

Before Ali Azeem Ikram – Head of Department
In the Matter of Show Cause Notice issued to ICC Industries Limited

Date of Hearing:

January 19, 2021

Order-Redacted Version

Order dated February 11, 2021 was passed by Head of Department (Adjudication-I) in the matter of ICC Industries Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated September 30, 2020
2. Name of Company	ICC Industries Limited
3. Name of Individual*	The proceedings were initiated against the board of directors including the CEO and Chairman of the Company.
4. Nature of Offence	<p>Proceedings were initiated under the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Section 512 of the Companies Act, 2017.</p> <p>Brief facts of the case are that review of election of directors of the Company held on March 28, 2020 revealed that the Company appointed no independent director on its Board.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <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 any independent director on the Company's Board.</p> <p>It is imperative to state that the purpose of inclusion of independent directors on Boards is to provide strategic guidance, unbiased and objective judgment which is independent of view of representatives of controlling interest/shareholders. The Regulations thus stipulate the Board comprises higher of two or one third of directors as independent directors. The mode of inclusion of such independent directors is also prescribed as through elections. It is, therefore, important that the intent and legal form of statute is appropriately complied by the Board of Directors at the relevant time enabling inclusion of independent directors.</p> <p>In view of the preceding facts, I have come to the conclusion that the provisions of Regulation 6 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 any independent director on the Company's Board in elections held on March 28, 2020.</p>
6. Penalty Imposed	An aggregate penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on the CEO and Chairman of the Company.
7. Current Status of Order	No Appeal has been filed by the Respondents.

Redacted version issued for placement on website of the Commission.