**Before**

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

**In the matter of Show Cause Notice issued to Crescent Jute Products Limited**

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| Date of Hearing | October 27, 2021, December 10, 2021 |

**Order-Redacted Version**

Order dated March 25, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Crescent Jute Products Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated June 28, 2021 |
| 1. Name of Company | Crescent Jute Products Limited |
| 1. Name of Individual\* | The proceedings were initiated against Crescent Jute Products Limited  and its directors. |
| 1. Nature of Offence | Under sub-regulation (1) of regulation 6 and sub-regulation (1) of regulation 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with regulation 37 thereof and Section 512 of the Companies Act, 2017. |
| 1. Action Taken | Key findings were reported in following manner:  I have gone through the facts of the case, submissions both in writing and oral made during the hearings and observed that the requirements of sub-regulation (1) of regulation 6 of the CCG Regulations are explicit requiring every listed company to have at least two independent directors. Similarly, the Respondents, under regulation 27 of the CCG Regulations were required to appoint at least one independent director, including chairman, on the Boards Audit Committee. However, the Respondents failed to elect at leasttwo independent directors in the election held on March 24, 2020. Subsequent to the SCN, the Respondents have appointed one independent director namely Mr. \*\*\*\* on the Board. Also Mr. \*\*\*\* has been appointed as chairman of audit committee. The Respondents have acknowledged default with the requirements of regulation 6 of the CCG Regulations by their failure to appoint second independent director in addition to Mr.\*\*\*\*.  From the above discussion and after careful consideration of all the facts of the case, I am of the view that the Respondents have failed to appoint requisite number of independent directors, thereby contravened the provisions of regulation 6 of the Regulations. The Respondents are, therefore, liable to be penalized under regulation 37 of the CCG Regulations read with Section 169 of Act. I hereby impose cumulative penalty of Rupees fifty thousand (Rs. 50,000 only) on the Company. Further, remaining Respondents are advised to ensure compliance of relevant law in letter and spirit in future.  Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act. |
| 1. Penalty Imposed | A Penalty of Rs. 50,000/- (Rupees Fifty thousand only) was imposed on the Company. |
| 1. Current Status of Order | No Appeal has been filed by the Respondents. |