

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

**In the matter of Show Cause Notice issued to Pak Datacom Limited**

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Dates of Hearing

June 04, 2021

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**Order-Redacted Version**

Order dated September 30, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Pak Datacom Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated April 16, 2021.
2. Name of Respondent	Pak Datacom Limited (the Company and/ or the Respondent)
3. Nature of Offence	Alleged contraventions of <u>Section 96 of the Securities Act, 2015 (the Act)</u> read with Section 159 thereof.
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered both the written and verbal submissions made by the Respondent and the relevant legal provisions as mentioned above and observed that:</p> <ol style="list-style-type: none"><li>i. with regard to non-disclosure of the information mentioned in the SCN, the Respondent in its reply dated April 21, 2021 has admitted that an overlook happened due to limitation of staff during the Covid-19 outbreak which also affected other operations of the business. Further, the Respondent admitted that a rental agreement was re-negotiated with its bandwidth provider in August, 2020. The contract was renewed for 2 years which resulted in the additional savings of US\$ 0.5 million. The Respondent also provided that a passing reference was made regarding the two mega projects in the Chairman's Review Report and Directors' Report for the period ended June 30, 2020 on December 07, 2020.</li><li>ii. The Respondent has contended that the renegotiation of agreement with the bandwidth provider which resulted in the additional savings of US\$ 0.5 million cannot be regarded as the "price-sensitive information" as there were no short-term/ immediate gains for PDL.</li></ol>

	<p>In this regard, it is stated that in the instance case, saving/ earning US\$ 0.5 million was a material amount which affects the Company's financial health and future sales and is a major decision factor for investors looking to invest in the shares of the company. Therefore, the contention of the Respondent that the said information is not price sensitive is not acceptable.</p> <p>iii. With regard to the winning of two mega projects, the Respondent submitted that the financial bids for the projects were made successful in the first week of December 2020 and a passing reference to this was made in the Chairman's Review Report and Director's Report for the period ended June 30, 2020 in December 2020 right before publication of the annual report.</p> <p>In this regard, it is stated that mere passing a reference in the Chairman's review report or Directors report does not suffice the requirements of Section 96 of the Act. The manner prescribed for making disclosure of price-sensitive information is provided in the Rules and Regulations of PSX, however, the same was not followed by the Respondent in the instant cases.</p> <p>Therefore, in terms of the powers conferred under Section 159 (5) of the Act, a penalty of Rs. <u>500 000/- (Rupees Five Hundred Thousand Only)</u> is hereby imposed on the Respondent.</p>
5. Penalty Imposed	Rs. 500,000/-
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondents.