



DIRECTOR'S REPORT 2019-20



WATER AND SANITATION SERVICES PESHAWAR

(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

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ABOUT THE COMPANY

The Directors of the Company are presenting the Directors' Report together with the audited financial statements for the year ended June 30, 2020 and statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013.

Water and Sanitation Services Peshawar (WSSP) was incorporated by KPK Government on January 8, 2014 as a Public Sector Company limited by guarantee, having no share capital, under section 42 of the repealed Companies Ordinance, 1984. As per section 216 and Third Schedule of Companies Act 2017, the company is classified as Public Interest Company. The primary objective of the company is to establish, run and manage an integrated, corporatized and modern water and sanitation utility in Peshawar city, ensuring unremitting water, sanitation and solid waste management services delivery to the residents of Peshawar city. The company started its operations from September 15, 2014. The registered office of the Company is situated at Plot No: 33, Sector E8, LCB Building, Phase-VII, Hayatabad, Peshawar. The company's territorial jurisdiction is divided into four operational zones covering urban and semi-urban peripherals of Peshawar City.

FINANCIAL PERFORMANCE

There was a backlog in the preparation and approval of Audited Financial Statements due to various reasons. Efforts were made to catch up the backlog and during the financial year 2019-20 and 4th and 5th Annual General Meetings were held for approval of Financial Statements for the year ended June 30, 2018 and June 30, 2019 respectively.

The statement of income and expenditure account for the year ended June 30, 2020 and June 30, 2019 are summarized as under:

INCOME	2020	2019
	Rupees	Rupees
Revenue from services	456,103,472	444,239,003
Government grant for operations	2,954,949,044	2,423,949,562
Donor Funded Projects	54,199,646	47,474,985
	3,465,252,162	2,915,663,550
EXPENDITURE		
Operational expenses	2,793,920,525	2,392,960,690
Administrative expenses	367,909,656	293,952,898
Program cost (Projects)	299,605,750	227,122,292
	3,461,435,931	2,914,035,880
Operating surplus or (deficit)	3,816,231	1,627,670
Finance cost (Bank mark-up)	3,816,231	1,627,670
Other income	27,562,728	21,083,645
Surplus before taxation	27,562,728	21,083,645
Taxation		
Net Surplus for the year	27,562,728	21,083,645

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Since inception WSSP is financing its operations mainly through Government Grants therefore for financial sustainability the Company is dependent on Government Grants. However, the company is striving to decrease the dependency by improved efficiency and revenue enhancement. The operating surplus has been increased by 134% and Net Surplus by 29 % in 2020 as compared to 2019 which is a remarkable improvement.

TAXATION

The Company has successfully attained the PCP certification for Non-Profit Organization (NPO) in Oct 2019 and now the Company is entitled to 100 % tax credit under Section 100C of the Income Tax Ordinance, 2001.

REVENUE COLLECTION

Efforts are being made to enhance recovery of revenue for WATSAN services. It is expected that for the time being the company requires government grants for financing its operations, the dependence will gradually reduce as the revenue collection improves. The revenue collection increased from Rs 142 Million FY 2019 to Rs 198 Million FY 2020 with an increase of 39 % and it's further expected that collection of Rs 280 Million will be materialized in the following year.

COMPLAINTS REDRESSAL

The Company is committed to improve the service delivery to people of Peshawar. The company is focusing for redressal of customer complaints and has resolved 10,159 complaints in 2020, as compared to 4,017 complaints in 2019 pertaining to WATSAN services during the year received from customers through helpline 1334. The complaint redressal percentage was 99.99%.

OPERATIONAL EFFICIENCIES

The Company under the direction of the Provincial Government Khyber Pakhtunkhwa is working on expansion of the company services to additional 23 peri-urban union councils Peshawar and in this regard the proposed PC-1 which was submitted in 2019 has been approved. Soon it is expected that the WSSP services will be commissioned in the said additional areas. Under financial supports of M/S Swiss Agency for development & Cooperation, the Integrated Master Planning for Water Supply, Solid and Sewerage system with planning horizon of 2048 and 5-years Business Plan is prepared and will be place before the Board of Directors for its approval and further directions.

As per directions of the Board of Directors, the Company has started monitoring of its operations by adopting 26 out of 59 Key Performance Indicators (KPIs) developed by International Benchmarking and Networking for water and sanitation utilities (IBNET).

➤ Solid Waste Management (SWM)

- Solid waste collection of around 250,000 tons with collection efficiency of 70 %.

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- The Company Fleet for SWM increased to 386 vehicles by inducting 27 Nos of Bike Loader having unique design and capacity to carry garbage up to 500-800 Kg and 20 Nos of Mini Dumpers to improve primary and secondary Solid Waste Collection from Capacity 1000 to 1200 Tons per day.
- Primary collection of SWM through 4 transfer stations occupied on rental basis. The Company is currently working on procurement of Land for establishment of its own transfer stations.
- Procurement of 500 Fiber Glass Wheely Bins for placement at various commercial and residential spots to deal with the littering issues.
- Procurement of 200 additional Garbage container for Primary waste collection across the city.
- Planning for Procurement of additional 1260 Kanal land for expansion of currently owned Land Fill site.
- Introduction of 2nd Shift and night shift for sanitation services on the city main road
- Introduction of beat system for instant collection of garbage from the city main roads.
- Carrying out of Environmental Impact Assessment (EIA) study of Land Fill site.
- Completion of waste characterization study for municipal waste of Peshawar city.

➤ **Sanitation and Sewerage**

- 5.8 km construction and rehabilitation of streets along with allied structures.
- 7.26 km construction and rehabilitation of drains.
- 1080 km De-siltation of Drains
- 2500 km De-siltation of Manholes
- 2217 number of Manholes replacements.
- For sewerage treatment plant, the company is planning to initiate studies to assess the feasibility to rehabilitate 3 abandoned Sewerage treatment plants of Peshawar city.
- Procurement of advance scientific tools and equipment for the improvement of sanitation activities under the UNICEF Funded Project

➤ **Water Supply**

- The Company has increased its water supply coverage for Peshawar Population from 32 % in 2019 to 35 % in 2020.
- Operation and Maintenance of 525 Tube wells
- Operation and Maintenance of 35 filtration plants
- Video logs/ bore logs of tube wells
- 26 KM replacements of rusted water supply pipes.
- Total 9 numbers of Water Supply Schemes Construction / Rehabilitations
- Regular water quality test for ensuring provision of clean drinking water.

➤ **COVID-19 Mitigation Supports Services**

- Establishment of 100 hand wash points in the city with assistance of UNICEF to fight COVID-19
- Operation of 2 Quarantine Centers established in Peshawar to fight Covid-19.

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- Disinfection Sprays at Govt entities (airports/govt offices), bus stands, hospitals, streets, mosques, houses of Covid positive patients and other public places to fight Covid -19
- Screening of staff.

➤ Community Liaison Cell (CLC)

The CLC Department is under working under the Operations department and is responsible for achieving the Company objectives through community interaction, awareness, public participation in planning, management, and implementation of WATSAN activities. During the year, the CLC was engaged in the following activities

- Conduct 1533 WASH awareness session on WASH, Canal cleaning campaign, (Male and Female community, WSSP staff orientation on public dealing)
- Involved 300 community Ulema's, and 500 Shops traders in public awareness in WASH and WSSP WATSAN bills payment
- Distribution of 250,000 Information Education Communication (IEC) materials (Banners, pamphlets, brochures) for WSSP WATSAN bills payment and other awareness messages
- Developed Coordination for public awareness with Integrated services Delivery, Islamic Relief, Muslim Aid, SPO, PHDO and other NGO having wash projects.
- Door to door female awareness sessions.

➤ ICT related works

- Enterprise Resource Planning (ERP) under the MMIU Project with the support of USAID Municipal Services Project (MSP). ERP covers Finance, HR, Procurement, Projects, Inventory, Fleet and Document Management. It is under finalization process and will be implemented by the end of 2020.
- WSSP official website upgradation with Urdu version.
- Provision of Video Conferencing system for Board and Departmental Meetings.
- Deployment of Disaster Recovery site by the support of USAID Municipal Services Project (MSP). This site will make sure the Data safety on another remote site for recovery due to any disaster in future.
- Working on automating all the tube wells through SCADA to save electricity bills. A feasibility report is developed for way forward.
- Development of a web-based software for collation of KPIS data from all departments. Which is currently a manual process and data is collected for head office manually.

CORPORATE GOVERNANCE

The Board of Directors and the management of the Company are committed to the principles of good corporate management practices, with particular emphasis on disclosures, transparency, and acknowledge their responsibilities with respect to the corporate and financial reporting framework. The directors are pleased to state that:

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- The financial Statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and changes of General Fund.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed, where practically possible, in the preparation of the financial statements and any departure there has been adequately disclosed.
- Sound internal controls have been effectively implemented and monitored.
- All contracts with related parties are made on arm's length basis; and
- There is no doubt on the Company's ability to continue as a going concern.
- Information about Government Grants, outstanding taxes and levies are given in the notes of the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The Companies runs unfunded Gratuity schemes under which its amount is recognized as non-current liabilities in the Financial Statements.

DIRECTORS REMUNERATIONS

As per Section 7 (VII) of Regulation for Non-Profit Organizations issued by the Securities and Exchange Commission of Pakistan (SECP), the Directors are working without any remuneration, except reimbursement of travelling and miscellaneous expenses incurred for attending meetings (Section 7 (V) of Regulation for Non-Profit Organizations).

ROLE OF CHIEF EXECUTIVE OFFICER AND CHAIRMAN BOARD OF DIRECTORS

Position of Chairman and Chief Executive Officer in WSSP are headed by separate individuals. The Chairman is a primarily responsible for working of the Company's Board and all matters relevant to governance of the Company, where superintendence of the Board in necessary. The Chairman conducts the Board meetings including agenda of the meeting. The CEO is involved in the management of day-to-day operations of the Company and procedures relating to financial and other matters. He is responsible of implementation of strategies and policies approved by the Board, making appropriate arrangements to make sure that business activities are in line with the directives of the Board and safeguarding resources while ensuring their efficient use.

AUDIT COMMITTEE

The Board has constituted an Audit Committee chaired by independent member Mr. Khursheed Khan, other members of the committee are Mr. Shumail Butt, Syed Shah Nasir, Dr. Bushra Khan, Secretary LGE&RD and Secretary Energy and Power.

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BOARD OF DIRECTORS' MEETING

A total of eight meetings of the Board of Directors were held during the period of 12 months from **July 01, 2019 to June 30, 2020**.

Sr. No.	Name of Directors	Board Meetings attended
1.	Haji Muhammad Javed	8
2.	Dr. Muhammad Iqbal Khalil	8
3.	Engr. Tahir Azim	7
4.	Arbab Usman Advocate	0
5.	Mr. Shumail Butt, Advocate	0
6.	Mr. Abdul Fayaz Advocate	0
7.	Mr. Khursheed Khan	7
8.	Prof. Dr. Rashid Rehan	7
9.	Prof. Dr. Bushra Khan	5
10.	Syed Shan Nasir	6
11.	Additional Chief Secretary P&D Department	0
12.	Secretary Finance Department	0
13.	Secretary LGE& RD Department	0
14.	Secretary Energy & Power Department	0
15.	Director General LGE & RD Department	0
16.	Syed Zafar Ali Shah, Chief Executive Officer	7

PATTERN OF SHAREHOLDING AND EARNINGS PER SHARE

Water and Sanitation Services Peshawar (WSSP) is a company limited by guarantees with having no share capital.

The Statement of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013 is attached.

KEY OPERATING AND FINANCIAL DATA OF LAST FIVE YEARS.

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Financial Years	2020	2019	2018	2017	2016	2015
	-----Rs in Millions-----					
Revenue from services	456	444	322	256	220	136
Operational Expenses	2,793	2,393	2,016	2,190	2,030	1,719
Administrative Expenses	368	294	198	203	140	78
Operating Surplus/(Deficit)	4	2	1	(299)	(349)	(1,661)
Government grant / budgetary support	2,655	2,197	1,845	2,371	1,928	1,653
Other Income	27	21	28	32	55	31
Surplus / (deficit)	28	28	29	73	35	25
Non-current assets	252	244	201	230	195	158
Current assets	2,420	2,053	1,855	1,118	1,389	2,055
Current liabilities	287	408	311	267	-	
Non-current liabilities	2,183	1,698	1,583	949	184	143
Net assets	201	190	161	132	1,399	2,070

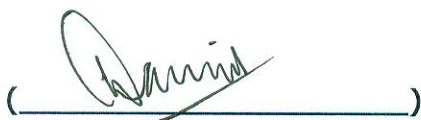
APPOINTMENT OF AUDITORS

Messrs. RSM Avais Hyder Liaquat Nauman Chartered Accountants has completed the Annual Audit for the Financial Year 2019-20 and issued their report showing "true and fair review of the affairs of the Company financial results". The auditors will retire on the conclusion of the upcoming Annual General Meeting of the Company and as per Section 23 (6) of Corporate Governance Rules amended 2017, they are eligible for re-appointment.

ACKNOWLEDGEMENT

At the end, I would like to convey my sincere appreciation for the efforts and dedicated contributions put in by the Company employees at all levels. I am thankful to WSSP Board of Directors for their wise counsel and invaluable guidance.

On behalf of the Board of Directors



Chief Executive Officer
Water and Sanitation Services Peshawar



Director
Water and Sanitation Services Peshawar

Dated: June 30, 2021