



**Securities and Exchange Commission of Pakistan**

**Company Law Division**

**Corporatization & Compliance Department**

\*\*\*\*

*Before*

*Director*

*(Corporatization and Compliance Department)*

*In the matter of*

***WATER AND SANITATION SERVICES COMPANY ABBOTTABAD***

***ORDER***

***Under Rule 25 of the Public Sector Companies (Corporate Governance) Rules 2013 read with Section 506 (2) of the Companies Act, 2017***

Number and date of show cause notice: No.CLD/CCD/PSC/219/2015/IAN-28/2017-3686  
dated January 23, 2017

This Order shall dispose of proceedings initiated against the Chief Executive and Directors/Officers of Water And Sanitation Services Company Abbottabad (the "Company") for the default made in compliance with 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 in terms of sub-rule (1) and (2) of rule 24 of the Rules to publish, circulate and file with the Commission, a Statements of Compliance (SOC) and review report from the auditor for the year ended June 30, 2016. However, it has failed to do so for which a show cause notice dated January 23, 2017 (the "SCN") was issued calling upon the Company and its directors/officers to explain in writing and to appear in person or through authorized representative for hearing on February 03, 2017 to clarify the position.

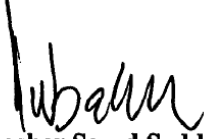
3. In response to the above SCN, no one appeared on the date fixed for hearing, however, Chief Executive Officer of the Company submitted written response vide letter dated January 31, 2017 and informed that the Company is in initial stages and has started process of hiring of top management and requested to reschedule the hearing for February 10, 2017 which was acceded to by the Commission, on which date the representative of the Company appeared and requested for extension in time to fulfil the requirements, which was again accepted and further extension upto December 12, 2017 was allowed. However, instead of making compliance with the provision of law, the Company vide letter dated December 11, 2017 has informed that the appointment of Chief Executive has not been completed by the

board, however, external audit of the Company for the financial year 2015-16 and 2016-17 has been completed and the required SOC would be filed in due course for which further extension of time was sought. From the above, it appears that the Company has not taken timely steps to regularize the default and has not filed its overdue SOC for the year 2016, therefore, the default is considered willful and deliberate.

4. I have gone through the relevant provisions of the Rules, and other record of the Company and observed that sub-section (1) of Rule 24 of the Rules required that every public sector Company shall publish and circulate a SOC along-with its annual report to set out the status of its compliance with the Rules, and shall also file SOC with the Commission and the registrar concerned along-with its annual report. Further, sub-rule (2) of rule 24 of the Rules requires that the Company shall ensure that SOC 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 2016. I, therefore, in exercise of the powers conferred under rule 25 of the Rules read with section 508(2) of the Companies Act, 2017 impose a fine of Rs. 50,000/- (Rupees Fifty thousand only) on the Chief Executive of 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 directed to submit the overdue SOC for the year 2016 forthwith.

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 Law.

  
(Mubasher Saeed Saddozai)  
Director (CCD)

Announced:  
January 16, 2018