



# **TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)**

## **ANNUAL REPORT**

**FOR THE PERIOD ENDED JUNE 30, 2018**



## Table of Contents

1. COMPANY PROFILE .....	3
2. VISION AND MISSION STATEMENTS .....	4
3. STATEMENT OF ETHICS AND BUSINESS PRACTICES .....	4
4. CODE OF CONDUCT.....	5
5. CORE VALUES .....	6
6. CORPORATE INFORMATION.....	7
7. BOARD AND BOARD COMMITTEES MEETINGS AND ATTENDANCE.....	9
7.1 Board of Directors Meetings and Attendance: .....	9
7.2 Audit Committee Meetings and Attendance .....	9
7.3 Nomination Committee Meetings and Attendance.....	10
7.4 Procurement Committee Meetings and Attendance .....	11
7.5 HR Committee Meetings and Attendance .....	11
7.6 Finance Committee Meetings and Attendance.....	11
8. ORGANIZATIONAL CHART .....	12
9. CHAIRMAN’S MESSAGE.....	14
10. CHIEF EXECUTIVE’S MESSAGE .....	15
11. FINANCIAL REVIEW .....	16
11.1 VERTICAL ANALYSIS – STATEMENT OF FINANCIAL POSITION.....	17
11.2 VERTICAL ANALYSIS INCOME AND EXPENDITURE ACCOUNT .....	19
12. DIRECTORS’ REPORT.....	21
12.1 CORPORATE GOVERNANCE.....	21
12.2 DIRECTORS STATEMENT OF COMPLIANCE .....	21
12.3 STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013	22
12.4 EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013 .....	29



## 1. COMPANY PROFILE

The Government of Khyber Pakhtunkhwa (GoKP) has been working over the last few years to develop institutional structure for urban renewal, which is fit for the 21 century with a focus initially on Peshawar. Peshawar is a city of over 1.6 million with the population expected to increase to 3 million by 2030.

One of the major problems in urban mobility is the lack of quality transport, which hinders economic development, and impacts the quality of life on daily basis. The current provision of transport is mainly provided by informal public transport facilities composed mainly of large and medium size buses and popular pick-ups. These provide 70% of the total transport demand but represent only 43% of the traffic. The bus fleet is in decay, bus stops are rudimentary, ticketing system is obsolete; operators compete for passengers worsening congestion and impairing safety particularly for female and young passengers.

The organisational framework for urban transport is fragmented with overlapping responsibilities between provincial and local/district level with at least 14 departments/ agencies involved with their own priorities. Transforming transport as part of urban renewal can assist and act as incentive for inward investment and economic regeneration.

CDIA (City Development Initiatives for Asia) in 2014 provided support to the GoKP to assist with the institutional legislation and framework and link the Peshawar BRT to ADB financing. This was completed in December 2014, this TA (Technical Assistance) provided to GoKP with draft Legislation and supporting documentation for the establishment of the Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) and the TransPeshawar Company (TPC).

As a result of the above the Government of Khyber Pahtunkhwa (GoKP) in order to take a strategic approach to urban development including the introduction of a modern BRT system, has put in place a robust institutional framework. The GoKP has streamlined the institutional framework by passing legislation in the Provincial Assembly establishing Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) and the TransPeshawar Company (The Urban Mobility Company). KPUMA has province-wide remit and is responsible for the development of policies and regulations, planning, coordination, project preparation and funding for all projects related to urban transport system including mass transit, parking, non-motorised transport (NMT) etc. KPUMA board includes representatives from all major municipal and provincial government agencies.

TransPeshawar (The Urban Mobility Company) "the Company" was incorporated on February 09, 2017 as a company limited by guarantee under section 42 of the Repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The primary object to carry out the project implementation, management and maintenance of urban rapid transit project in Peshawar (Peshawar Sustainable Bus Rapid Transit Corridor Project), assigned by the Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) for the benefits of public at large, organize training programs for selected bus operators and bus drivers. The Company is wholly owned and controlled by the Government of Khyber Pakhtunkhwa.



## 2. VISION AND MISSION STATEMENTS

To enhance the urban mobility of residents of Peshawar through the bringing of new standards for public transport to the residents of Peshawar, we have the following mission,

“TransPeshawar operates as a cohesive, transparent and professional company to provide a safe, affordable, financially sustainable and efficient public transport system for Peshawar and which places the needs of the passenger as our top priority”.

For this, the system will be accessible for all, and the service standards provided will be consistent with the contract conditions as set by TransPeshawar. All Company staff will work as a single unified team where the end results speak for themselves. For this to be achieved all staff members will support each other, respect each other’s views and make decisions which are based on fact and in the best interests of the passenger market – our customers, who ultimately we are here to serve.

## 3. STATEMENT OF ETHICS AND BUSINESS PRACTICES

To conduct ourselves professionally in a courteous manner consistent with the following guidelines:

- i. Deliver the Declared Project on behalf of KPUMA for the overall benefit of the residents. For the infrastructure and system components, quality of construction and equipment will ultimately determine ongoing maintenance costs. Therefore, quality starts from day one of the construction and system component procurement contracts.
- ii. Our minds are focused on efficiency where we minimise/eliminate the need for operating subsidies by ensuring a financially sustainable preventative maintenance program is implemented and maintained, ensure passenger demand is robust and increases over time and ensure unnecessary overheads are eliminated.
- iii. We ensure public safety, convenience, accessibility and comfort is the priority for all. For this, we will ensure the provision of high quality and reliable transit services at all times.
- iv. We will always remain customer focused and work in partnership with the community. They are the essence of our existence and we will engage with them as necessary to (i) understand their needs, (ii) identify future opportunities for market growth and (iii) build the trust needed to enable our services to become the first mode choice of transport by all, irrespective of economic or social standing.
- v. Our Company services and operations are efficient, while using the most appropriate technology, equipment and service planning available. In helping build customer satisfaction and trust levels, we will readily accept new innovations in technologies, communications, and processes to ensure efficiency and a customer focus.
- vi. We will use the results of regular customer feedback and survey results to improve our services, ensure high level of customer and community satisfaction is maintained.
- vii. We will maintain a creative and safe workplace where each team member has the opportunity to excel.
- viii. We will recognise and reward the efforts of our team members who excel in delivering on our nominated values, code of conduct and operating philosophy.
- ix. We are an equal opportunity employer.



## 4. CODE OF CONDUCT

Our code of conduct reflects to a large degree, our level of commitment to our mission and our values. The key metrics are:

- i. Commitment to service – at all times we commit ourselves to delivering our Vision and adherence to our values. If we observe an emerging event which will or may have a negative impact on our performance or on that of the passengers, we let our fellow team members know so that appropriate measures can be taken to address the matter.
- ii. Accountability- let us all acknowledge our responsibility to assist in achieving our Vision. Each has a role to play and for this, we are accountable for our actions or non-actions. Therefore, be proactive and seek to deliver excellence in every-thing we do.
- iii. Law abiding – we all comply with the local and National laws and regulations both in spirit and to the letter. In this respect, we conduct our business with honesty and integrity.
- iv. Leadership – we have the opportunity to provide leadership in managing the first third generation BRT system in West Asia. Let us not waste this opportunity. For the company, team leadership will be inclusive and as per our values so that all are encouraged to excel in their specific areas of responsibility.
- v. Understanding – we will strive to fully understand the latest best practice standards of urban mobility planning, implementation, operations, monitoring and maintenance. For this, we shall convene regular team training sessions where latest trends and innovations are shared so that where relevant, such innovations can be applied to our operations.
- vi. Trust – we as professionals require trust and must offer it in return. It is a two-way street. For this, honesty is the underpinning principle we will follow in order to maintain this trust. If we are not aware of an issue, or are not able to find an answer to a problem or an issue, admit it and in accordance with our Company values, the relevant assistance will be provided in a co-operative and inclusive manner as per our Company values.
- vii. Empathy and Tolerance – for many of us, a financially sustainable third generation BRT system is a new experience. So, let us all recognise this and display the degree of empathy and tolerance needed during the initial period of Company establishment and BRT operations so that we are all able to work with the necessary commitment, be innovative and results oriented.



## 5. CORE VALUES

Our values are simple. By adhering to them, we can achieve our mission, and be a respected entity. They are:

- i. Integrity and respect – act with integrity at all times. We treat others in our team and our customers (the passengers) as we would like to be treated ourselves. With integrity and respect, irrespective of our gender or our position within the Company team. The same applies to the passengers on our services.
- ii. Fact not fiction drives our decisions – Rely on real facts at all times. If we do not know the answer to an issue – admit it and then commit to undertake the necessary assessment to obtain the answer. Then, there is a justifiable case for the decision to be made.
- iii. Innovation – innovation will drive the Company forward. We do not rely on previous out of date data, processes, or technology. We will be at the forefront of these aspects in accordance with the National Transport Policy and be a leading light for urban mobility related entities in Khyber Pakhtunkhwa.
- iv. Results oriented – focus on the needs of the passenger at all times as ultimately our success will be determined by, growth of passenger numbers, mode share and passenger satisfaction levels. This will also assist in maintaining the financial sustainability of the system and a lack of reliance on subsidies for operations.
- v. Teamwork and seamless communication - this is essential if we are to optimise our results. For this, we help each other where required and engage in seamless communication where all data and information is to be shared across the team willingly and in a timely manner. We do not condone the mindset that “knowledge is power”. If assistance is required, we encourage all team members to ask so that the answers and solutions are derived and everyone benefits.



## 6. CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dr. Shahzad Khan Bangash  
Chairman BoD

Mr. Kamran Rehman Khan  
Ex Officio, Non-Executive Director

Mr. Israr Ul Haq  
Ex Officio, Non-Executive Director

Mr. Muhammad Siddique  
Ex Officio, Non-Executive Director

Mr. Amir Afaq  
Ex Officio, Non-Executive Director

Mr.  
Ex Officio, Non-Executive Director

Mr. Dilroze Khan  
Independent Director

Mr. Muhammad Asim Khan  
Independent Director

Mr. Isaac Ali Qazi  
Independent Director

### COMPANY SECRETARY

Mr. Safdar Shabir Awan, FCA  
T: +92-91-9217720



**REGISTERED OFFICE**

2<sup>nd</sup> Floor- Ali Tower, University Road, Peshawar, KPK Pakistan.

T: + 92-91-5700127      + 92-91-52700128

[www.transpeshawar.pk](http://www.transpeshawar.pk)

**CHIEF FINANCIAL OFFICER**

Mr. Safdar Shabir Awan, FCA

T: +92-91-5700127

**AUDITORS**

BDO Ebrahim & Co. Chartered Accountants

4th Floor, Saeed Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan

Tel: +92-51-2823558      Fax: +92-51-2822671

**BANKERS**

Bank of Khyber (BoK)

National Bank of Pakistan

**LEGAL ADVISOR**

Mr. Asghar Khan

Lincoln's Law Chamber

22<sup>nd</sup>, 1<sup>st</sup> Floor, Beverley Centre, Blue Area, Islamabad

T: +92-51-2814100      Fax: +92-51-2814141

..





## 7. BOARD AND BOARD COMMITTEES MEETINGS AND ATTENDANCE

### 7.1 Board of Directors Meetings and Attendance:

The Board of Directors held 11 meetings during the period ended June 30, 2018 to oversee the activities of the Company. The attendance record of Directors at the meetings are as follows;

Director Name	Attendance
Additional Chief Secretary*	1 / 1
Mr Javed Iqbal**	6/10
Secretary Transport and Mass Transit Department***	8/11
DG Peshawar Development Authority	9/11
Additional Secretary Finance	9/11
Chief Economist	2/11
DIG Traffic	1/11
Deputy Commissioner	1/11
Executive Director, Urban Policy Unit	10/11
Mr. Dilroze Khan	7/11
Mr. Muhammad Asim Khan	9/11
Mr. Isaac Ali Qazi****	2/3

\* Additional Chief Secretary was appointed as Director and Chairman by Government of Khyber Pakhtunkhwa on 9 May 2018.

\*\* Mr. Javed Iqbal resigned from the membership of the Board of Directors of the Company on 2 May 2018.

\*\*\*Secretary Transport replaced Director Transport on 16 March 2018.

\*\*\*\* Mr. Isaac Ali Qazi was appointed on the Board of Directors on 16 March 2018

### 7.2 Audit Committee Meetings and Attendance

The Board Audit Committee held 2 meetings during the period ended June 30, 2018

Director Name	Attendance
Mr. Dilroze Khan	1 / 1
Mr. Kamran Rehman Khan Secretary Transport & Mass Transit	1 / 1
Mr. Waqas Saliheen (Secretary)	1/1

### Salient Features and Terms of Reference of Audit Committee

The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Committee in all these matters and where it acts otherwise, it shall record the reasons thereof.
- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Ensuring co-ordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate



resources and is appropriately placed within the Company.

- Consideration of major findings of internal investigations of activities characterized by fraud, corruption, abuse of power, criminal activities, and management's response thereto.
- Determination of compliance with International Financial Reporting Standards as applicable in Pakistan and other relevant statutory requirements including SROs, notifications and departmental orders where applicable.
- Monitoring compliance with best practices of Public Sector Companies (Corporate Governance) Rules, 2013 and identification of significant violations thereof.
- The details of all related party transactions shall be placed before the Committee and upon recommendations of the Committee, the same shall be placed before the board for review and approval.
- The related party transactions which are not executed at arm's length price / fair market values shall also be placed separately at each board meeting along with necessary justification for consideration and approval of the board on recommendation of the Committee.
- Assess and analyze all critical accounting policies and practices, compliance with the practices of code of corporate governance, compliance with financing terms, Statutory filings etc.
- Review of all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
- Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
- At least annually, obtain and review a report by the independent auditor.
- In consultation with the independent auditor and the internal audit function, review the integrity of the company's financial reporting processes.
- Periodically review the adequacy and effectiveness of the company's disclosure controls and procedures and the company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.
- Review analysis prepared by management and the independent auditor setting forth significant financial reporting issues and judgments made about the

preparation of the financial statements, including analysis of the effects of alternative.

- Review, with management, the company's finance function, including its budget, organization, and quality of personnel.
- Conduct an annual performance assessment relative to the audit committee's purpose, duties, and responsibilities outlined.
- Assess and analyze that sufficient system and risk management framework is in place to manage both the strategic and operational risks and operating sufficiently and effectively to identify new or emerging risks and communicate properly.
- Perform any other activities consistent with this charter, the company's bylaws, and governing laws that the board or committee determines are necessary or appropriate.

### 7.3 Nomination Committee Meetings and Attendance

The Board Nomination Committee held 1 meeting during the period ended June 30, 2018.

Director Name	Attendance
Dr. Shahzad Khan Bangash	1 / 1
Mr. Dilroze Kahn	1/2
Mr. Muhammad Asim Khan	2/2
Mr. Safdar Shabir Awan (CFO/ Secretary)	2 / 2

### Salient Features and Terms of Reference of Nomination Committee

- To review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.
- To develop a panel of experts and to identify individuals, based on minimum eligibility criteria and qualification, to become independent members of the Board and to make recommendations to the Board in this regard.
- To assess the independence of independent non-executive Directors.
- To make recommendations to the Board on succession planning for Directors, in particular, the Chairman and the Chief Executive Officer
- To review and make recommendations to the Board on appointment of members of any other Board Committee, including appointment of market experts/professionals, as mandated by the Board.
- Keep under review the leadership needs of the organization, both executive and non-executive with a view



to ensuring the continued ability of the organization to compete effectively in the marketplace; to arrange orientation and training programs for members of the Board.

- To devise remuneration policies and remuneration for the directors and market experts/professionals.
- To carry out any other function that may be mutually agreed upon by the Committee and the Board.

#### 7.4 Procurement Committee Meetings and Attendance

The Board Procurement Committee held 3 meeting during the period ended June 30, 2018.

Director Name	Attendance
Mr. Israr UI Haq (DG PDA)	3/3
Mr. Dilroze Khan	3/3
Mr. Fayyaz Ahmad Khan (CEO)	3/3
Mr. Safdar Shabir Awan (Secretary)	3/3

#### Salient Features and Terms of Reference of Procurement Committee

- Procurement policy & rules
- Propose the Company procurement committee and its power.
- Recommend any other allied matters to the Board for its approval.

#### 7.5 HR Committee Meetings and Attendance

The Board Human Resource Committee held 5 meetings during the period ended June 30, 2018.

Director Name	Attendance
Mr. Javed Iqbal	1/1
Mr. Alam Zeb (DC Peshawar)	0/1
Mr. Altaf Akbar Durrani	1/1

#### Salient Features and Terms of Reference of Human Resource Committee

- Finalization of Company Organogram
- Job descriptions, person specification, recruitment plan, selection criteria, advertisement
- Salary component in Company budget
- First version of HR policies and procedures

#### 7.6 Finance Committee Meetings and Attendance

The Board Finance Committee held 2 meeting during the period ended June 30, 2018.

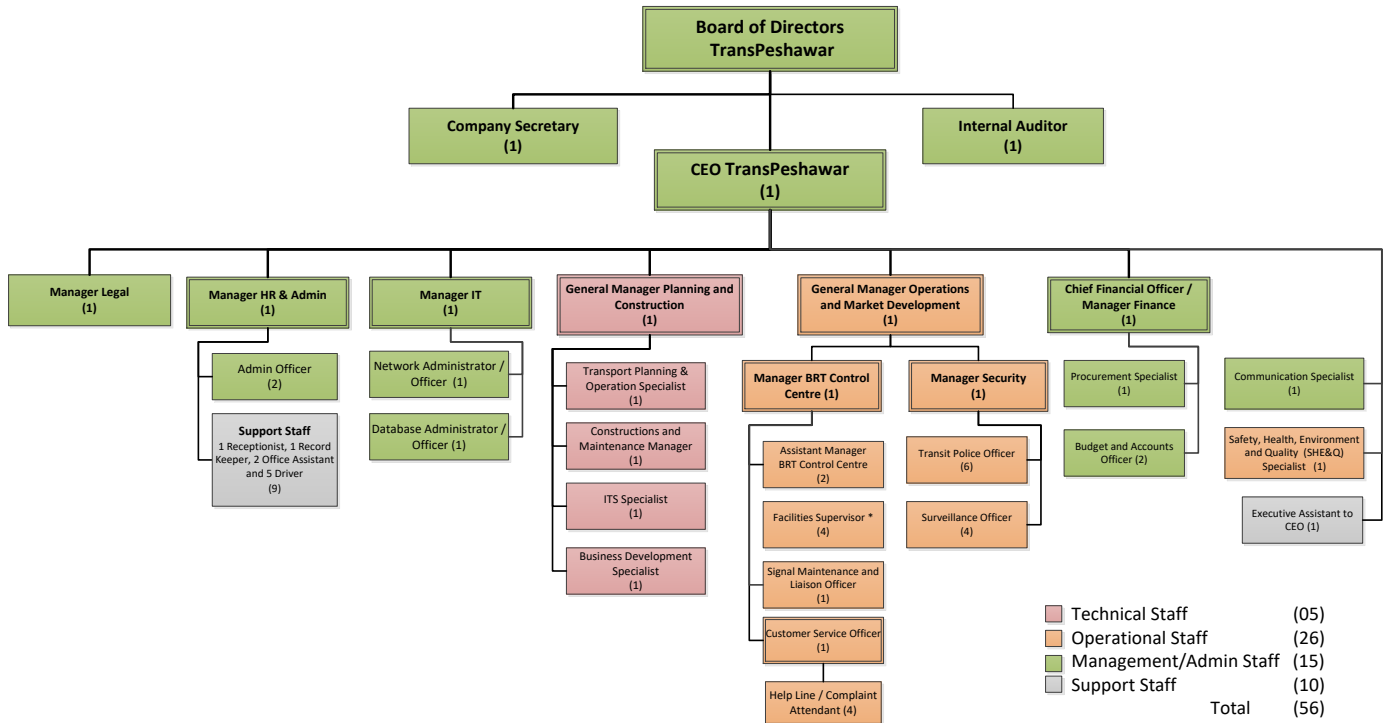
Director Name	Attendance
Mr. Muhammad Siddique (Additional Secretary Finance)	2/2
Mr. Muhammad Abid Wazir (Chief Economist P&D Department)	1/2
Mr. Altaf Akbar Durrani (CEO)	1/2
Mr. Safdar Shabir Awan (Secretary)	2/2

#### Salient Features and Terms of Reference of Finance and Risk Management Committee

- Financial rules and powers of the Company’s management.
- Budget of the Company (upto 2020).
- Allocation of one-line budget in Finance Department for the next three fiscal years.
- Bank account opening.
- Recommend any financial, accounting and allied matter to the Board for its approval.



## 8. ORGANIZATIONAL CHART





# **DIRECTORS' REPORT**



## 9. CHAIRMAN'S MESSAGE



On behalf of the TransPeshawar (The Urban Mobility Company), I am pleased to present the first Annual Report for the period ended June 30, 2018. Peshawar is the capital city of Khyber Pakhtunkhwa with an increasing population on year to year basis. This has put stress on public services be these education, health employment or transport.

It is evident by research that quality urban transport service contributes to social inclusion, better employment opportunities, and urban regeneration by increasing people mobility. In addition, modern urban transport system also fosters healthier communities as traffic congestion and carbon emissions are reduced. For far too long, the quality of transport services in Peshawar and in the province had been poor, unreliable and unsafe. It had also been inaccessible for women, children, and people with disabilities. Furthermore, poor traffic conditions, unsafe existing public transport system, debilitating fleet conditions and dire demand for public transport system further add to this situation.

The Government of Khyber Pakhtunkhwa (GoKP), committed to reform and improving basic public services, realizing the needs and after a lot of research and urban planning of the city, finally kicked off Peshawar BRT (Bus Rapid Transit) project in collaboration with the Asian Development Bank. There are two major executing agencies of this project - Peshawar Development Authority (PDA) and TransPeshawar (TP). PDA is responsible for civil work and infrastructure of the project, while TP is responsible for ongoing operation and maintenance of BRT. The project is a major undertaking not just in the development of the physical infrastructure of the city but as a catalyst for urban regeneration and economic growth.

As the Chairman of Board of Directors of TransPeshawar, I believe that this mega public transport project will change not only the face but also the future of Peshawar. I am confident that this will be a valuable asset serving the future generations and reflect Peshawar as a modern 21<sup>st</sup> century city.

Dr. Shahzad Khan Bangash  
Chairman



## 10. CHIEF EXECUTIVE'S MESSAGE



With the Grace of Almighty Allah, we are presenting the first Annual Report of the Company enumerating our performance and achievements. It takes me an immense pleasure to present a first annual report of TransPeshawar (TP). I feel privileged being one of the pioneer employees of this organization. Literally, from nowhere to currently a staff of more than 23 employees, it's been exciting to see TransPeshawar growing and managing all the challenges.

Effective mobilization is a key to the economic growth of any society, however, citizens of Peshawar are long deprived of safe, affordable and reliable transport. Peshawar BRT comes as a great resolve for them. Peshawar BRT will be a 3rd Generation Bus Rapid Transit, a first in entire Pakistan. It will be a lifeline for the residents of Peshawar in their daily travel to and from work and leisure time, especially for those with low income. The project is significant for Peshawar, as it will touch the lives of all residents of the city, may these be working professionals, businessmen, students, household women or else. It is designed to be accessible to all members of the community such as women with children, wheel chair users, people with disabilities and the elderly who are often not served well by the existing transport services.

Peshawar BRT offers several unique features such as Bike sharing system (last mile connectivity through bicycles), Mobile app for passengers to plan journey & find real-time location of buses/bicycles, payment of fares through a mobile application, environmentally friendly diesel hybrid buses which reduces carbon emission and safe and secure travel. The stations will be equipped with elevators, ramps & escalators as per universal access system.

Covering most of Peshawar city, Peshawar BRT corridor is approximately 28 km long and offers two main BRT routes, Zu Express, and BRT Stopping. Zu Express route will provide faster service with fewer stops at stations along the route. On another hand, the BRT Stopping route will stop at all 30 stations along the route. Both routes will facilitate passengers to travel from one end (Chamkani) of the city to the other end (Karkhano). In addition, there will be five feeders/direct routes, ensuring easy access of passengers to the main corridor from different parts of the city.

TP is purchasing a fleet of 220 buses. All buses are air-conditioned, environment-friendly, WiFi-enabled with separate sections for men and women for the comfortable journey of passengers. I sincerely hope and wish that together with the support of GoKP, our partners, consultants and TP team, we are able to deliver the best of transportation services for citizens of Peshawar.

Fayyaz Ahmad Khan  
Chief Executive Officer



## **11. FINANCIAL REVIEW**

The Government of Khyber Pakhtunkhwa released Rs 33.660 million to TransPeshawar in June 2017. As per the loan agreement of Government of Khyber Pakhtunkhwa with Asian Development Bank an amount of Rs. 294.982 million was disbursed to TransPeshawar from Asian Development Bank.

During the period from 7 February 2017 to 30 June 2018, total operational expenditure of TransPeshawar was Rs. 103.041 million. Operating assets acquired during the period were Rs. 30.841 million shown as deferred capital grant which will be amortized over the useful life of the assets. Advances paid for the acquisition of BRT Fleet during the period under the contract entered into with M/S Xiamen Golden Dragon Bus Co. Limited was Rs. 1,120.854 million being 20% of the total contract value. An amount of Rs. 31.580 million was paid for the consultancy services under Operational Design and Business Modeling (ODBM) contract to the joint venture of Logit Consulting Inc., The Rebel Group and Exponent Engineers (Pvt) Limited.





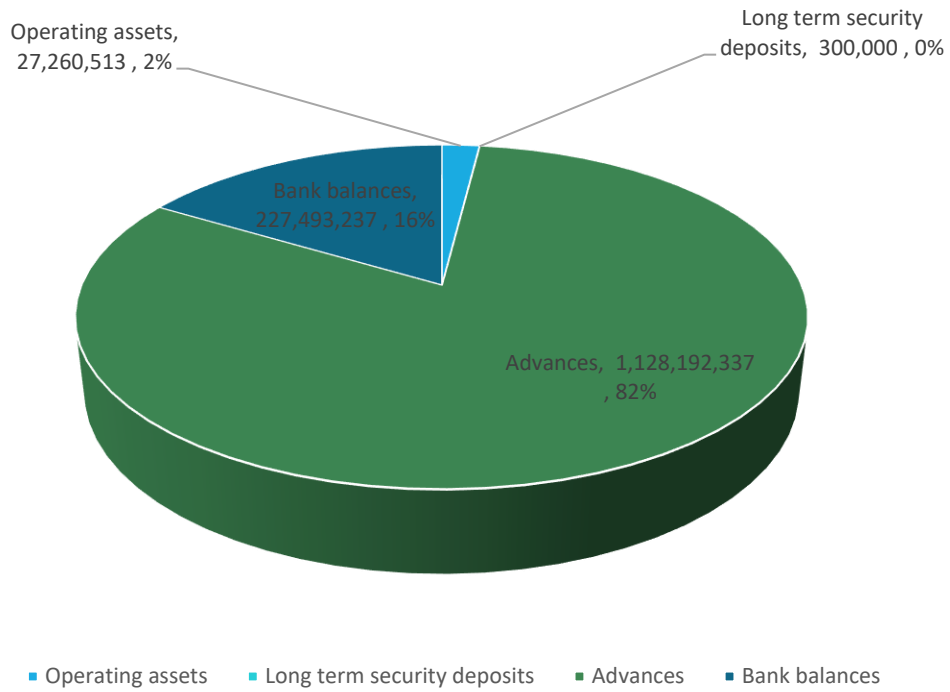
**11.1 VERTICAL ANALYSIS – STATEMENT OF FINANCIAL POSITION**

**2018**

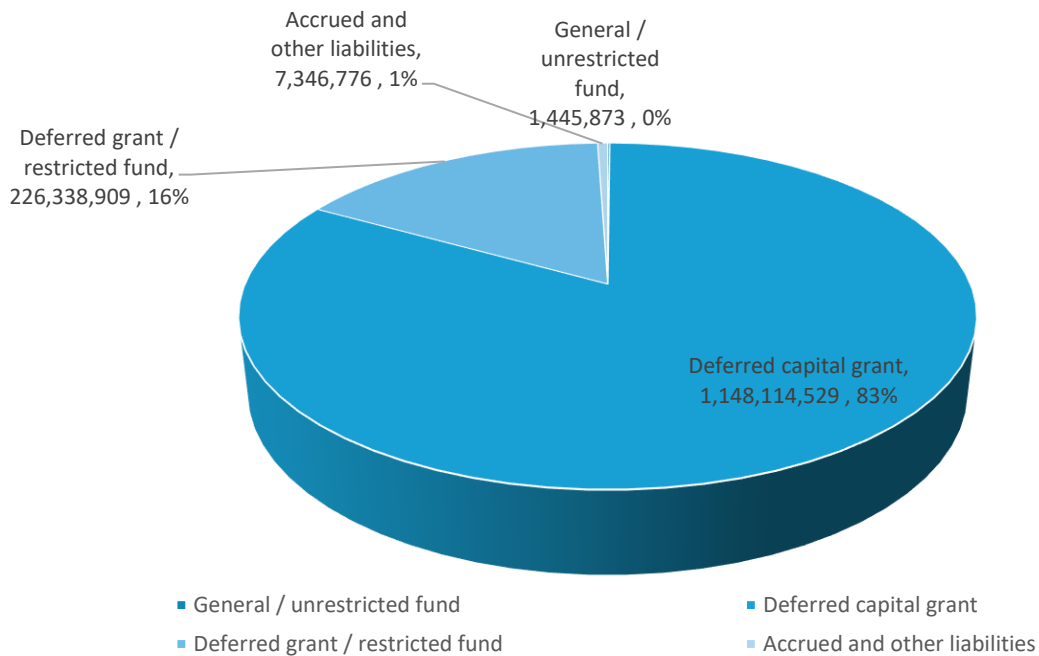
	<b>Rupees</b>	<b>Percentage</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Operating assets	27,260,513	1.97%
Long term security deposits	300,000	0.02%
	<u>27,560,513</u>	<u>1.99%</u>
<b>CURRENT ASSETS</b>		
Advances	1,128,192,337	81.56%
Bank balances	227,493,237	16.45%
	<u>1,355,685,574</u>	<u>98.01%</u>
<b>TOTAL ASSETS</b>	<u>1,383,246,087</u>	<u>100.00%</u>
<b>FUND AND LIABILITIES</b>		
<b>FUND</b>		
General / unrestricted fund	11,445,873	0.82%
<b>NON CURRENT LIABILITIES</b>		
Deferred capital grant	1,148,114,529	82.41%
Deferred grant / restricted fund	226,338,909	16.25%
	<u>1,374,453,438</u>	<u>98.65%</u>
<b>CURRENT LIABILITIES</b>		
Accrued and other liabilities	7,346,776	0.53%
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-	
<b>TOTAL FUND AND LIABILITIES</b>	<u>1,393,246,087</u>	<u>100.00%</u>



### Analysis of Assets



### Analysis of Fund and Liabilities



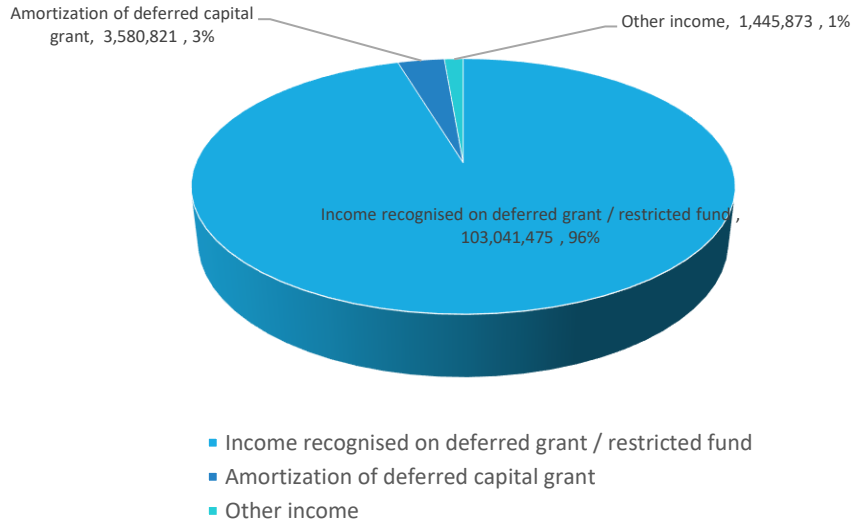


**11.2 VERTICAL ANALYSIS INCOME AND EXPENDITURE ACCOUNT**

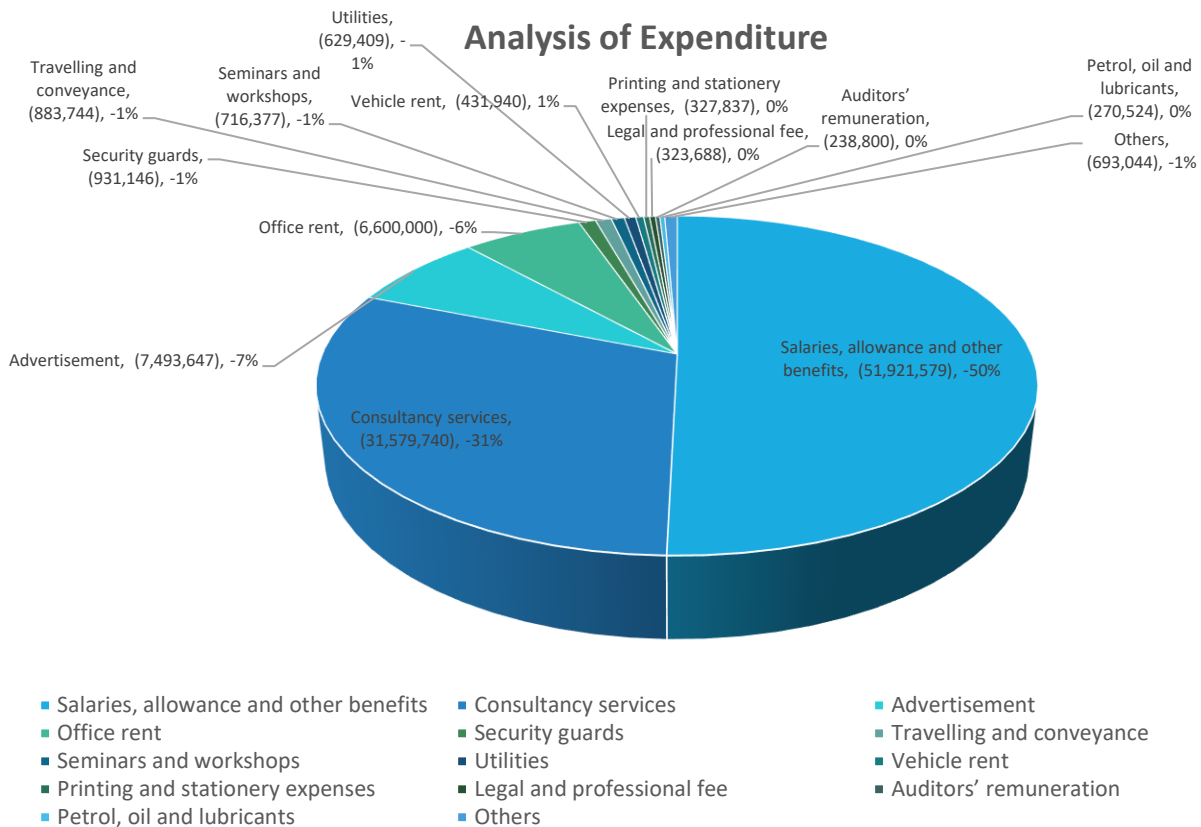
	<b>2018</b>	
	<b>Rupees</b>	<b>Percentages</b>
<b>INCOME</b>		
Income recognised on deferred grant / restricted fund	103,041,475	95.35%
Amortization of deferred capital grant	3,580,821	3.31%
Other income	1,445,873	1.34%
	<u>108,068,169</u>	
<b>EXPENDITURE</b>		
Depreciation of operating assets	(3,580,821)	
<b>Other operational and administrative expenses</b>		
Salaries, allowance and other benefits	(51,921,579)	50.39%
Consultancy services	(31,579,740)	30.65%
Advertisement	(7,493,647)	7.27%
Office rent	(6,600,000)	6.41%
Security guards	(931,146)	0.90%
Travelling and conveyance	(883,744)	0.86%
Seminars and workshops	(716,377)	0.70%
Utilities	(629,409)	0.61%
Vehicle rent	(431,940)	0.42%
Printing and stationery expenses	(327,837)	0.32%
Legal and professional fee	(323,688)	0.31%
Auditors' remuneration	(238,800)	0.23%
Petrol, oil and lubricants	(270,524)	0.26%
Others	(693,044)	0.67%
	<u>(103,041,475)</u>	100%



### Analysis of income



### Analysis of Expenditure





## **12. DIRECTORS' REPORT**

### **12.1 CORPORATE GOVERNANCE**

Good Corporate Governance is the order of the day for the maintenance of the Company Integrity and transparency in the eyes of its stakeholders. The Board of Directors of the Company recognizes the need to implement appropriate systems, which shall be supported by appropriate policies & procedures and best ethical practices.

The Board has established best system of corporate governance incorporating system of controls supported by policies and procedures and best ethical practices under the leadership of board members from various backgrounds.

### **12.2 DIRECTORS STATEMENT OF COMPLIANCE**

The Directors are pleased to state that

- a) The Board has complied with relevant principles of corporate governance, and has identified the rules that has not been complied with, the period in which the non-compliance continued, and reasons for such non-compliance;
- b) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- c) proper books of account of the Public Sector Company have been maintained;
- d) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- e) The system of internal control is sound in design and has been effectively implemented and monitored
- f) The appointment of the Chairman and other members of the Board and the terms of their appointment are in the best interests of the Company as well as in line with the best practices. None of the Director, except Chief Executive officer, is being paid any remuneration;
- g) The remuneration of executive management of the Company is disclosed in the notes to the financial statements of the Company showing separate figures for salaries, fees and other benefits.
- h) The Company is reliant on the grants from the Government of Khyber Pakhtunkhwa and received Rs 33.660 million during the period ended June 30, 2018. The Company has also received a grant of Rs. 1,147.416 million from Asian Development Bank pursuant to loan agreement with Government of Khyber Pakhtunkhwa. These grants are received for the development of Peshawar Bus Rapid Transit System and operational expenditure of TransPeshawar.
- i) Information regarding outstanding taxes and levies, as required by Corporate Governance Rules, is disclosed in the notes to the financial statements.
- j) There are no significant doubts regarding the Company's ability to continue as a going concern.



**12.3 STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

Name of the Company: TransPeshawar (The Urban Mobility Company)

Name of the line ministry: Transport and Mass Transit Department

For the period ended: June 30, 2018

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called “the Rules”) issued for the purpose of establishing a framework of good governance, whereby a public sector Company is managed in compliance with the best practices of public sector governance.

II. The Company has complied with the provisions of the Rules in the following manner:

S.No	Provision of the Rules	Rule No	Y	N
			Tick the relevant box	
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓	



2	The Board has at least one-third of its total members as independent directors. At present the Board includes:				✓
	Category	Names	Date of Appointment		
	Independent Directors	Mr. Dilroze Khan	08-Feb-17		
		Mr. Muhammad Asim Khan	08-Feb-17		
		Mr. Isaac Ali Qazi	16-Mar-18		
	Executive Directors	Mr. Fayyaz Ahmad Khan	09-May-18		
	Non-Executive Directors	Additional Chief Secretary	09-May-18		
		Secretary Transport and Mass Transit Department	16-Mar-18		
		Director General, Peshawar Development Authority	08-Feb-17		
		DIG Traffic	08-Feb-17		
Executive Director, Urban Planning Unit		08-Feb-17			
Chief Economist – P& D Department		08-Feb-17			
Additional Secretary Finance		08-Feb-17			
	Deputy Commissioner	08-Feb-17			
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.		3(5)	✓	
4	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.		3(7)	✓	
5	The chairman of the Board is working separately from the chief executive of the Company.		4(1)	✓	



6	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government	4(4)	✓	
7	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓	
8	(a) The company has prepared a “Code of Conduct” to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company’s website. (Address of website to be indicated www.transpeshawar.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓	





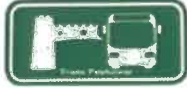
13	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓	
14	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓	
17	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19	The Board has monitored and assessed the performance of senior management on half-yearly basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)		✓
20	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	Not applicable	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10		✓



22	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓																			
23	<p>(a) The Board has formed the requisite committees, as specified in the Rules.                  (b) The committees were provided with written term of reference defining their duties, authority and composition.                  (c) The minutes of the meetings of the committees were circulated to all the Board members.                  (d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="371 613 1333 979"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Nomination Committee</td> <td>3</td> <td>Dr. Shahzad Khan Bangash</td> </tr> <tr> <td>Human Resources Committee</td> <td>3</td> <td>Dr. Shahzad Khan Bangash</td> </tr> <tr> <td>Finance and Risk Management Committee</td> <td>3</td> <td>Mr. Muhammad Siddique</td> </tr> <tr> <td>Procurement Committee</td> <td>3</td> <td>Mr. Israr Ul Haq</td> </tr> <tr> <td>Audit Committee</td> <td>2</td> <td>Mr. Dilroze Khan</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Nomination Committee	3	Dr. Shahzad Khan Bangash	Human Resources Committee	3	Dr. Shahzad Khan Bangash	Finance and Risk Management Committee	3	Mr. Muhammad Siddique	Procurement Committee	3	Mr. Israr Ul Haq	Audit Committee	2	Mr. Dilroze Khan	12	✓	
Committee	Number of members	Name of Chair																				
Nomination Committee	3	Dr. Shahzad Khan Bangash																				
Human Resources Committee	3	Dr. Shahzad Khan Bangash																				
Finance and Risk Management Committee	3	Mr. Muhammad Siddique																				
Procurement Committee	3	Mr. Israr Ul Haq																				
Audit Committee	2	Mr. Dilroze Khan																				
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																			
25	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																			
26	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																			
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																			



28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓													
29	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The annual report of the company contains criteria and details of remuneration of each director.	19	Not applicable													
30	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓													
31	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21 (1) and 21(2)	✓													
	<table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Dilroze Khan</td> <td>Chairman</td> <td>Chartered Accountant</td> </tr> <tr> <td>Secretary to Govt of KPK-TMTD</td> <td>Member</td> <td>Civil Servant</td> </tr> <tr> <td>Mr. Zahid Anwer</td> <td>Acting Member</td> <td>Chartered Accountant</td> </tr> </tbody> </table>				Name of the member	Category	Professional Background	Mr. Dilroze Khan	Chairman	Chartered Accountant	Secretary to Govt of KPK-TMTD	Member	Civil Servant	Mr. Zahid Anwer	Acting Member	Chartered Accountant
	Name of the member				Category	Professional Background										
	Mr. Dilroze Khan				Chairman	Chartered Accountant										
Secretary to Govt of KPK-TMTD	Member	Civil Servant														
Mr. Zahid Anwer	Acting Member	Chartered Accountant														
The Chief Executive and Chairman of the Board are not members of the audit committee.																
32	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. (c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	✓													
33	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.	22	✓													

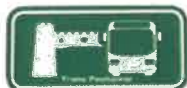


## TransPeshawar (The Urban Mobility Company)

	(c) The internal audit reports have been provided to the external auditors for their review.			
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**



**EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013**

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

Sr.No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	2	There was a change in composition of the Board of Directors on 2 <sup>nd</sup> May 2018 and the Company's independent directors became less than one third of the total directors.	The Company will introduce independent directors to board to comply with the requirements of rules.
2	19	As the concept of public sector companies in Khyber Pakhtunkhwa is relatively new and government officials are not fully aware with the requirements of the Companies Act, 2017, performance evaluation criteria for the members of the Board of Directors and Chief Executive Officer is not fully developed.	Performance evaluation criteria for the members of the Board of Directors as well as Chief Executive Officer will be soon developed and Implemented. Thereafter, the Board Members and Chief Executive Officer performance evaluation will be performed on an Annual Basis.
3	21	Due to unavailability of Chief Financial Officer till October 2017 the requirements could not be fulfilled.	The compliance will be ensured in future.

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**