



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	Telecard Limited
Show Cause Notice No. & Date:	No. CSD/ARN/146/2015-936 dated February 17, 2025
Respondents:	(i) Mr. Pervez Sadiq, Chairman (ii) Syed Aamir Hussain, Chief Executive Officer (iii) Mr. Waseem Ahmad, Director (iv) Syed Imran Haider Jaffery, Director (v) Mr. Asad Mujtaba Naqvi, Director (vi) Mrs. Fabzia Ahsen, Director (vii) Sayed Hashim Ali, Chief Financial Officer
Date(s) of Hearing(s):	(i) March 11, 2025
Case represented by:	(i) Muhammad Farhan Saeed (Advocate High Court) (ii) Ghufuran Shaheer (Manager-Corporate and Legal) (as Authorized Representatives)
Provision of law involved:	Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular 11 of 2023 dated August 11, 2023
Date of Order	April 11, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through the Show Cause Notice No. Adj.I/ARN/146/2015-936 dated February 17, 2025 (the “SCN”) against the Board of Directors (the “BOD”) and the Chief Financial Officer (the “CFO”) of M/s Telecard Limited (the “Company”) hereinafter collectively referred to as the “Respondents” under Section 237 read with Section 479 of the Companies Act, 2017 (the “Act”) and Circular No. 11 of 2023 dated August 11, 2023 (the “Circular”).

2. The provisions of sub-section (1) of Section 237 of the Act require all public listed companies to prepare its quarterly financial statements within thirty days of the close of their first and third quarters of their year of accounts and within sixty days of the close of their second quarter of their year of accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post on their website quarterly financial statements for information of members and also electronically transmit the same to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company being public listed company was required to electronically transmit its 3rd quarterly financial statements for the quarter ended on March 31, 2024 and 1st quarterly financial statements for the quarter ended on September 30, 2024 with the Commission/ registrar, and post the same on its website, within thirty (30) days of the close of the said quarters i.e. latest by April 30, 2024 and October 30, 2024 respectively. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid quarterly financial statements with the Registrar/Commission within stipulated time:

Quarter Ended	Due Date	Date of Transmitting through e-Services / eZfile with the Registrar/Commission
March 31, 2024	April 30, 2024	Not filed
September 30, 2024	October 30, 2024	December 27, 2024 (Delay-58 days)

4. As per the requirements of the Circular No 11 of 2023, all listed companies are *inter alia* required to file their quarterly financial statements (“QFS”) through eService/eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act with respect to filing/transmission of QFS to the Commission / registrar. Failure to Comply with the mandatory provisions of Section 237 of the Act attracts penal action as provided under Section 237(4) of the Act. The relevant provisions of law are reproduced hereunder:

"237. Quarterly financial statements of listed companies. — (1) Every listed company shall prepare quarterly financial statements within a period of :-

- a) thirty days from the close of first and third quarters of its year of accounts; and
- b) sixty days from the close of its second quarter of its year of accounts.

(2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

(3).....

(4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale."

5. Taking cognizance of the alleged violation of law, a SCN was served upon the Respondents on February 17, 2025 to show cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. The Company vide letter dated February 28, 2025 submitted a written response to the SCN, interalia, submitted the following:

- i. The Commission introduced a new statutory filing portal, effective from February 15, 2024. The transition from the previous e-services portal to the new eZfile system has posed several technical challenges, resulting in discrepancies and errors in the Company's record during the migration process. Consequently, the delay in filing the QFS is directly attributable to these unforeseen technical difficulties.
- ii. The Company was unable to file the QFS for the period ended March 31, 2024, through eZfile, as the option for filing remains unavailable on the Portal due to the reason that the portal indicates accounts filing is "in progress," and no option for filing of QFS for the aforesaid period was appearing in the portal. This ongoing technical error continues to prevent the Company from completing the filing process.
- iii. The Company made an attempt to submit its QFS for the period ended March 31, 2024, physically at the Company Registration Office (CRO) on May 27, 2024. However, the request for physical submission was declined, with the explanation that QFS must be filed online through the eZfile Portal.
- iv. The Company has now formally filed the QFS for the period ended March 31, 2024, at the CRO via a covering letter dated February 21, 2025.
- v. The delayed in submission of the QFS for the periods ended March 31, 2024, and September 30, 2024 is sincerely regretted. The delay, however, was beyond the Company's control due to the aforementioned technical issues.
- vi. Given the above circumstances, the Company respectfully requests the Commission to take a lenient view of the matter and kindly condone the delay in submission of the Quarterly Accounts.

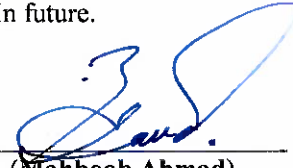
6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for March 11, 2025, which was attended by Mr. Muhamad Farhan Saeed, Advocate High Court; and Mr. Ghufraan Shaheer, Manager-Corporate and Legal, on behalf of the Respondents as their Authorized Representatives ("Authorized Representatives"). The Authorized Representatives reiterated the stance taken in the written response and further asserted as under:

- i. The Company did not receive the option to file the QFS for the period ended March 31, 2024, on the eZfile portal.
 - ii. The Company attempted to submit the QFS physically in May 2024; however, the request was declined on the grounds that the filing must be made through the designated online portal.
 - iii. For the quarter ended September 30, 2024, the option for filing the QFS was initially unavailable on eZfile; however, subsequently upon availability of the option to file the QFS, the Company successfully filed the QFS on December 27, 2024 with a delay of 58 days.
7. Subsequent to the hearing, the Company vide letter dated March 20, 2025, further submitted that:
 - i. The Company scheduled its Board of Directors Meeting (BoD) to consider the QFS for the period ended March 31, 2024 and finally approved the QFS on April 29, 2024.
 - ii. The financial results were announced in a timely manner through PUCARS on April 30, 2024 and QFS were uploaded on PUCARS on May 21, 2024.
 - iii. The Company's BoD approved the QFS for the period ended September 30, 2024 on October 30, 2024 and the financial results were announced in a timely manner through PUCARS on October 31, 2024 and QFS were uploaded on PUCARS on December 03, 2024 albeit a delay. The PSX imposed penalty for the late submission of quarterly accounts as of September 30, 2024. The said delay is attributable to drafting and formatting of the same.
8. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular No. 11 of 2023, and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Respondents and the Authorized Representative. I have also perused Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 237(2) of the Act, every listed company is required to file/transmit its QFS within thirty (30) days from the date of close of its first quarter of its year of accounts or within the extended period/time frame. QFS are a crucial source of information for the stakeholders, especially shareholders, of a publicly listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.
9. The provisions of Section 237 of the Act unambiguously and explicitly obligate the Company to file/transmit its QFS in a timely manner. In this respect, reliance is placed on an Order passed by the Appellate Bench of the Commission on March 01, 2023 (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held that a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions. In another case cited as 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the Appellate Bench of the Commission held that "...interim financial statements prepared accurately and in timely manner, provide a reliable source of information regarding a company's financial position and performance to its users, besides illustrating regarding the results of the management's stewardship of resources entrusted to it..." The significance of transmitting quarterly financial statements of a listed company in a timely manner is also echoed in 2024 CLD 635 – Appeal No. 78 of 2021 decided on August 25, 2023, and 2024 CLD 415 – Appeal No. 97 of 2020 decided on August 25, 2023.
10. The Company, being a listed entity, was required to electronically file/transmit its QFS for the periods ended March 31, 2024 and September 30, 2024, to the Commission/Registrar in accordance with the mandatory provisions of Section 237(2) of the Act read with Circular No. 11 of 2023. However, the Company has failed to fulfill this statutory requirement within the prescribed timeframe, as evidenced by the relevant record of the Commission.

11. The Respondents and their Authorized Representatives put forth the arguments that QFS for the quarter ended March 31, 2024 and September 30, 2024 were prepared and approved by the BOD of the Company in a timely manners, however the delay was occurred in filing/transmitting the QFS for the afore-said periods to the Commission/Registrar through e-services or eZfile due to technical difficulties encountered during the transition to Commission's new statutory filing portal, eZfile. The Company attempted to submit the QFS physically on May 27, 2024, Subsequently, the QFS for the period ended March 31, 2024 were physically submitted on February 21, 2025 subsequent to issuance of SCN.

12. Though the Company, attempted to file the QFS with the CRO physically, vide its letter dated May 27, 2024. However, no evidence of the CRO's response in respect of physical filing of the QFS has been presented. The Company did not re-attempted to file the said QFS for a considerable time and eventually filed QFS physically on February 21, 2025 i.e. on issuance of SCN. Furthermore, the Company had not made significant efforts for approaching the Commission to remove / fix the system errors / glitches that it was experiencing, as neither the Respondents and their Authorized Representatives contested these efforts in their written and verbal submissions, nor had any evidence of communication with the Commission in relation to efforts to resolve the system-related issue of the eZfile portal been provided.

13. In view of the preceding facts, I am of the considered view that by failing to file/transmit the QFS to the Commission within the prescribed timeframe, the contravention with the requirements of Section 237 of the Act has been established which attracts penal action in terms of sub-section (4) of Section 237 of the Act. I have also given due attention to the grounds presented by the Respondents and their Authorized Representative to the said non-compliance. Due consideration has also been given to the previous compliance history of the Company and the fact that the QFS for the period ended March 31, 2024 and September 30, 2024 were prepared and approved by the Board in timely manners, however, one of the reason for filing/transmission of the same to the Commission was technical error/glitches in eZfile System. I, therefore, in exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act, vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, strictly **WARN** the Respondents and advise them to ensure meticulous compliance with the applicable legal and regulatory framework in future.



(Mahboob Ahmad)

Additional Director/ Head of Wing
Adjudication Department-I

Announced:

Dated: April 11, 2025

Islamabad