**Before**

**Abid Hussain, Executive Director/ Head of Department**

**In the matter of Show Cause Notice issued to Fatima Fertilizer Company Limited**

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| Dates of Hearing | September 15, 2022 and September 23, 2022 |

**Order-Redacted Version**

Order dated September 29, 2022 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Fatima Fertilizer Company Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated August 12, 2022 |
| 1. Name of Company | Fatima Fertilizer Company Limited |
| 1. Name of Individual | The proceedings were initiated against the directors of the Company |
| 1. Nature of Offence | Proceedings were initiated in terms of Section 155 of the Companies Act, 2017 read with Sections 169 thereof.  Brief facts of the case are that M/s Yousaf Adil, Chartered Accountant (**the Auditor**) in its Review Report on the Statement of Compliance (**SOC**) contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (**CCG Regulations**) of the Company reported that:  *“the requirement of two independent directors was not in compliance as at reporting date due to casual vacancy which was complied with subsequent to year end by new appointment”.*  On perusal of record, it was revealed that the casual vacancy on the Board of the Company occurred on June 08, 2021 due to resignation of Ms. Anja Elisabeth Nielsen (independent director) and subsequently filled up on February 25, 2022 through appointment of Ms. Malika Nait Oukhedou (independent director) i.e. with a delay of 172 days (5 months and 22 days), in contravention of to the requirement of section 155(3) of the Act. |
| 1. Action Taken | Key findings were reported in the following manner:  I have gone through the facts of case and considered both the written and verbal submissions of the Respondents in light of the aforementioned legal provisions and record placed before me and state that as per the available record there was a casual vacancy as of June 08, 2021 and was required to be filled within ninety days i.e. September 05, 2021 to ensure compliance with section 155(3) of the Act. However, the Company filled in the casual vacancy with a delay of one hundred and seventy two (172) days on February 25, 2022. The Respondents have acknowledged non-compliance of Section 155 of the Act with a plea that the Company, to add value, wanted to appoint one director nominated by the technology provider on its Board. Ms. Anja Elisabeth Nielsen was the nominee of Company’s plants technology provider and the technology provider took extra time for nominating her replacement thus making the delay beyond control of the Respondents and the Company.  It is stated that contravention of section 155 of the Act, at the relevant point of time, has been established and the same has been admitted by the Respondents as well. However, keeping in view of the fact that the delay was caused due to extra time taken by the technology provider for nominating the replacement director and the fact that non-compliance has now been ratified, taking a lenient view, I, hereby close the case with warning to all Respondents to ensure meticulous compliance of the provisions of the law 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, violation of the Act. |
| 1. Penalty Imposed | **No penalty has been imposed on the respondents.** |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |