRSA, and efficient operation and maintenance of hydel power stations.

The role being played by hydel electricity in keeping the power tariff at present level can be measured from the fact that according to data for fiscal year 2013-14, per unit generation cost of hydel electricity is merely Rs 1.65 on an average as compared to Rs 7.53 for gas, Rs 11.66 for coal, Rs 18.68 for furnace oil, Rs 28.41 for diesel (HSD), Rs 6.38 for nuclear and Rs 14.55 for wind.

The hydel power generation capacity of Wapda stands at about 7000MW - about one third of the total installed capacity in the country. Hydel is the cheapest, cleanest and environment-friendly source of power generation.

Wapda is executing a least-cost energy generation plan on priority basis with a view to improving the ratio of hydel electricity in the national grid. The under construction projects are 969MW Neelum-Jhelum, 106MW, Golen Gol, 1410MW Tarbela 4th Extension, 2160MW Dasu Stage-I and 4500MW Diamer Basha Dam.

The 7100MW Bunji hydropower project is ready for construction whereas studies for 1320MW Tarbela 5th Extension are being conducted and the project will be taken up simultaneously with Tarbela 4th Extension.

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Nepra to hold public hearing on K-Electric plea

September 02, 2014

The National Electric Power Regulatory Authority (Nepra) is holding a public hearing in the issue of monthly fuel adjustment charges in Karachi on 4th September. According to Nepra officials, this public hearing is being held on a plea of K-Electric before the regulatory body with a view to decrease rates on account of fuel adjustment charges for the months of April, May and June 2014.

K-Electric has appealed the regulatory body for decrease of 59 paisa per unit for the month of April, similarly 82 paisa per unit for May, in the same way the power utility has sought permission for the decrease of 32.4 paisa per unit on account of fuel cost adjustment for the month of June 2014.

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Fuel and Energy: *World*

Oil prices dip on faltering demand

September 02, 2014

Brent crude oil prices dipped on Monday as manufacturing growth faltered in Europe and China at a time of ample supply, although the risk of production setbacks remained high in Libya where the government has lost control of most of the capital. Euro zone manufacturing growth slowed more than expected last month and factory activity in several key countries appeared to be stagnating. French factory output fell at its fastest in 15 months in August.

Chinese factory growth slipped to a three-month low in August as foreign and domestic demand cooled, and the country's huge construction sector is also seeing a slowdown, muddying the outlook for demand from the world's key consumer of most commodities. "In China, diesel demand growth has been pressured by a slowdown in construction activity linked with the ongoing property market correction, which our economists expect to continue," Barclays said in its latest Oil Market Outlook.

"Indian oil demand is growing faster than that of China so far this year," it added.

Brent crude was 47 cents lower at \$102.72 a barrel by 1702 GMT. US crude traded 10 cents lower at \$95.86 a barrel, although floor trading in the United States was closed on Monday for the Labour Day holiday.

"Crude prices appear to have stabilised," said Michael Wittner, oil analyst at French bank Societe Generale.

"However, there are significant factors that will prevent a near-term price recovery," he added. "Exports of Libyan light sweet crude are growing, and increasing volumes of crude are being placed in storage, which will maintain downward pressure."

Libya's oil production has increased in recent months, rising to 700,000 barrels per day (bpd), state-run National Oil Corp (NOC) said on Sunday, putting it 50,000 bpd higher than levels reported early last week.

But news the Libyan government has lost control of most ministries and state institutions in Tripoli after armed groups took over the capital has raised doubts over whether the recent output levels in the country can continue.

In Iraq, the army and Kurdish forces have been battling Islamic State fighters in a push to break the Sunni militants' siege of a town in northern Iraq, while the United States carried out air strikes near the town.

Yet exports from Iraq's southern oil port have remained unaffected by the fighting. Russia's Gazprom Neft and Korea Gas Corp (KOGAS) said on Monday they had started commercial production at the joint Iraqi Badra oilfield with initial output at 15,000 barrels per day (bpd).

In Russia, President Vladimir Putin called for talks on the "statehood" of southern and eastern Ukraine, while his Ukrainian counterpart Petro Poroshenko said his country was close to all-out war with Russia.

The escalation could result in new Western sanctions against Russia, the world's biggest oil producer, although those imposed so far have not directly affected energy supplies.

Head of Russian oil major Rosneft, Igor Sechin, said Russian oil and gas companies will honour their supply contracts, despite sanctions and tensions with the West.

Traders added that stuttering North Sea oil output was lending prices some support.

Output from Britain's Buzzard field, an important contributor to the Brent oil price benchmark, has stopped again after restarting last week as the field endures a hesitant return to full output after summer maintenance.

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Under Putin's gaze, Gazprom starts mega-pipeline to China

September 02, 2014

President Vladimir Putin on Monday oversaw the start of construction on a giant pipeline that is due to ship \$400 billion worth of Russian gas to China in the three decades after flows begin in 2019. The 4,000 km (2,500 mile) "Power of Siberia" pipeline, being built by state-controlled Gazprom, forms a key part of the Kremlin's energy strategy, symbolising Russia's attempts to wean itself off dependence on European markets that account for most of its exports.

"Just now, we along with our Chinese friends are starting the biggest construction project in the world," Putin told a Chinese delegation, headed by Vice Premier Zhang Gaoli, and a group of Gazprom workers in Russia's far east.

He said the first gas pipeline between Russia and China: "Will not only allow us to export gas, but to develop gas infrastructure in our country, to speed up (economic) development, not only in this region, but in the whole country."

Putin also told Zhang that he welcomed the idea of Chinese investors joining the Vankor oil project in east Siberia, owned by Russia's Rosneft Flows through the "Power of Siberia" will start at 5 billion cubic metres (bcm) of gas in 2019, ramping up to 38 bcm under a deal signed by the two countries in May.

The long-awaited deal with China National Petroleum Corp (CNPC) was a diplomatic coup for the Kremlin after a decade of difficult negotiations, and a symbol of its efforts to strengthen economic ties with Asia as Russia's economy faces the effects of Western sanctions over the crisis in Ukraine.

Gazprom chief Alexei Miller told Putin and Zhang that a further contract on shipment of gas via a second, more westerly route, could be signed in November: "If we work closely with CNPC." He did not give details, however. On Putin's command "Begin!" two workers lowered their protective visors and welded the first segment of the black pipeline with flaring blowtorches. The Kremlin leader then signed his name on it.

With a total capacity of 61 bcm per year, the new pipeline should deliver gas both to China and to remote regions in Russia's Far East. Gazprom said on Saturday it planned to launch its far eastern Chayanda gas field at the end of 2018, aiming to ship the first gas to China in 2019. Chayanda is one of the keys to supplying China and will produce up to 25 bcm a year at its peak.

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Asian naphtha crack rebounds

September 02, 2014

The Asian naphtha crack rebounded to \$132.45 a tonne on Monday, after last week's close at more than a week's low, on the back of expectations that the market had bottomed out alongside a pickup in demand, traders said. "I think the market would have hit the bottom and doubt it will get any worse," said a North Asia-based trader.

The trader added that demand should gradually pick up with Taiwan's Formosa completing its turnaround, though that could be offset by South Korean LG Chem's scheduled turnaround at its Yeosu cracker over October 21-November 24.

Seasonally, demand for naphtha is also expected to rise in the fourth quarter, when alternative liquefied petroleum gas (LPG) becomes more expensive due to the increased requirement for heating during winter.

In tender news, Taiwan's CPC is seeking a total of 70,000 tonnes of naphtha - 35,000 tonnes each of the full-range naphtha and heavy naphtha grades - for delivery over October 1-25 into Kaohsiung, traders said on Monday.

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Iran agrees on gas export to Oman

September 02, 2014

Iran has agreed to export 20 million cubic meters per day (mcm/d) of gas to Oman, Iran's oil minister was quoted as saying by the semi-official Fars news agency, indicating the two sides had agreed on terms after years of talks.

Energy-hungry Oman first agreed to buy gas from Iran as long ago as 2005, but price

disagreements and Western sanctions that have stunted Iranian energy projects prevented any real progress.

Also Oman has been pressured by the United States to buy fuel from alternative suppliers such as Qatar, according to US embassy cables released by Wikileaks.

"Gas negotiations with Oman are over, and as both sides have agreed, Iran will export 20 million cubic meters per day (mcm/d) of gas to Oman in the near future," Iranian Oil Minister Bijan Zanganeh said, according to Fars.

Zanganeh did not give further details on the date, pricing or on the construction of a pipeline to transport the gas.

Last year, Tehran signed a memorandum of understanding (MoU) to export gas to Oman from 2015 in a 25-year deal valued at around \$60 billion.

That MoU, signed by Zanganeh and Omani oil minister Mohammed bin Hamad Al Rumhy, included an agreement to start laying a gas pipeline to Oman.

But Rumhy said in September 2013 that both countries were unlikely to even start laying a planned subsea gas pipeline for at least another two years.

Oman, which has warmer relations with Iran than do other Arabian Peninsula countries, began importing Qatari gas in 2007, but its demand has risen rapidly since then, threatening its LNG exports and pushing Muscat back to the negotiating table with Tehran.

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Argentina assessing 2015 LNG demand

September 02, 2014

Argentina's state-controlled YPF is evaluating the scale of national demand for liquefied natural gas (LNG) imports in 2015 and, with ample stocks at hand, does not expect to issue a tender soon, a company official said.

"We are already covered for the next six months at least, and so we are not in a rush to launch any kind of tender for next year," the Buenos Aires-based official who asked not to be named told Reuters on Monday.

Over the past month, LNG traders have been expecting Argentina to tap the market for supplies for 2015 and even 2016 as well as possibly the fourth-quarter of this year, hoping that such a deal would cement a nascent recovery in spot prices for the fuel.

The source said that YPF had no intention of launching a tender last month and that it was still only gauging demand for 2015, adding that a tender for 2016 supply may be further off.

Some traders said no tender had emerged due to low demand and high stocks at Argentina's two

terminals, Escobar and Bahia Blanca.

The company source confirmed that abnormally mild weather in Argentina's southern hemisphere winter, with temperatures in Buenos Aires currently around 20 degrees Celsius, has complicated the demand outlook and reduced any urgency to secure additional LNG cargoes.

"We are moving step by step (towards a tender), and there are many steps in state-owned companies," he said, adding that politicians were "keeping their noses out" of the process.

Argentina's latest debt default in July and its scramble for reserves in dollars has so far not impeded its ability to buy dollar-denominated LNG, the YPF source and traders said.

Pre-payment terms agreed with Argentina's LNG suppliers last year have eased concerns over the impact of the latest crisis.

In the new system, YPF pays for a quarter of a cargo's value before it is loaded onto a tanker and transfers the rest before the vessel enters its territorial waters, traders said.

Argentina, which typically buys its LNG in annual tenders, refined its strategy last year by tapping markets for supply two years forward while leaving a portion of its demand unmet.

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European coal prices rise slightly

September 02, 2014

European coal prices for November delivery rose slightly on Monday afternoon, tracking a rise in natural gas prices which reflected concerns about the threat of a cut in Russian gas supplies to Europe. Cargoes for delivery in November to Amsterdam, Rotterdam and Antwerp (ARA) rose by \$0.35 to \$77.25 a tonne by 1522 GMT from the previous settlement.

British natural gas jumped on Monday on growing fears that there will be a disruption to Russian gas supply this winter via Ukraine to Europe.

Ukraine has warned that Russia plans to halt gas supplies while Russia has said Ukraine could siphon off energy destined for the European Union. The EU has also threatened new sanctions if Moscow fails to pull its forces out of Ukraine.

If gas supply is interrupted, it will push up the need for coal for electricity generation.

In the Australian market, prices continued to slide. Cargoes from the country's Newcastle terminal for delivery in October were down \$0.15 at \$68.00 a tonne, while cargoes for December delivery fell by \$2.50 to \$69.00 a tonne.

"Both Indonesian and Australian thermal coal prices are at the lowest levels this decade," Jeffrey Landsberg, president at US energy and mining consultancy Commodore Research, said.

In Indonesia, the coal industry has been arguing against government plans to enforce rules to make miners register with a central authority and pay export royalties in advance of an effort to eliminate illegal mining.

Meanwhile, in South Africa, utility Eskom said on Monday that a report in the country's leading business newspaper that power supply would be "highly constrained" for the next five years was a "worst-case scenario."

"It would not be correct to say categorically that it would take five years. That is a worst-case scenario," Eskom spokesman Andrew Etzinger told Reuters.

Etzinger was responding to a report in the Business Day newspaper that said the poor state of the country's power stations would keep supply margins razor-thin for at least another five years. It cited a presentation it said was prepared by Eskom management.

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Banking & Finance

Rs200 bonds draw on Sep 15

Monday, 01 September 2014 13:54

Posted by Parvez Jabri

FAISALABAD: The 59th balloting of Rs.200 prize bonds will be held here on September 15.

According National Savings spokesman, first prize is worth Rs. 7.5 lakh, whereas 5 prizes worth Rs2.5 lakh each are the second prize. Likewise, third prize worth Rs.1250/- will be given to 2394 winners.

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Markets

ISE-10 index stays Bearish

Monday, 01 September 2014 18:23

Posted by Imaduddin

ISLAMABAD: The Islamabad Stock Exchange (ISE) on Monday witnessed bearish trend as the ISE-10 index was down by 27.29 points to close at 4477.14 points.

A total of 220,500 shares were traded, which showed a positive growth of 53,000 shares, when compared with previous day's trading of 167,500 shares.

Out of 132 companies, share prices of 48 companies recorded increase while those of 82 companies decreased and 2 companies remained stable in today's trading.

The share price of Pakistan Tobacco increased by Rs 49 while that of Sanofi Aventis decreased by Rs 32.94 per share.

Lafrage Pakistan Cement, Askari Bank and The Bank of Punjab remained the top trading companies with 200,000, 10,000 and 10,000 shares respectively.

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30 profiteers arrested in August

Monday, 01 September 2014 13:30

Posted by Parvez Jabri

KARACHI: As many as 30 shopkeepers were arrested and sent to jail during the crackdown against the illegal profiteering and violation of the officially approved price list of essential commodities during August.

This was said by Commissioner Karachi Shoaib Ahmed Siddiqi while giving details about the crackdown against profiteers during the month of August, said a statement issued on Monday.

He said that 1631 shopkeepers were challaned during the crackdown while over Rs 2.39 million were imposed on the profiteers and violators of price list, in terms of penalties.

He said total 619 milk sellers, 108 fruits vendor, 307 grocers of daily commodities, 11 meat merchant, 440 chicken sellers, 137 retailers of vegetables and nine vendors of flour were challaned for selling the commodities on the prices in violation to the notified price list.

Shoaib Ahmed Siddiqi has directed the officials concerned to ensure the sale of essential commodities on prices in accordance with the officially approved list in accordance with the endeavour of the government to provide relief to masses.

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BR Research: *All*

CPI breather

September 02, 2014

BR Research

At last there is news to bring smile on a few faces. Inflation has nosedived to a 14-month low at 6.99 percent during August. Thanks to the high-base effect in the heavyweight non-perishable food items and a fall in perishable sub-index, it resulted in food inflation to restrict at 4.65 percent (YoY) last month.

This is encouraging as the average two-month inflation stood at 7.45 percent, which is much lower than full-year average of 8.3 percent in FY14. However, the inflation may go north in October due to low-base effect and November would likely be a better month. Hence, overall inflation in FY15 may remain in the band of 8-8.5 percent.

The prices of essential food items usually ease down after Ramazan and Eid-ul-Fitr. And that is exactly what happened in August as fresh fruits inflation declined by 17.5 percent (MoM) in August. On the flip, fresh vegetables are up 12.5 percent and onions increased by 8.93 percent. In a nutshell, the perishable food items are down by 1.79 percent during August.

On the other hand, prices of eggs and various other food items have increased considerably. That has resulted in non-perishable food items to jump by 1.07 percent in August as compared to the prices in the previous month. But, higher prices in same time last year came to the rescue and reduced the yearly increase to mere 4.35 percent.

The mechanism was almost at 180 degrees in the alcoholic beverages and tobacco as despite a meager 0.3 percent increase on monthly basis, the year-on-year hike stood at 22.56 percent. Toxic users might not be happy with the happenings as this increase has skewed the food CPI higher to stand at 5.6 percent in August.

The non-food inflation remained much higher at 8.1 percent year on year in August, although, on monthly basis, the increase is at 0.2 percent, which is lower than the food price increase of 0.6 percent. This explains the variation in base effect in food and non-food inflation. The good omen is that trimmed core inflation is 7.1 percent, lower than any month of the previous year.

Housing, water, electricity, gas and fuels sub-index was virtually at the same level of previous month but has increased by 8.92 percent on yearly basis. Quarterly housing rent index revision in October and rupee depreciation in August will not bode well for the prices in coming two months and one may see uptick in the sub-index in the next two months.

Thus, despite lower inflation, SBP may not ease monetary policy in upcoming review. There are other reasons than inflation which warrant a cautious stance in the MPS. These worries include recent rupee depreciation, possible delay in the OGDC privatisation proceeds (at least \$850mn),

issuance of Sukuk (\$1bn) and IMF holding back its tranche. Hence, to ease the currency pressure and to appease the fund, status quo may continue.

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AUGUST- 2014 CPI - KEY ITEMS

	=====YoY (%) MoM (%)	
General	6.99	0.33
Food & bev	4.65	0.59
Non-persishable	1.35	1.07
Perishable	6.22	-1.79
Clothing & footwear	9.26	0.32
"Housing, water, electricity, gas & fuels"	8.92	0.08
Transport	4.23	0.16

Source: PBS

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Listening in politics

September 02, 2014

BR Research

Principles of corporate governance do not exactly apply on political parties. But, it is increasingly becoming evident that it wouldn't hurt if political parties in Pakistan were to take a leaf or two from the corporate governance framework. It will probably be good for their image, and, well, possibly for their survival, too.

The kind of corporate governance principles that might help parties strengthen their image pertains to their financial disclosures. It is important to ensure transparency in political funding and spending, and of course, there is the hot issue of politicians' tax returns.

The world will not live happily ever after if political parties and politicians in Pakistan chose to adopt the good practices surrounding financial disclosures. But, by doing so, both the parties and politicians might just gain a little more respect, which is always a nice thing to have.

Take the case of the PML-N. It is a matter of their survival these days. And for what reason: failing to respond to the grudges of the stakeholders.

Using corporate governance framework to analyse something as fluid and grey as politics is oversimplification, especially considering that it was the PML-N that took the whole political drama out on the streets.

But, things may have been different if the government had listened to and made an effort to resolve the grudges of PTI and PAT long before the showdown began on August 14. Not listening to the stakeholders is a major corporate governance failure; it usually leads to a shuffle in top management.

The other major corporate governance problem visible in the PML-N camp is their failure to have what, in corporate governance terms, may be called as not having enough independent directors on board. If the boards (in this case the PML-Ns) decisions are mostly being influenced by family members, the diversity of opinions and the execution of difficult or bold moves become a victim.

You can have all the consultants from outside the party--as did the PML-N by talking to the PPP co-chairperson Asif Zardari, for instance--but at the end of the day, external consultants aren't much help if the board itself is weak or unwilling to listen.

Hopefully, other political parties and scores of family-owned businesses with weak boards will learn a lesson or two from the ongoing saga.

WorldCall struggling

September 02, 2014

BR Research

It's not looking good for WorldCall Telecom (KSE: WTL). The Lahore-based telephony and broadband firm had recorded a whopping net loss of Rs2.3 billion last year (CY13). Now, it has closed the half year ending June 2014 with another net loss, of Rs818 million.

WorldCall's problems are rooted in its dwindling top line. In 1H CY14, net revenues went down by nearly 29 percent year on year. Sales hemorrhage is an ongoing and intensifying agony for the firm. Its revenues have been slumping since CY09, and last year, the top line had gone down by 55 percent year on year.

Heightened competition and limited investment in core operations--broadband and telephony--have been behind the financial troubles. The management is aware of them, but one wonders if the turnaround strategy espoused in the board meetings is even operational.

The management had secured last year a \$35 million funding from Omantel (the sponsor) and HBL (investor) through the issuance of 350,000 convertible preference shares. The investment strategy focuses mainly on major network up-gradation investments in the wireless broadband segment in major cities. Done right and sooner, these investments can help WTL reposition itself in the new telecom ecosystem that is developing after the 3G/4G spectrum license auction in April this year.

Drooping revenues in the period meant that there was hardly any life left in the profit margins. Direct costs went down by a proportionally-lower 11 percent, but it wasn't enough to keep margins intact at last year's level. Direct costs are a bit stubborn to be brought down. On one hand, higher depreciation charges are hitting the firm. On the other, fixed charges--on account of interconnection and bandwidth contracts, and networks maintenance and insurance--do not respond to lower sales.

No points for guessing that all ensuing profit margins were in deep red. Towards the end, a 38

times higher other income and zero other expenses provided a jolt but they weren't good enough to resuscitate the firm to profitability. In the end, the net margin was a negative 63.47 percent in 1H CY14, and the basic loss per share was Rs1.06, about 1.5 times the loss seen in the same period of last year.

If it goes like this, WTL is on its way to close the year with another big net loss, making it a third consecutive loss-making year and fourth such year in the last five. For now, it seems difficult for the management to help restore order at the top line. But the key to revival lies in continued capital investment in network infrastructure, marketing and after-sales services, which the management has avowed. The journey is a long one, so the shareholders will do well to remain patient!

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WORLDCALL TELECOM LIMITED

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Rs (mn) 1HCY14 1HCY13 Chg

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Revenue-net	1,289	1,815	-29%
Direct cost	-1,618	-1,813	-11%
Gross margin	-25.50%	0.10%	-
Operating loss	-866	-595	46%
Other income	523	14	3658%
Loss after tax	-818	-616	33%
Net margin	-63.50%	-33.90%	-

Source: KSE announcement

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Bestways concrete performance

September 02, 2014

BR Research

The recent taking over of Lafarge by Bestway Cement (KSE: BWCL) seems to make more sense in the light of the latter's financials. Indeed, the company's margins have shown significant strides, with net earnings showing an impressive 35 percent increase. The company has also announced a dividend of Rs2.5 per share for the year end.

BWCL's sales have increased in line with the sectoral trend, which experienced the highest recorded local sales during FY14. But more importantly, the company has fared tremendously on the administrative front, with expenses coming down by a substantial 50 percent.

Financial charges have also registered a significant decline of 54 percent. This cost component had been on a decline earlier during the year as well, on account of greater cash generation from operations. However, operating margins have been affected by other expenses, which rose sharply by 58 percent.

According to Nabeel Khurshid, Research Analyst at Top line Securities, BWCLs interest coverage has increased from 8 percent to 21 percent, indicating an improving position in terms of financial leverage. The most notable shift for BWCLs annual margins has come from other income. BWCL holds 51 percent share in UBL, which has driven this component.

Further, BWCL has managed to control costs owing to its in-house Waste Heat Recovery system. Going forward, the company might be installing a WHR in its new acquisition as well, given Lafarges high energy cost per bag, which comes at Rs141, suggests Khurshid. Post-acquisition, costs will also come down as royalty fees to Lafarge International do not remain applicable.

In terms of exports, BWCL--now the largest player in the sector--should be looking towards other destinations to expand its markets given that export prospects are dwindling in Afghanistan, India and South Africa.

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BWCL - KEY FINANCIALS

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Rs (mn)	2014	2013	Chg
Net turnover	28950.5	24074	20.30%
Cost of sales	17570.2	14103.7	24.60%
Gross margin	39.30%	41.40%	-
Administrative expenses	302.2	595.5	-49.30%
Other expenses	596.7	378.4	57.70%
Finance cost	462	1009.1	-54.20%
Other income	138.4	55.4	149.90%
Net margin	29.50%	26.10%	-
EPS - basic & diluted (Rs)	14.76	10.86	35.90%

Source: KSE notice

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AGIL: in line with auto sales

September 02, 2014

BR Research

The dip in automobile sales during FY14 naturally left a bearing on Agriauto Industries Limited (KSE: AGIL). This is evident from net sales of AGIL which show the most notable shift in the financial results announced by the company.

The results are not surprising. Auto numbers released by PAMA earlier had given that indication already. Both production as well as sale remained stagnated across all categories in the sector. Local car sales remained subdued through the year on account of multiple factors, including increased inventories of imported cars, higher taxes imposed in Budget FY14 (One percent higher GST and 10 percent FED), higher registration and withholding taxes and relaxation of

import duties on hybrid vehicles. In December 2013, a ban was also imposed on the import of CNG kits.

However, AGIL has still managed to post decent earnings, which have largely benefited from other income and a decline in finance costs. While operating profits showed a decrease of 14 percent, there has been an improvement in net margins compared with last year on account of a significant decline in taxation. This had led to a cash dividend of Rs5 per share.

The budget announced for FY15 could prove to be a harbinger for the automobile sector at large (see BR Research column An auto-friendly budget, dated June 10, 2014), which would work well to boost declining volumes for AGIL as well.

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AGIL-KEY FINANCIALS

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Rs (mn)	2014	2013	Chg
Net turnover	3158.8	3503.6	-9.80%
Cost of sales	-2647.9	-2929	-9.60%
Gross margin	16.20%	16.40%	-
Finance cost	-0.09	-0.13	-29.40%
Operating margin	10.60%	11.20%	-
Other income	105.4	82	28.60%
Profit before taxation	403.6	439.1	-8.10%
Taxation	-95.3	-129.7	-26.50%
Net margin	9.80%	8.80%	-
EPS-basic & diluted (Rs)	10.7	10.74	-0.40%

Source: KSE notice

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Crime News

Rawalpindi: 29 lawbreakers including 13 gamblers arrested

RAWALPINDI: The police under its ongoing drive against the anti-social elements have arrested 29 lawbreakers, including 13 gamblers besides recovering 530 grammes of charas, a liquor bottle, eight pistols of 30 bore with 78 rounds, one pistol of 32 bore with five rounds, firework items, and kites from the possession of the arrested accused.

According to the Rawalpindi police spokesperson, the Waris Khan police netted a man for having 530 grammes of charas. The Murree police recovered a bottle of liquor from another accused. The Rattaamral police recovered 20 kites and seven string rolls from the possession of a man while the Waris Khan police netted another accused on the recovery of eight kites and string rolls. The Sadiqabad police held a man for carrying firework items. The Saddar Baroni police conducted a raid at an illegal petrol agency and arrested a man. Meanwhile, the Westridge police on information raided in the Range Road area and nabbed six persons who were allegedly involved in betting while playing cards. The police also recovered Rs 16,200, and six mobile phones from them. In another raid, the Saddar Baroni police arrested seven persons as they were found involved in betting. The police also recovered Rs 7,650 cash stake money and two mobile phones from their possession. Others accused were sent behind the bars for having illegal weapons and further investigation is underway from them.

33 lawbreakers including 13 shisha smokers arrested

RAWALPINDI: The police have arrested 33 lawbreakers including 13 shisha smokers besides recovering 3,290 grammes of charas, 54 bottles of liquor, 25 litres of wine, two 30-bore pistols with eight rounds, one pistol of 32-bore with three rounds, kites, and string rolls from the possession of the arrested accused.

According to the police spokesperson, the Pir Wadhai police netted an accused for having 510 grammes of charas. The Naseerabad police held a man and recovered 1,250 grammes of charas. The Wah Cantt police recovered 500 grammes of charas from

3 robbers arrested in Lahore

LAHORE: PHP arrested three robbers, helped 3,780 travellers and arrested 17 criminals including two proclaimed offenders. PHP arrested Gulzar, Bilal and Bilal Ahmad who were looting bus and van passengers in Minawali. It arrested proclaimed offenders Zohaib and Umar who were wanted by Tanda Gujrat and Zafarwal police stations.

It also recovered illicit arms from Abdul Rehman, Imran, Irfan, Elahi Buksh, Hassan and M Irfan and recovered narcotics from Atta Ullah, Ishfaq Hussain, Gulam Murtaza, Maqbool Qadir, Sajjad, Nazir Ahmad and Iqbal.

Police arrested Baber and Gulzar for taking liquor and reunited children Ahmad Ali, Sudais, Salal Kamran, Hussain, Waleed, Darya Khan, M. Hussain, Qasim and special person Niamat Shah with their families.

ahore: Man booked for killing wife

LAHORE: Shadbagh police registered a case against a man for killing his wife. The victim was identified as Komal Bibi, wife of Imran of Bhagatpura. The victim's brother Shahzad accused Imran and his family members of poisoning his sister to death. Police shifted the body to morgue.

Meanwhile, a 40-year-old man was killed by a speeding car in the Johar Town area on Sunday.

The victim, yet to be identified, was crossing the road near Shah Di Khuee when a rashly-driven car hit him resulting into his instant death. Body was shifted to morgue.

Miscellaneous News

Surprising statistics: Inflation falls to 7% in August

By Shahbaz Rana

Published: September 2, 2014

ISLAMABAD:

The rapid increase in prices of essential commodities has slowed down to what they were in the post-election period, as inflation fell to 7% on a year-on-year (YoY) basis in August, increasing prospects of a reduced discount rate in the upcoming monetary policy announcement.

Inflation measured by the Consumer Price Index (CPI) – an indicator that captures prices of 481 commodities every month – rose to 6.99% in August on a YoY basis, according to the Pakistan Bureau of Statistics (PBS) on Monday. It was the lowest since July last year.

In June 2013, when the PML-N government came into power, the CPI-based inflation had been recorded at 5.9% – jumping to 8.3% within one month. Since then it remained above the 7.5% mark.

The latest reduction has taken the analysts by surprise as they were expecting inflation to clock in at 8.2%. The downward slide was recorded both in the prices of food and non-food items, according to the PBS data. The food inflation slipped to 5.6% while non-food inflation decreased to 8.1%.

In July this year, the overall index rose to 7.9% on a year-on-year basis and there was an almost one percentage point reduction in a single month that highlighted prospects of reduction in the key discount rate. The State Bank of Pakistan (SBP) is expected to announce monetary policy for next two months. In the last monetary policy announcement, the board of the SBP had kept the discount rate unchanged at 10%.

However, according to analysts, SBP may retain the discount rate in a bid to use the monetary policy as a tool to build foreign currency reserves after the recent slide in the level of reserves.

According to the PBS, the rate of increase in prices of perishable food items slowed down to 6.2% year-on-year in August. The prices of non-perishable food items also slowed down to 4.7% last month. Clothing and footwear prices remained at 9.2%.

The highest increase was in the category of alcoholic beverages and tobacco groups as the prices soared by 22.6%.

In food, the price of potatoes increased by 113.8% in August in comparison to the corresponding period of previous year, suggesting measures to curtail the rates were unsuccessful. The federal government has allowed duty-free import of 300,000 metric tons of potato to check the prices in the domestic market. Pulse moong rates increased about 21.5% and there was a 22.8% increase in prices of cigarettes due to increase in taxes from July this year.

The fuel- and food-adjusted inflation also slowed down to 7.8% year-on-year in August, a reduction of 0.4% in a single month. The slowdown in the pace suggests that the inherent risks of double-digit inflation are abating. Independent experts give more importance to core inflation, excluding food and energy, which are susceptible to seasonal price shocks.

The average inflation during the first two months (July-August) of the fiscal year remained at 7.44% as compared to the same period of the previous fiscal.

For the new fiscal year, the government has set the inflation target at 8% as any significant curtailment is not possible due to rationalisation of subsidies, monetary overhang and rising demand, according to the Annual Plan for 2014-15.

Published in The Express Tribune, September 2nd, 2014.

Broadening services: Engro Powergen to check for gas compatibility

By Saad Hasan

Published: September 2, 2014

KARACHI:

Engro Powergen Qadirpur Limited – Pakistan’s only power plant that uses permeate gas as fuel – is carrying out an exercise to see if low BTU (British thermal unit) gas from other petroleum fields would be compatible with its equipment, a top company official told *The Express Tribune* on Monday.

A study has been initiated in collaboration with General Electric (GE) to determine the lower and upper range of gas’s BTU value that could work, said Syed Muhammad Ali, the chief executive officer, in an interview.

“That will allow us the flexibility to run the plant on different types of gas,” he said. “If there are other low BTU fields in the surrounding area, they can be utilised as well.”

However, he said that the company currently was not sure if other fields have the type of gas to spare.

Engro Powergen, a subsidiary of Engro Corporation, has a 217 MW power plant, which runs on high sulphur gas, basically a waste by-product, supplied from the Qadirpur Gas Field. The permeate gas was burned for years before the plant started using it in 2010.

About the depletion of Qadirpur field and the consequent cut in supply of permeate gas, Ali said that the mix of gas and diesel would be used to overcome the shortage, which will emerge in the coming years.

“This will be done up till the point when cost of generation reaches that of furnace oil. We will switch to furnace oil completely afterwards.” However, he said that such a shift was not expected for the next five years.

The company is also eyeing an IPO this month. It posted a profit of Rs1.46 billion in 2013, down 30.5% from Rs2.1 billion in the previous year, mainly because of a machinery malfunction that forced a 76-day shutdown.

Ali said that the problem with the plant’s rotor has been fixed. “We are expecting previous years’ profitability now.”

Engro Powergen has also ventured into the service sector by getting the operation and management contract for 84 MW captive power plant of a Nigerian oil refinery.

“This area is new for us but early signs are encouraging,” he said. “Right now, 14 employees have been deputed at the plant and more will join them as the project progresses.”

The company got the contract through one of its vendors, General Electric. “We told them that we have been operating your equipment for so many years and that it would be expensive for them to place their expats to operate them. So why don’t let us try.”

Between 2007 and 2011, Engro invested around \$1.5 billion in projects that included the expansion of fertiliser, polymer plants and the Qadirpur power plant, piling a lot of debt on its balance sheet.

Diversifying its business into services, helps Engro continue its expansion but without such capital-intensive projects, Ali said.

Speaking about the proposed use of liquefied natural gas (LNG) by power plants, he said it remains the best possible way to keep the average power generation tariff at current 14 cents per kWh.

Regarding the fear that expensive imported LNG will add to losses as it enters the pipeline system replete with leakages, he said that most of the gas pilferage takes place in the distribution pipelines, which run through the cities.

“Power plants are connected with transmission pipelines, which do not suffer high degree of loss,” he said.

Another subsidiary of Engro is working on the country’s first LNG import terminal that is expected to start receiving shipments from next year. It is also a partner in Sindh Engro Coal Mining Company, which will spud coal from Tharparkar and build power plants to use it.

Ali said the issue of inter-corporate circular debt would have to be resolved to expedite work on coal-fired power plants that are being encouraged to deal with chronic power cuts.

“Almost all the financing is going to come from China for these projects and the investors are concerned about circular debt.”

International financial institutions and foreign banks have not shown interest in financing coal-fired power plants because of environmental issues, he said.

“Government would also need to spend money on power transmission lines. They only have spare capacity to handle 1000MW.”

Published in The Express Tribune, September 2nd, 2014.

New CNG stations: Cabinet Division puts off probe into violation of ban

By Zafar Bhutta

Published: September 2, 2014

ISLAMABAD:

The Cabinet Division has shelved an investigation plan to find out how the oil and gas industry regulator allowed the setting up of new compressed natural gas (CNG) stations despite a ban during previous government of Pakistan Peoples Party.

Sources disclose that the Cabinet Division has withdrawn a summary sent to the Economic Coordination Committee (ECC), seeking permission to conduct a comprehensive probe into the grant of licences by the regulator for establishing CNG filling stations in violation of the restrictions imposed by the government.

The curbs were slapped following a presentation given by the Ministry of Petroleum and Natural Resources and Ministry of Water and Power on February 6, 2008 to then acting prime minister Mian Mohammed Soomro over the looming energy crisis.

After the presentation, the premier decided to stop the issuance of licences for setting up new CNG stations.

According to sources, the cabinet committee constituted to propose measures to resolve the energy crisis took up the issue of new licences and wanted a thorough probe.

The ECC held deliberations over the illegal grant of licences in April this year and sought legal opinion of the Law Division as the matter was being investigated by the National Accountability Bureau (NAB), sources said.

The Law Division was asked whether the cabinet committee could discuss the issue at a time when the Supreme Court of Pakistan and NAB were dealing with it. In response, the Law Division suggested that the cabinet body could undertake an investigation in this regard.

The regulator – the Oil and Gas Regulatory Authority (Ogra), however, argues that provisional licences for CNG filling stations were converted into marketing licences in the light of instructions given by the Prime Minister’s Secretariat and under Rule 7 of CNG (Production & Distribution) Rules, 1992 after completing necessary formalities.

The previous governments had been issuing CNG licences without framing any policy, which resulted in a mushroom growth of gas filling stations in densely populated areas of the country.

Now, the present government plans to provide some liquefied natural gas (LNG) imports to CNG stations and save domestic natural gas supplies for power plants. The plan, if approved, will help divert 628 million cubic feet of natural gas per day (mmcf) to the power producers, which will lead to an increase in electricity production and control hours-long outages, which have erased 3% of economic growth every year.

The plan is designed to save the CNG industry, estimated to have invested Rs450 billion, from financial collapse, especially in Punjab. About 300,000 skilled and unskilled workers are directly associated with the industry and 150,000 people are indirectly related.

At present, about 3.7 million vehicles, equipped with CNG conversion kits, run on gas in place of petrol.

Published in The Express Tribune, September 2nd, 2014.

Stock funds: Equity funds record negative returns amid political concerns

By Kazim Alam

Published: September 2, 2014

KARACHI:

Each of the 21 equity-based conventional mutual funds operating in Pakistan posted negative returns in August amidst political turmoil in the country.

According to data compiled by the Mutual Funds Association of Pakistan (MUFAP), only three funds in August outperformed the Karachi Stock Exchange (KSE) 100-Share Index, which is typically the benchmark for almost all equity funds.

The KSE-100 index stood at 28,567 points at the end of August, down 5.76% from a month ago. The net asset value (NAV) of National Investment Unit Trust also came down by 5.76% during August.

Pakistan Strategic Allocation Fund remained the best equity fund last month, posting a return of minus 3.22%.

Atlas Stock Market Fund (-5.41%) and Lakson Equity Fund (-5.68%) were the other stock funds that posted returns better than the benchmark index in August.

The worst performing conventional equity fund in August was JS Large Cap Fund, which posted a return of minus 10.38%. It was followed by JS Growth Fund whose return was minus 9.22%. The third-worst performing mutual fund was AKD Opportunity Fund with a return of minus 8.63%.

Other equity funds performing worse than the benchmark index in the second month of the current fiscal year include PICIC Energy Fund (-8.55%), PICIC Stock Fund (-8.2%), First Habib Stock Fund (-7.83%), Askari Equity Fund (-7.01%), Alfalah GHP Alpha Fund (-6.92%), NAFA Stock Fund (-6.82%) and JS Value Fund (-6.8%).

Most of these conventional equity funds performed well in the last fiscal year. For example, AKD Opportunity Fund posted an annual return of 47.7% while the gains of PICIC Stock Fund and JS Value Fund were 40.3% and 34%, respectively, in 2013-14.

MUFAP data shows that each of the nine Islamic equity funds posted a negative month-on-month return in August.

The typical benchmark for Shariah-compliant equity funds, KSE Meezan Index (KMI-30), decreased by 5.08% in August. Only one of the nine Islamic equity funds – Atlas Islamic Stock Fund – posted a monthly return that was better than the KMI-30 in August.

According to KASB Securities, the KSE-100 emerged as the worst performing index in the world in August, although it is still up 13.1% since the beginning of 2014. Local mutual funds were the net sellers of liquidity (\$67 million) in August, it added.

Published in The Express Tribune, September 2nd, 2014.

Istanbul Jewellery Show 2014: KCCI members invited to Turkey

By Our Correspondent

Published: September 2, 2014

KARACHI:

The Turkish Jewellery Association has invited members of the Karachi Chamber of Commerce and Industry (KCCI) to the Istanbul Jewellery Show, which will be staged at the Istanbul Fair Centre from October 16-19, 2014.

The Turkish delegation visited the chamber's head office and met KCCI President Abdullah Zaki on Monday.

The meeting was also attended by Commercial Attache of Turkish Consulate, Karachi Murat Mustu and prominent manufacturers and exporters of Pakistan's jewellery sector.

The delegation believes the event will provide a good opportunity to Pakistani jewellery makers to meet world's leading suppliers and hold business-to-business (B2B) meetings during the show.

Oguz Ozdemir, a Turkish consultant, said that the Istanbul Jewellery Show is a unique platform for an industry that carries special importance as an outstanding trade bridge between Europe and the Middle East.

He said that more than 800 manufacturers and exporters of the Turkish Jewellery Association, along with machinery and equipment manufacturers from 40 countries, will be displaying their products in the exhibition. Special arrangements have also been planned for B2B meetings and exchange of information along with other facilities for Pakistani exhibitors and visitors willing to attend.

The consultant added that Pakistani students can study Jewellery Engineering at the Istanbul Trade University, which would help improve their skills and pave the way for exchange of information.

KCCI chief Zaki said that Pakistan holds huge resources of gemstone with several varieties at par with international standards in the northern areas of the country.

“Pakistan has a potential yield of 800,000 carats of ruby, 875,000 carats of emerald and five million carats of peridot which remain unutilised,” he said.

Zaki noted that the Turkish Jewellery Industry, which continues to grow with a stable and constant development, has achieved international recognition in recent years.

Significant opportunities for creating a long-lasting and highly valuable commercial partnership exist between Pakistan and Turkey. By exploring the competitive and comparative advantages, the two countries can increase trade and help promote new and better businesses, he said.

He concluded that there was a need to effectively utilise trade talks, exhibitions and other trade promotion strategies which can prove beneficial for promotion of bilateral trade between the two countries.

Published in The Express Tribune, September 2nd, 2014.

Tech-savvy: Software being developed to aid farmers

By APP

Published: September 2, 2014

ISLAMABAD:

The Ministry of Information Technology and Telecommunications (MoIT) is in the process of developing software that would provide guidance to farmers through web, call centre and text messages (SMS).

The guidance would be provided keeping in mind their particular area of specialty and the level of investment they intend to make.

National ICT Research and Development Fund, a department of the ministry, is executing the project in collaboration with the University of Agriculture, Faisalabad at a cost of Rs29.58 million.

The project is expected to be completed by June 2015. According to a project brief, the farmers will get information about the cost of inputs, prices of commodities and income to be generated.

There is a dire need to develop an e-system for economical and site-specific crop production technologies, which may address needs of farmers of every district and to disseminate this information to end user through state of art ICT means.

As part of the procedure, an e-system, which serves as a centralised knowledge-base for every district, would be developed.

All the information collected will be classified into various categories through the software. Simultaneously, research findings will collect information regarding latest crop production technologies for that district.

All the information will be analysed and synthesised to standard site specific crop production for all categories of the farms.

The economic analysis will also be an integral part of production technologies. The information will be used to develop the best production technology, using economic analysis through the high speed computing devices (server machines).

At the end of every phase, the information generated for each district will be shared with all stakeholders working in the district to impart awareness to them and to get their feedback.

Published in The Express Tribune, September 2nd, 2014.

Taking toll: Political stalemate brings business activities to a halt

By Shahram Haq

Published: September 2, 2014

LAHORE:

Markets and industries in Lahore are encountering the worst time these days, with nearly no business activities and traders claiming losses of billions of rupees.

It has been a month now that the business environment has not come back to normal. First, there were Eid holidays, then government moves to prevent political workers from assembling for the march on Islamabad which nearly choked the entire Punjab and the current sit-ins in the capital, which entered their 18th day on Monday.

The political uncertainty is not allowing people to spend much these days, says the business community.

“We didn’t expect the crisis to last that long, the situation takes a new turn every day and now the call for protests all over Pakistan is causing more havoc,” said Tariq Misbah, Senior Vice President of Lahore Chamber of Commerce and Industry.

The biggest losers were the small and medium-sized traders of wholesale markets, whose business turnover has shrunk more than 90%. Traders from other cities also avoid travelling to Lahore these days, which is hurting trading volumes in the wholesale market even further.

Lahore is the country’s second biggest city after Karachi and an important economic hub for the entire Punjab and some parts of Khyber-Pakhtunkhwa because of its popular wholesale markets.

The city’s contribution to the country’s gross domestic product (GDP) in 2010, according to some global institutes, was around 13%. Its contribution to the GDP in 2025 is predicted to be nearly \$102 billion with an annual growth of 5.6%.

With domestic businesses grinding to a halt, the industrial units and export industry, especially textile, continue to face severe energy shortages.

“The situation at our end is quite relaxed as we’re continuously receiving orders from European countries. But the energy crisis once again is at its peak and we’re having a hard time meeting deadlines,” said SM Tanveer, Chairman of All Pakistan Textile Mills Association Punjab Chapter.

The traders blame the absence of public servants in Lahore for the setback. Since the bureaucracy is not available, there is delay in paperwork and also the negotiations for projects in the pipeline.

The situation in posh localities appears to be slightly better than wholesale markets, though traders there also complain about dwindling sales.

“Wedding season has begun and this is considered to be the peak period for sales, but we’ve recorded a 75% decline in business this year, and that’s only due to the recent political uncertainty,” said Safdar Ali, President of Gulberg Board Traders Association.

As for other retail business, traders claim very little or no money circulation in the market. They say investors are just waiting for the political turmoil to be over, as no one wants to take risks and pour money into any sector.

Published in The Express Tribune, September 2nd, 2014.

Lower cost: Imported LPG prices fall

By APP

Published: September 2, 2014

KARACHI:

The price of imported liquefied petroleum gas (LPG) has come down in the country as Saudi Aramco has set its September contract price for the commodity at \$773 per ton, a reduction of \$21.

All Pakistan LPG Distributors Association Central Chairman Abdul Hadi Khan, in a statement, suggested that LPG prices in Pakistan should also be reduced according to the drop in the international market to ensure easy availability of gas to the consumers.

According to the statement, the price of imported LPG in Pakistan has dropped Rs2,100 per ton, which will result in a decrease of Rs2 per kg. The price of 11.8kg cylinder will fall Rs25 while 45.4kg cylinder will cost Rs96 less.

Hadi believed that LPG demand in the domestic market would increase 10% to 15%, underscoring the need for an increase in production of the commodity.

Published in The Express Tribune, September 2nd, 2014.

OPEN MARKET FOREX RATES

Updated at: 2/9/2014 7:31 AM (PST)

Currency	Buying	Selling
Australian Dollar	94.65	94.9
Bahrain Dinar	270.75	271
Canadian Dollar	93.25	93.5
China Yuan	16.45	16.6
Danish Krone	17.8	17.95
Euro	133.25	133.5
Hong Kong Dollar	13	13.1
Indian Rupee	1.67	1.69
Japanese Yen	0.972	1
Kuwaiti Dinar	358.5	358.75
Malaysian Ringgit	32.05	32.3
NewZealand \$	85.25	85.5
Norwegians Krone	16.35	16.5
Omani Riyal	265	265.25
Qatari Riyal	27.75	28
Saudi Riyal	27.05	27.3
Singapore Dollar	80.75	81
Swedish Korona	14.4	14.55
Swiss Franc	110.75	111
Thai Bhat	3.17	3.19
U.A.E Dirham	27.65	27.9
UK Pound Sterling	168.8	169.05
US Dollar	102.1	102.35





INTER BANK RATES

Updated at: 2/9/2014 7:31 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	94.34	94.53
Canadian Dollar	92.92	93.1
Danish Krone	17.79	17.83
Euro	132.53	132.79
Hong Kong Dollar	13.03	13.06
Japanese Yen	0.9696	0.9751
Saudi Riyal	27.13	27.18
Singapore Dollar	80.85	81.01
Swedish Korona	14.44	14.47
Swiss Franc	109.85	110.07
U.A.E Dirham	27.5	27.55
UK Pound Sterling	167.61	167.94
US Dollar	101	101.2

Bullion Rates (Gold Prices) in Pakistan Rupee (PKR)

As on Tue, Sep 02 2014, 03:30 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	42,238	49,214	131,377	
Palladium	XPD	29,875	34,809	92,924	
Platinum	XPT	46,830	54,565	145,661	
Silver	XAG	640	746	1,990	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
 Australian Dollar	AUD	443	516	1,378	
 Canadian Dollar	CAD	449	524	1,398	
 Euro	EUR	314	366	978	
 Japanese Yen	JPY	43,202	50,337	134,375	
 U.A.E Dirham	AED	1,516	1,766	4,715	
 UK Pound Sterling	GBP	249	290	774	
 US Dollar	USD	413	481	1,284	

* These rates are taken from International Market so there may be some fluctuation from Local Market.

Gold Rates & Silver Rate from major cities of Pakistan

A year by year reference of the daily Silver Price in Pakistan and history of Gold Rates in Pakistan

Sep 01, 2014

Following table shows gold rates per Tola in Pakistan in Pakistani Rupess (PKR) in 24 carat per 10 Grams, 22 carat per 10 grams and silver rates per 10 grams in Pakistan.

City	24k per 10gm	24k per Tola	22k Per 10gm	21k Per 10gm	Silver
Karachi	41,871	48,850	38,382	36,637	651
Lahore	41,871	48,850	38,382	36,637	651
Multan	41,871	48,850	38,382	36,637	651
Faisalabad	41,871	48,850	38,382	36,637	651
Rawalpindi	41,871	48,850	38,382	36,637	651
Hyderabad	41,871	48,850	38,382	36,637	651
Gujranwala	41,871	48,850	38,382	36,637	651
Peshawar	41,871	48,850	38,382	36,637	651
Quetta	41,871	48,850	38,382	36,637	651
Islamabad	41,871	48,850	38,382	36,637	651
Sargodha	41,871	48,850	38,382	36,637	651

Source: Karachi Saraf.