

**Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)**

**In the matter of Show Cause Notice issued to Haji Muhammad Ismail Mills Limited**

Dates of Hearing

January 20, 2021

**Order-Redacted Version**

Order dated February 02, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Haji Muhammad Ismail Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated November 4, 2020
2. Name of Company	Haji Muhammad Ismail Mills Limited.
3. Name of Individual*	The proceedings were initiated against the Company and its Board of Directors.
4. Nature of Offence	In view of alleged of Regulation 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Section 512 of the Companies Act, 2017.
5. Action Taken	<p>I have analyzed the facts of the case, relevant provisions of law, and the arguments set forth during the hearing as well as the Company's written correspondence with the Commission. It is evident that the Board of Directors of the Company have contravened the afore-referred provisions of the Regulations by failing to appoint a female director on the Company's Board. I would like to add here that the Code of Corporate Governance aims at strengthening governance structures, bringing consistency in the corporate practices and promoting transparency through enhanced disclosure requirements laying down certain significant functions like safeguarding the interest of all stakeholders, particularly the minority holders, harmonizing the conflicting interest of the stakeholders, analyzing the performance of management, mediating in situations like the conflict between management and the shareholders interest. Under the 2019 Code, the roles and responsibilities of directors are more explicit and enhanced, encouraging independent decision-making, diversity, and strengthening the mechanism for transparency and accountability.</p> <p>It is pertinent to mention that the Board of Directors play important roles in determining a company's strategic directions and disclosure decisions. Corporate boardroom gender diversity by virtue of including women into the Board enables companies to tap into a pool of talent which women can contribute. A diverse group of decision makers can enhance competitiveness of a company in an</p>

	<p>industry and produce effective decisions for it as the inclusion of non-traditional members in a board can tackle the issue of group-think that normally happens in a homogeneous board. The inclusion of women directors on the Board can broaden its perspective to facilitate decision making and respond to demands of a diverse group of stakeholders. Corporate board gender diversity is positively associated with the extent of sustainability disclosure of companies. By having diversity in boardrooms, companies can tap into more resources such as having more external networks, different sets of skills, expertise and experiences of female directors which adds value to the company.</p> <p>In view of the preceding facts, I have come to the conclusion that the provisions of Regulation 7 of the Regulations have been contravened which renders the Respondents liable to penal action under Regulation 37 of the Regulations as a result of failing to appoint a female director on the Company's Board in its EOGM held on March 31, 2020.</p> <p>Taking cognizance of the submissions of the Respondents, and in exercise of the powers conferred under sub-section (2) of Section 512 of the Act, I hereby impose a penalty of Rs. 50,000/- (Rupees fifty thousand only) on Haji Muhammad Ismail Mills Limited.</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- was imposed on Haji Muhammad Ismail Mills Limited.
7. Current Status of Order	No Appeal has been filed by the Company.

**Redacted version issued for placement on website of the Commission.**