

Before
Amir M. Khan Afridi, Director/Head of Department

In the matter of

WorldCall Telecom Limited

Dates of Hearings

February 15, 2022 and March 15, 2022

Order-Redacted Version

Order dated May 31, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of WorldCall Telecom Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated December 30, 2021
2. Name of Company	WorldCall Telecom Limited
3. Name of Individual*	The proceedings were initiated against the members of the Board Audit Committee.
4. Nature of Offence	In terms of regulation 27(2)(i) of the Listed Companies Code of Corporate Governance (CCG) Regulations, 2019 (the Regulations), the Board Audit Committee (BAC) shall meet at least once in each quarter of the financial year of a listed company. Keeping in view the fact that only two BAC meetings were held during the financial year 2020 contrary to the requirements of the aforesaid legal provision, therefore, proceedings under clause (i) of sub-regulation (2) of regulation 27 of the Regulations read with Sections 512(2) and 479 of the Companies Act, 2017 (the Act) were initiated through the show cause notice (SCN) against the Respondents.
5. Action Taken	<p>Key findings are given as hereunder:</p> <p>I have gone through the facts of the case, written submissions made by the Respondents and arguments put forth during the hearing proceedings, in light of the applicable legal provisions and observed that BAC meetings were not held during two quarters i.e. the quarters ended March 2020 and June 2020 of the financial year 2020. I am of the view that BAC meeting is required to be held at least once in each quarter of the financial year, irrespective of the fact whether or not:</p> <ul style="list-style-type: none">(i) the interim financial results for the relevant quarter are available for approval; and(ii) external audit is completed. <p>The word, "shall" provided in regulation 27(2)(i) of the Regulations necessitates and makes it binding to hold BAC meeting in each</p>

	<p>quarter. Moreover, in terms of the aforesaid regulation, it is necessary to hold BAC meeting prior to the approval of interim results and after completion of external audit, and it does not mean that BAC meeting would not be held where the said circumstances/ conditions do not exist. Nevertheless, the Terms of Reference of BAC as per regulation 27(4) of the Regulations require various other matters, as well, which are required to be discussed by BAC in its meeting. These matters include issues which are other than approval of interim financial results and completion of external audit. The stance of the Respondents that BAC meetings during two quarters of FY 2020 could not be held due to delay in finalization of the interim accounts is not tenable.</p> <p>Keeping in view the above, it is stated that since by not holding BAC meeting in the aforesaid two quarters, the Respondents have contravened clause (i) of sub-regulation (2) of regulation 27 of the Regulations, therefore, I, in exercise of the powers conferred under regulation 37 of the Regulations read with Section 512(2) of the Act, hereby, impose penalty of Rs. 60,000/- (Rupees Sixty Thousand only) on the Respondents.</p>
6. Penalty Imposed	Rs. 60,000/-
7. Current Status of Order	The penalty was deposited. No appeal was filed.