



Securities and Exchange Commission of Pakistan
Company Law Division
Corporatization & Compliance Department

Before
Commissioner (CCD/CLD)

In the matter of

M/S. PHA FOUNDATION

ORDER

under Rule 25 of the Public Sector Companies (Corporate Governance) Rules 2013 read with Section 506(2) of the Companies Ordinance, 1984

Number and date of show cause notice	No.CCD/PSC/80/2015/IAN-74/44/2016-7952 Dated 28-4-2016.
Present:	Company Secretary alongwith Mr. M. Javed Panni, Consultant/ Authorized Representative.
Date of Hearing:	June 27, 2016
Place of Hearing:	Islamabad.

This Order shall dispose of proceedings initiated against the Chief Executive and Directors/ Officers of M/s. PHA FOUNDATION (the "Company") for default made in complying with the requirements of rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013 (the "Rules").

2. The brief facts leading to the show cause notice are that the Company, being a public sector company, was required under sub-rule (1) & (2) of rule 24 of the Rules to publish, circulate and file with Commission Statements of Compliance (SOC) and review report from the auditor for the years ended June 30, 2014 and June 30, 2015, however, it has failed to do so for which a show cause notice dated 28-4-2016 (the "SCN") was issued calling upon the Company and its directors/ officers to explain in writing and also to appear in person or through authorized representative for hearing on 8-6-2016 to clarify the position.

3. In response to the above SCN, the Company's authorized representative, vide letter No. MJP/PHAF/SCN/2016 dated 07.06.2016 requested to reschedule the hearing which was acceded to and hearing was fixed for 27.06.2016. Afterwards the authorized representative, vide letter No. MJP/PHAF/CG/2016 dated 27.6.2016 responded to the SCN, and informed therein that the Company has taken over the assets and liabilities of Pakistan Housing Authority which was difficult task to complete and that the things have now been streamlined gradually and the accounts of the Company have been audited and now to be approved by the members in the AGM. The company has applied to the registrar for direction under section 170 of the Companies Ordinance, 1984 for holding

overdue Annual general meetings for laying accounts therein and accordingly requested for a time of two months for submission of overdue SOCs. It has been noted that after lapse of considerable time, the authorized representative of the Company vide letter dated MJP/FHAF/CCS/2016 dated November 17, 2016 submitted the SOC of the Company for the year 2014 only.

4. I have gone through the relevant provisions of the Rules, and other record of the Company and observed that sub-rule (1) of rule 24 of the Rules requires that every public sector company shall publish and circulate a statement along-with its annual report to set out the status of its compliance with the Rules, and shall also file with the Commission and the registrar concerned such statement along-with its annual report. Further, sub-rule (2) of rule 24 of the Rules requires that the company shall ensure that statement of compliance with the rules is reviewed and certified by the external auditors, where such compliance can be objectively verified, before its publication. I have also perused rule 25 of the Rules which provide penalty for contravention of the rules.

5. Based on the above, it is apparent that the Company and its directors have violated the mandatory requirements of rule 24 of the Rules by not filing SOC for the year 2015. I therefore, in exercise of the powers conferred under rule 25 of the Rules read with section 506(2) of the Companies Ordinance, 1984, impose fine of Rs.50,000/- (Rupees fifty thousand only) on the Company. The Chief Executive is, hereby, directed to deposit the amount of penalty in the Commission's account within 30 days of the receipt of this Order and furnish original receipt/ challan of the same to this office for record. In case of non-payment of penalty within the specified time, the same will be recovered under the provisions of law. The Company and its directors including its Chief Executive are also warned to be careful in future to ensure compliance of the mandatory provisions of the Rules.

6. This order is issued without prejudice to any other action(s) that may be initiated against the Company and its directors/officers responsible for the violations of the aforesaid provisions of the Rules and the Ordinance.


(Tahir Mahmood)
Commissioner (CCD/CLD)

Announced:
November 29, 2016