



15th August, 2009

Mr. Salman Ali Shaikh,
Chairman,
Securities and Exchange Commission of Pakistan,
National Insurance Corporation Building, Jinnah Avenue,
Islamabad-44000,

Fax No. (92-51) 9205692, 9204915

Sub: SECP to investigate KESC affairs
Ref: SEP Letter No EMD/233/401/02-33 dated 5 August 2009

Dear Sir,

Transparency International Pakistan appreciates SECP 5th August 2009 response, on its letter dated 30th July 2009, informing TI Pakistan that SECP has taken up the matter of allegations of irregularities with KESC under the provisions rules and regulations of SECP.

TI Pakistan hopes that the allegations are not true. However, after only the detailed inquiry SECP will be able to confirm whether the KESC operations are managed in accordance with SECP requirements and prudent practices or not.

TI Pakistan also reminds SECP that it has to take punitive action under Companies Ordinance, 1984, Article 282 K if the inquiry being conducted by SECP confirms that KESC has violated the law. Penalty for making a false statement is imprisonment for a term which may extend to three years and a fine which shall be not less than one hundred thousand rupees,

We request the Chairman to kindly keep TI Pakistan informed regarding the progress on actions taken by SECP. The allegations widely under media discussions, PPP & MQM public statements to cancel the Agreement and take over of KESC by WAPDA, as well as 10 days warning given by the Minister of Water and Power to KESC to improve its performance, and a further extension of 10 days to the warning and the poor performance of KESC after privatization is resulting in a bad impression on the privatization policy of Government of Pakistan itself. This take over if happens, will also have damaging effect on the privatization of other entities in the future.

We would also appreciate if the letter sent to KESC by SECP be copied to us.

With regards,

Syed Adil Gilani,
Chairman,
Transparency International Pakistan

Copy forwarded for the information of;

1. Chairman, PAC, Islamabad
2. Minister of Water & Power, Islamabad
3. Minister of Privatisation, Islamabad, with reminder that TIP is still waiting to be provided the copies of Concession Agreement 2005 and Amended Agreement 2009.