



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 SERVICE COMPANY, DERA ISMAIL KHAN
ORDER

Under Rule 25 of the Public Sector Companies (Corporate Governance) Rules 2013 read with Section 508(2) of the Companies Act, 2017

Number and date of show cause notice: No.CLD/CCD/PSC/221/2016/IAN-33/2017-3684
dated January 24, 2017.

This Order shall dispose of proceedings initiated against the Chief Executive and Directors/Officers of M/s. Water and Sanitation Service Company, Dera Ismail Khan (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 24, 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 06, 2017 to clarify the position.

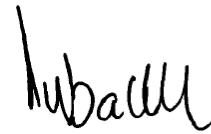
3. In response to the above SCN, no one appeared on the date of hearing. Subsequently, Chairman, Board of Directors submitted a written response vide letter dated January 31, 2017 stating therein that the Provincial Government has notified the board on November 06, 2015, however, the Company is not operational and is unable to submit SOC. Accordingly, the Commission vide its letter dated December 12, 2017 informed and advised the Company to file the updated status within the stipulated time and submit its overdue SOC for the year ended June 30, 2016. However instead of compliance with provision of law, it has been informed vide letter dated December 22, 2017 that the Company is fully funded by the

Provincial Government for its operations which did not provide any financial support for the year ending June 30, 2016. From the above, it appears that the Company has not taken 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 15, 2018.