**Before**

**Amir M. Khan Afridi – Director/ Head of Department**

**In the matter of Show Cause Notice issued to Tandlianwala Sugar Mills Limited**

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| Dates of Hearing | October 21, 2021; December 08, 2021 |

**Order-Redacted Version**

Order dated July 20, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Tandlianwala Sugar Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated May 18, 2021 |
| 1. Name of Company | Tandlianwala Sugar Mills Limited |
| 1. Name of Individual | The proceedings were initiated against the company and its board of directors. |
| 1. Nature of Offence | Proceedings were initiated in terms of sub-regulation (1) of regulation 6 and sub-regulation (1) of regulation 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (**the CCG Regulations**) read with regulation 37 thereof and Section 512 of the Companies Act, 2017 (**the Act**)  Facts of the case are that the notice dated January 27, 2020 for the Company’s Annual General Meeting (AGM) contained the agenda with regard to election of the directors of the Company. Whereas, the notice dated February 10, 2020 issued by the Company under Section 159(4) of the Act disclosed that since the number of candidates who have offered themselves for election is equal to the number fixed by the Board in term of Section 159(1) of the Act, the above-named persons shall be deemed to be elected as directors at the aforesaid AGM. Furthermore, it was observed that the Company under para 18 of the Statement of Compliance with the CCG Regulations for the year ended September 30, 2020 stated the following:  *“a) the Company did not have any independent director on board as per the requirements of clause (1) of Section 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.*  *(b) None of the members (including the chairman) of Audit committee is an independent director as per sub-clause (i) & (ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.”*  The review report to members of the Company by UHY Hassan Naeem & Co., Chartered Accountants, statutory auditors, on the statement of compliance with CCG Regulations for the year September 30, 2020 disclosed the following:    *“****Paragraph 18 (a):*** *At present there is no independent director on the Company’s Board of Directors as required under the clause (1) of Section 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.*  ***Paragraph 18 (b):*** *Under sub-clause (i) & (ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Audit Committee shall have at least one independent director who shall preferably be the chairman of the Committee. Since, there is no independent director on the Board, this requirement is not complied with.”* |
| 1. Action Taken | Key findings were reported in the following manner:  I have reviewed the facts of the case and considered both the written submissions and verbal arguments made by the Respondents and their Representative, in light of the aforementioned applicable legal provisions and observed that the Respondents failed to appoint:   1. two (2) independent directors on the Board, contrary to the requirements of regulation 6(1) of the CCG Regulations; and 2. independent director as member and chairman of BAC, contrary to the requirements of regulation 27(1)(i) & (ii) of the CCG Regulations.   In view of the above, the Respondents have contravened the provisions of regulations 6(1) and 27(1)(i) & (ii) of the CCG Regulations, for which, they are liable to be penalized under regulation 37 of the CCG Regulations read with Section 512(2) of the Act. Therefore, in exercise of the powers conferred under regulation 37 of the CCG Regulations read with Section 512(2) of the Act, I hereby impose fine of **Rs. 100,000/- (Rupees one hundred thousand Only)** on the Respondent Company only. The directors are, however, advised to ensure compliance with all the applicable regulatory requirements 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 | **Rs. 100,000/- (Rupees one hundred thousand Only)** |
| 1. Current Status of Order | No Appeal filed and the imposed penalty has been deposited by the respondents |