



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

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

In the matter of Show Cause Notice issued to S.G. Power Limited

Date of Hearing

October 27, 2021, November 12, 2021

Order-Redacted Version

Order dated April 22, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of S.G Power Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 22, 2021
2. Name of Company	S.G. Power Limited
3. Name of Individual*	The proceedings were initiated against S.G. Power Limited and its directors.
4. Nature of Offence	Under sub-regulations (1) of regulations 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation 37 thereof and Section 166 of the Companies Act, 2017 read with Sections 169 and 479 thereof.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of the case, relevant provisions of the law and the record placed before me and observed that election of the directors of the Company was held in AGM on October 27, 2020 wherein the Company was required to elect at least two independent directors from the databank of PICG in terms of regulation 6 of the CCG Regulations read with Section 166 of the Act. However, the Company re-elected seven (7) existing directors offering themselves for elections. Later on it was informed that Mr. ***** has been appointed as independent director, however, no information was provided by the Respondents to validate appointment of Mr. ***** as independent director on the Board. Nonetheless, Mr. ***** was not registered in databank of PICG. Later on, the Respondents asserted in the hearing that Mr. ***** shall be asked to resign. Therefore, it is evident that the Company had failed to elect requisite number of independent directors in the elections held on October 27, 2020. Moreover, the Respondents appointed an independent director, Mr. ***** who was not registered in databank of PICG thereby contravening requirement of Section 166 of the Act. It is important to mention here that in terms of Section 158 of the Act, on expiry of the terms of directors,</p>



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	<p>the directors so retiring continue to perform their functions until their successors are elected and, therefore, such retiring directors are required to hold elections. Therefore, it was responsibility of the Respondents to ensure that requisite number of independent directors are elected in accordance with requirements of the CCG 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 aforesaid legal provision at the relevant time.</p> <p>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 in its election of directors held on October 27 2020 and thereby contravened the provisions of regulation 6 of the CCG Regulations. Moreover, the Respondents appointed an independent director, namely Mr. ***** was not registered in the databank of PICG. The Respondents are, therefore, liable for penalty under the regulation 37 of the CCG Regulations and Section 169 of the Act. Therefore, I hereby impose penalty of Rs. 50,000 (Rupees fifty thousand only) on the Company. The remaining Respondents are warned to ensure of compliance of law in full letter and spirit in future.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act and the Regulations providing for imposition of penalties in respect of any default, omission, violation of the Act and the Regulations.</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on the Company.
7. Current Status of Order	No appeal has been filed by the respondents.