



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I Adjudication Division

Order

In the Matter of

Hallmark Company Limited

Number and Date of SCN: CSD/ARN/412/2016-465
dated October 02, 2024

Hearing Date: November 29, 2024

Present: Mr. Muhammad Farhan Saeed, Company Secretary
as the Authorized Representative

Under Section 237 read with Section 479 of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**), through Show Cause Notice CSD/ARN/412/2016-465 dated October 02, 2024 (**the SCN**) issued under Section 237 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (**the Circular**), against the Board of Directors and Chief Executive Officer (CEO), hereinafter collectively referred to as the **Respondents**, of Hallmark Company Limited (**the Company**).

2. The brief facts of the case are that from the perusal of relevant record of the Commission, it transpired that the Company has filed/transmitted with the Registrar/Commission its second Quarterly Financial Statements (QFS) with a delay of 90 days as per the details provided hereunder:

Period Ended	Due on	Date of Filing/Transmission of QFS with the Registrar/Commission
December 31, 2023	February 29, 2024	May 29, 2024 (delay of 90 days)

3. The relevant provisions of the Act stipulate as under:

"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).

*....
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.*

4. Taking cognizance of the matter, SCN was issued to the Respondents. In response, the Company vide letter dated October 10, 2024, *inter alia*, submitted as follows:

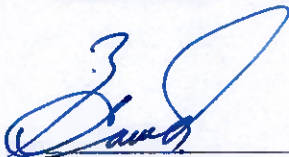
- i. The Commission introduced a new statutory filing portal, effective from February 15, 2024, transitioning from the previous e-services portal to the new eZfile system, which encountered several technical difficulties, resulting in discrepancies and errors in the Company's records during the migration process.
- ii. The Company duly filed its QFS for the period ended September 30, 2023 on October 31, 2023 through the Commission's e-services portal. When the Commission transitioned filings to the eZfile portal, records in the new portal were incomplete and incorrect in respect of previous filings through the e-services portal.
- iii. The Board of Directors of the Company approved the QFS for the period ended December 31, 2023 on 26 February 2024. Filing attempts revealed the eZfile system was not up-to-date, and the option to file succeeding accounts was unavailable.
- iv. The Company lodged a formal written complaint on March 04, 2024, attaching supporting documents and screenshots highlighting discrepancies in the previously filed records. The Commission acknowledged the issue via emails dated March 04, 2024 and March 08 2024, confirming that have been forwarded to the technical team.
- v. On March 18, 2024, the Commission informed the Company that the issue was related to the system transition and requested further details and screenshots.
- vi. The Commission responded on March 29, 2024, reiterating that the issue was linked to the system upgrade and requested the Company to retry the filing. The Service Desk followed up on April 18, 2024, advised the same, but the issue remained unresolved.
- vii. On April 29, 2024, a response received from the Commission informed the Company that the issue had been closed without explanation. The Company responded the same day, emphasizing that the problem persisted and requested expedited resolution to prevent further delay in filing.
- viii. On May 02, 2024, the Commission informed the Company that the issue has been resolved and advised retrying the process after discarding old drafts, however, the issue remained unresolved.
- ix. The Company resorted to physical filings to ensure compliance, refiling the QFS of December 31, 2023, via letter dated May 27, 2024 highlighting therein the technical issues faced by the Company.
- x. The delay in filing was solely due to technical issues during the eZfile system transition, accordingly, physical filing were made in good faith to ensure compliance with statutory requirements.

5. In order to provide an opportunity for personal representation, hearing in the matter was fixed for November 29, 2024 when Mr. Muhammad Farhan Saeed, Company Secretary appeared as the Authorized Representative of the Respondents (**the Authorized Representative**). The Authorized Representative reiterated the submissions already made in its written response dated October 10, 2024.

6. I have considered the facts of the case based on the relevant provisions of the Act, available record of the Company, as well as, the written and verbal submissions of the Authorized Representative. At this junction, it is imperative to discuss the following elements:

- i. In terms of Section 237 of the Act, every company is required to file/transmit QFS within sixty days from the date of close of its second quarter of its year of accounts. QFS are crucial source of information for stakeholders/members. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.
- ii. In order to ensure transparency, the Company is required to meticulously adhere to the provisions of Section 237 of the Act by timely filing/transmission of QFS. The Company has however, physically filed the QFS to the Commission on May 29, 2024.
- iii. The Company vide letter dated February 27, 2024 has already informed the PSX regarding its financial results for the period ended December 31, 2023.
- iv. The Respondents provided screenshots, evidencing the filing of QFS along with requisite information to the Commission through miscellaneous correspondence.

7. In view of the preceding facts, I have observed that the delay in filing the Company's QFS was caused by a system glitch and cannot be regarded as a default on the part of the Respondents. This is also evident from the fact that the Company has duly filed its QFS with the PSX timely. Considering the given circumstances, I, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, hereby conclude the proceedings initiated through the SCN against the Respondents, without any adverse action.



Mahboob Ahmad
Additional Director/Head of Wing
Adjudication Department – I
Listed Companies Wing

Announced:
January 08, 2025
Islamabad

