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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 19th April, 2016

No. F. 22(42)/2015-Legis.—The following Act of *Majlis-e-Shoora* (Parliament) received the assent of the President on the 15th April, 2016 and is hereby Published for general information:—

ACT NO. XV OF 2016

An Act to provide for setting up of the Pakistan International Airlines Corporation into a public limited company.

WHEREAS it is expedient to provide for conversion of the Pakistan International Airlines Corporation into a public limited company under the Companies Ordinance, 1984 (XLVII of 1984) and to deal with ancillary matters;

It is hereby enacted as follows:

1. **Short title, extent and commencement.**—(1) This Act may be called the Pakistan International Airlines Corporation (Conversion) Act, 2016.

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- (2) It extends to the whole of Pakistan.
- (3) It shall come into force at once.

2. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

- (a) **“arrangement”** means an arrangement in writing between the Company and any relevant entity setting forth the terms, conditions and manner of transfer of one or more assets of the Company to a relevant entity along with the consideration for the same, which transfer is subject to be provisions of section 4;
- (b) **“assets”** includes all properties, rights and entitlements of every description and nature whatsoever, whether present or future, actual or contingent, and tangible or intangible, in Pakistan or elsewhere and includes but not limited to property held on trust, both movable and immovable, benefits, claims, receivables, cash balances, documents, investments, privileges and powers;
- (c) **“Company”** means Pakistan International Airlines Corporation Limited incorporated under the Companies Ordinance;
- (d) **“Companies Ordinance”** means the Companies Ordinance, 1984 (XLVII of 1984);
- (e) **“Company request”** means a written request made by the Company to the Federal Government to issue an order pursuant to section 4 to effect transfer to a relevant entity of specified assets in terms of the relevant arrangement, provided nevertheless, such request may only be made once the Company has to that extent complied with the provisions of sub-section (3) of section 196 of the Companies Ordinance and the applicable code of corporate governance;
- (f) **“conversion”** with all its cognate expressions means, in accordance with the provisions of this Act, the conversion of the Corporation into a Company;
- (g) **“commencing date”** means the date of promulgation of this Act;
- (h) **“Corporation”** means the Pakistan International Airlines Corporation established under the Pakistan International Airlines Corporation Act, 1956 (XIX of 1956);

- (i) **“liabilities”** includes all borrowings, duties, obligations, loans encumbrances of every description and nature whatsoever in Pakistan or elsewhere, whether present or future, actual or contingent, and disclosed or undisclosed;
 - (j) **“order”** means any order issued by the Federal Government pursuant to sub-section (1) of section 4 and notified in the official Gazette and the expression “orders” shall be construed accordingly;
 - (k) **“PIAC Act”** means the Pakistan International Airlines Corporation Act, 1956 (XIX of 1956);
 - (l) **“proceedings”** includes any suit, arbitration or other legal or administrative proceedings applications, appeals, awards, reviews or revisions filed or pending;
 - (m) **“relevant entity”** means any body corporate or company owned or controlled by the Federal Government or the Federal Government itself;
 - (n) **“specified assets”** means the assets specified in the relevant arrangements;
 - (o) **“undertakings”** include all projects, ventures and operations undertaken by the Corporation, individually or collectively, in collaboration with some other person; and
 - (p) **“validity period”** means the period starting from the commencing date and ending on the second anniversary of the commencing date, or on such earlier date as may be notified by the Federal Government in the official Gazette.
3. **Conversion of Corporation into a Company.**—(1) The Corporation shall be deemed to have been converted into a public company limited by shares with effect from the commencing date.
- (2) As and from the commencing date,—
 - (a) the Company shall be deemed to hold and own all assets and liabilities of the Corporation without any conveyance, alienation or assignment and without any further act, deed or registration and without discharging or invalidating any contract; and

- (b) without prejudice to the generality of the foregoing clause, the Company shall,—
- (i) be entitled to the benefit of all notifications, licenses, permissions, sanctions, authorizations, concessions, decrees, air service agreements, orders and benefits whatsoever issued or granted in favour of the Corporation as on the commencing date, including but not limited to the permission connected with the listing of the securities of the Corporation on the relevant stock exchanges; and
 - (ii) be deemed to have taken over and shall be entitled to enforce, all rights, licenses, grants and concessions and to have assumed all liabilities of the Corporation and shall be liable to pay and discharge all liabilities of every description and nature whatsoever of the Corporation.

(3) The shareholders of the Company shall be deemed without any fresh issuance of shares to own and hold the same number of fully paid shares with such rights and privileges (including as to class, kind and face value) as they owned and held in the Corporation on the commencing date; and the authorized capital of the Company shall be deemed to be equivalent to the authorized capital of the Corporation as on the commencing date and no fee or charges shall be payable in this regard.

(4) All proceedings of every description and nature whatsoever by or against or relating to the Corporation pending on the commencing date in any court, tribunal, or other authority shall be continued, defended, prosecuted and enforced by or against or relating to the Company in the same manner and to the same extent as they would have been continued, defended, prosecuted and enforced by or against or relating to the Corporation, and the same shall not abate, be discontinued, prejudiced or otherwise affected by the provisions of this Act.

(5) The Company shall be deemed to be the successor-in-interest of the Corporation, and the name of the Company shall be deemed to have been substituted for the name of the Corporation in all contract, agreements, licenses, orders, certificates, powers of attorney, consents, undertakings, leases, grants, concessions, records of Central Depository Company of Pakistan Limited and all other instruments or documents of every description and nature whatsoever relating to the Corporation and no objection shall be entertained by any court, tribunal or authority in regard to such substitution or on the ground that any such contract, agreement or document as aforesaid was, or is, I, or with, the name of the Corporation and not the Company.

(6) All employees of the Corporation shall be deemed to be employees of the Company on the same remuneration and other conditions of service, rights and privileges including but not limited to the provisions as to their pension, provident fund and gratuity, as the case may be, and other matters as were applicable to them before the conversion, including all existing retirement benefits of the employees whether funded or non-funded:

Provided that—

- (i) notwithstanding anything contained in this Act or any other law, or any decision of any court or tribunal, the employees of the Company shall continue to be governed by non-statutory contractual terms, conditions, rules and regulations of service and such terms, conditions, rules and regulations which shall not acquire, or be deemed to have acquired or be treated as having acquired, statutory status;
- (ii) no person deemed to be employed by the Company under this section shall be entitled to any compensation or benefit as a consequence of the conversion of the Corporation into a Company;
- (iii) the salaries, emoluments and all other terms of service of employees, whether permanent or contractual, shall not be changed to their disadvantage; and
- (iv) pensions and other existing obligations of the Corporation to retired employees shall not be changed to their disadvantage.

(7) Notwithstanding the provisions of section 146 of the Companies Ordinance, the Company shall, upon conversion, continue all business and undertakings of the Corporation as were being carried on immediately prior to the commencing date.

4. **Power to pass orders for the transfer of assets.**—(1) During the validity period and subject to a prior Company request, the Federal Government may issue orders providing for the transfer of specified assets to a relevant entity substantially on the terms set forth in the relevant arrangement.

(2) The orders shall be binding on the Company, the relevant entity and any other person having any right, claim or liability in relation to the Company or any relevant entity.

(3) As and from the date specified in the order, the specified assets shall, by virtue and to the extent provided in the relevant order, stand transferred to, and

vest in, the relevant entity, without any conveyance, alienation or assignment and without any further act, deed or registration and without discharging or invalidating any contract, and be subject to the terms of the relevant order in all cases.

(4) Representation on the Board of Directors and all other rights and privileges of shareholders of the Company, or any of its subsidiary companies carrying on air-transport business, shall be proportionate to their share-holding.

Explanation.—Management control of the Company and any of its subsidiary companies in the above circumstances shall continue to vest in the majority share-holder, which shall be the Federal Government and whose share shall not be less than fifty one percent.

(5) The Federal Government shall carry out or cause to be carried out valuation of the assets of the Company, and its subsidiary companies carrying on air-transport business, by a recognized valuator before transferring any shares of these companies to a third party.

(6) The Public Procurement Regulatory Authority Ordinance, 2002 (Ordinance XXII of 2002) and rules framed thereunder, as presently applicable, shall continue to apply to all transactions under this Act.

5. **Guarantees to remain in force.**—Notwithstanding the repeal of the PIAC Act, all guarantees given by the Federal Government to any person, including foreign or local institutions, to secure any of the liabilities of the Corporation shall remain in full force and affect as though they were given on behalf of the Company.

6. **Waiver from taxes, duties, fee etc.**—The Federal Government may, by notification in the Official Gazette, waive any tax, duty, fee or any other charge that may be payable under any Federal law for the time being in force.

7. **Name and Headquarters of Company.**—(1) The name of the Company shall not be changed without the consent, in writing, of the Federal Government.

(2) The Headquarters of the Company and any of its subsidiary companies carrying on air-transport business shall be at Karachi.

8. **No gain or loss.**—Neither the conversion nor the transfer of any asset of the Company through an order shall give rise to any gain or loss under the Income Tax Ordinance, 2001 (XLIX of 2001).

9. **Act to override.**—The provisions of this Act and the orders issued hereunder shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

10. **Removal of transitional difficulties.**—if any difficulty arises during the validity period in giving effect to any provision of this Act, the Federal Government may, by notification in the official Gazette, make such provisions as may appear to it to be necessary for the purpose of removing such difficulty.

11. **Repeal.**—(1) The PIAC Act is hereby repealed.

(2) On repeal of PIAC Act under sub-section (1), nothing contained in the said Act shall be applicable to the Company, its shareholders or any other person that may have had interest in the Corporation immediately prior to the conversion.

ABDUL JABBAR ALI,
Secretary.