



# 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 Sally Textile Mills Limited

Date of Hearing

September 01, 2021, September 17, 2021, October 27, 2021

### **Order-Redacted Version**

Order dated January 18, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Sally Textile Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated April 20, 2021
2. Name of Company	Sally Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against Sally Textile Mills Limited and its eight directors.
4. Nature of Offence	Under sub-regulation (1) of regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG Regulations) and Section 166 of the Companies Act, 2017 (Act) read with regulation 27 of CCG Regulations and Sections 169 & 479 of the Act.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of the case, submissions made both in writing and verbally record placed before me, and the applicable legal provisions and state that sub regulation (1) of regulation 6 of the Regulations require every listed company to have at least two independent directors. In terms of sub-sections (1) and (3) of Section 166 of the Act, the independent directors are required to be registered in the databank of PICG. I have observed that the Respondents have acknowledged non-compliance of regulation 6 of the Regulations and Section 166 of the Act by their failure to appoint one independent director in addition to Mr. ****. The Respondents have also acknowledged that Mr. **** is not registered with PICG and no evidence was provided that could validate subsequent compliance with the requirement of Section 166 of the Act.</p> <p>Keeping in view the above, I am of the considered view that the Respondents have failed to appoint the requisite number (minimum two) of individuals as independent directors and thereby contravened the provisions of regulation 6 of the Regulations. Further, the appointment of Mr.**** as independent director, not registered in the databank of PICG is contravention of Section 166 of the Act. The Respondents are, therefore, liable for penalty under regulation 37 of the Regulations and Section 169 of the Act. I hereby, impose a cumulative penalty of Rs. 50,000 (Rupees fifty thousand only). Further, remaining Respondents are warned to ensure compliance of relevant law in letter and in spirit in future.</p>



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**Adjudication Department-I**

	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.
6. Penalty Imposed	A cumulative Penalty of Rs. 50,000/- (Rupees Fifty thousand only) was imposed on the two Respondents only.
7. Current Status of Order	No appeal has been filed by the respondents.