



CAPITAL EXPENDITURE PLANNING AND CONTROL POLICY

National Power Parks Management Company

**CAPITAL EXPENDITURE
PLANNING AND
CONTROL POLICY
October 2016**

Issuing Officer
Company Secretary

Target Audience
All Directors, Management, Finance

Approving Authority
Board of Directors

Issuing Date
October 2016

Revision
Initial Issue

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National Power Parks Management Company (Pvt.) Ltd.

1. BACKGROUND

Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP) requires the Board of Directors of a listed/public sector company to define and implement the policy for capital expenditure, planning and control.

2. SCOPE

2.1 The purpose of this policy is to provide guidelines under which the capital expenditure will be approved and prioritized for a fiscal year.

2.2 This document also provides policy guidance to the management and staff on the assessment of the linkage between the capital expenditure planning, control and the corporate strategy. This will also help to recognize and manage risk and to ensure that capital expenditures are properly monitored and tracked.

3. POLICY GUIDELINES

NPPMCL's capital expenditure planning and control policy is based on integrated capital spending planning process that aligns expenditures with corporate financial objectives of the company. The office of Chief Financial Officer shall plan, execute and forecast capital expenditure in a way that ensures accountability, compliance with internal controls and identify opportunities for aggregation of spendings and to achieve savings.

4. PLANNING AND CONTROL OVER CAPITAL EXPENDITURES

In-line with the policy guidance and to ensure the effective planning and control over capital expenditures, the office of Chief Financial Officer may:

4.1 Obtain capital expenditure plans (CEPs) from various wings of the Company for review and consolidation purposes. Capital expenditure plans may include;

4.1.1 Previous year's CEPs and variance analysis report,

4.1.2 Details of the assumptions and estimates used in the preparation of CEP.

4.2 CEP for the year shall be presented to the Audit Committee for review and recommendation to the Board.

4.3 CEP for the year shall be presented to the Board for approval on or before 1st July.

4.4 Subsequent to annual approval by the Board, if there is any change in CEP plan during the year; it will be brought to the notice of Audit committee and Board for formal approval of the change.

4.5 Admin wing shall maintain and circulate the approved CEP to all the stake holders and shall also maintain and circulate all subsequent amendments of CEP.

4.6 Finance wing shall regularly review individual wing's CEP utilization.

4.7 Periodical variance analysis shall be worked out for review and analysis.

5. CHANGES IN POLICY

This policy can be changed, modified or abrogated at any time by the Audit Committee / Board of Directors of the company.