

*Before*

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

*In the matter of*

**Diamond Industries Limited**

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Dates of Hearings	October 20, 2021, December 14, 2021, December 27, 2021, January 17, 2022, January 25, 2022, February 2, 2022, and March 4, 2022
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**Order-Redacted Version**

Order dated May 13, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Diamond Industries Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated September 8, 2021
2. Name of Company	Diamond Industries Limited
3. Name of Individual*	The proceedings were initiated against the Company and its Board of Directors of the Company.
4. Nature of Offence	It was noted that the Company, <i>prima facie</i> , failed to appoint:  (i) independent directors from the data bank maintained by PICG in contravention of Section 166 (1) of the Act attracting penal provisions under Section 169 of the Act, and  (ii) female director in contravention to the requirements of regulation 7 of the CCG Regulations.  Hence, proceedings were initiated through the SCN.
5. Action Taken	Key findings are given as hereunder:  I have reviewed the facts of the case, considered the submissions made in writing as well as during the hearing proceedings in light of the relevant provisions of the law and state that it is mandatory to have:  (i) independent directors as per requirements of Section 166(1) of the Act; who are registered with data bank maintained by an institute notified by the Commission; and  (ii) female director on the board of listed company as per requirements of regulation 7 of the CCG Regulations.

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	<p>In the matter of compliance with the provisions of Section 166(1) of the Act; the Respondents have failed to appoint such individuals as independent directors who are duly registered/ enrolled with the databank of PICG at the time of their election of directors held on March 30, 2020. However, later on, the Company Secretary vide email dated April 28, 2022 submitted evidences that both the aforesaid Independent Directors have been got registered with PICG on March 2, 2022. This transpires that the Respondents remained non-compliant till March 02, 2022 i.e. till the date of registration of the said two individuals with PICG.</p> <p>With regard to compliance with the requirements of regulation 7 of the CCG Regulations; the Respondents have not submitted any evidence of compliance. The Commission, in this regard, vide email dated May 6, 2022 reminded the Company to furnish its reply, however, no response was received till the date of this Order.</p> <p>In view of the foregoing; the default in terms of Section 166(1) of the Act persisted from the date of election i.e. March 30, 2020 till the date of registration/ enrolment i.e. March 2, 2022. While default in terms of regulation 7 of the CCG Regulations persisted till date. Hence, I am of the considered view that the Respondents have violated the requirements of Section 166(1) of the Act and regulation 7 of the CCG Regulations, for which penalties are provided in terms of Section 169 of the Act and regulation 37 of the CCG Regulations read with Section 512(2) of the Act. Therefore, I hereby, in terms of powers conferred under Section 169 of the Act and regulation 37 of the CCG Regulations read with Section 512(2) of the Act, impose aggregate penalty of <b>Rs. 50,000/- (Rs. Fifty Thousand only )</b> on the Respondent Company.</p> <p>The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue. It may also be noted that the said fines are imposed on Respondent in personal capacity, therefore, is required to pay the said amount from personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations/Act providing for imposition of penalties in respect of any default, omission or violation of the Regulations/ Act.</p>
6. Penalty Imposed	Rs. 50,000/-
7. Current Status of Order	No Appeal has been filed by the Company.