



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 MINGORA SWAT

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/224/2016/IAN-31/2017-3682
dated January 23, 2017

This Order shall dispose of proceedings initiated against the Chief Executive and Directors/Officers of M/s. Water and Sanitation Service Company, Mingora Swat (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 02, 2017 to clarify the position.

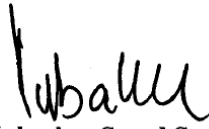
3. In response to the above SCN, the authorized representative of the Company appeared on the date of hearing and explained that due to removal of Chief Executive Officer and some financial constraints, the Company was unable to prepare and file SOC. He also submitted written response vide letter dated February 23, 2017 agitating the same points. Subsequently, the Commission vide its letter dated November 29, 2017 informed the Company that under the law, the board of directors of the Company is responsible to run and manage the affairs of the Company and filing of SOC is one of the legal requirement to comply with the terms of rule 24 of the Rules and as per record available, the overdue SOC has not been received 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 the provision of law, the Chief Executive Officer of the Company vide letter dated December 08, 2017 has informed that the Company is in process of hiring audit firm and SOC shall be filed accordingly. 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.