**Before**

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

**In the matter of Show Cause Notice issued to Altern Energy Limited**

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| Date of Hearing | June 03, 2021 |

**Order-Redacted Version**

Order dated September 06, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Altern Energy Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated August 25, 2020 |
| 1. Name of Company | Altern Energy Limited |
| 1. Name of Individual\* | The proceedings were initiated against the Board of Directors |
| 1. Nature of Offence | Under Sub-Regulation (1) of Regulation 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019 and Regulations 37 thereof read with Section 166 of the Companies Act, 2017and Section 479 thereof. |
| 1. Action Taken | Key findings were reported in following manner:  I have gone through the facts of the case, relevant provisions of the law and the record placed before me. I have observed that election of the directors of the Company was held on December 31, 2019 wherein the Company was required to elect at least two independent directors from the databank of PICG in terms of regulation 6 of the Regulations read with Section 166 of the Act. However, the Company elected only one independent director namely\*\*\*\*. Therefore, the Company failed to elect requisite number of independent directors. Moreover, the independent director, \*\*\*\* was not registered in databank at the time of subject election of directors thereby contravening requirement of section 166 of the Act. The Respondents through their letter dated September 09, 2020 acknowledged default in compliance with requirements of Section 166 of the Act and the Company vide letters dated September 14, 2020 and June 08, 2021 submitted evidence of subsequent registration of \*\*\*\* in databank of PICG. The Company however continues to be in default of requirements of regulation 6 of the Regulations as it does not have requisite number of independent directors till date. It is important to mention here that in terms of Section 158 of the Act, on expiry of terms of directors, the directors so retiring continue to perform their functions until their successors are elected and, therefore, such retiring director are required to hold elections. Therefore, it was the responsibility of the Respondents to ensure requisite number of independent directors are elected in accordance with requirements of the Regulations and the Act and that the independent directors so elected are registered in databank of independent directors maintained by PICG, operational since July 2018. The Respondents have acknowledged failure to comply with the intent and legal form of statute at the relevant time.  From the above discussion and after careful consideration of all the facts of this case, I am of the view that the Respondents failed to appoint requisite number of independent directors in its election of the directors held on December 31, 2019 till date and thereby contravened the provisions of regulation 6 of the Regulations. The Respondents are, therefore, liable for penalty under the regulation 37 of the Regulations and Section 169 of the Act. Taking cognizance of the subsequent ratification of default of Section 166 of the Act by registering \*\*\*\* in databank of PICG, submissions of the Respondents and in exercise of the powers conferred under aforesaid provisions of the Act, I hereby impose penalty of Rs. 25,000 (Rupees twenty-five thousand only) each on Mr. \*\*\*\*, Chairman and Mr. \*\*\*\*, Chief Executive Officer. I also warn all the Respondents to be careful and ensure compliance of law in future.  are required to pay the said amount from personal resources.  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 cumulative Penalty of Rs. 50,000/- (Rupees Fifty thousand only) was imposed on the Respondents. |
| 1. Current Status of Order | Appeal has been filed by the respondents |