**Before**

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

**In the matter of Show Cause Notice issued to Sally Textile Mills Limited**

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| Date of Hearing | September 01, 2021, September 17, 2021, October 27, 2021 |

**Order-Redacted Version**

Order dated January 06, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Sally Textile Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated April 20, 2021 |
| 1. Name of Company | Sally Textile Mills Limited |
| 1. Name of Individual\* | The proceedings were initiated against nine directors. |
| 1. Nature of Offence | Under Section 248 read with Section 252 and Section 479 of the Companies Act, 2017 |
| 1. Action Taken | Key findings were reported in following manner:  I have gone through the facts of the case, submissions made in writing and the arguments made by the Representative during the hearing proceedings. It is imperative to state that Section 248 of the Act is unambiguous as it provides statutory auditors with the unfettered right to access the books, accounts and vouchers (in whatever form they are held) of the Company (being audited) at all times. Further, clause c) of subsection (1) of Section 248 of the Act explicitly requires, among others, the directors, officers and employees to provide auditors with such information or explanations as he thinks necessary for the performance of his duties as auditor. Keeping in view the fact the Respondents have failed to provide (a) access to the auditor to the relevant vicinity and (b) valid justification for not facilitating access to premises of the mills therefore the requirements of Section 248 of the Act are contravened and as a result, the statutory auditors were unable to observe the counting of physical inventories and to conduct physical verification of property, plant and equipment at the end of the year. Further, the audit report states that the auditors were unable to satisfy themselves by alternative means concerning the inventory and property, plant and equipment held by the Company at June 30, 2019, which are stated in the statement of financial position at Rs. 565.44 million and Rs. 899.998 million, respectively. This implies that the Respondents were unable to provide appropriate information / explanation in connection to the aforesaid assets to the auditor for performance of his duties in terms of Section 248 of the Act. The Respondents are, therefore, liable for penalty under subsection (2) of Section 248 of the Act. Therefore, I hereby impose an aggregate penalty of Rs. 450,000 (Rupees four hundred and fifty thousand only) on the Respondents.  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 | An aggregate penalty of Rs. 450,000/- (Rupees Four hundred and fifty thousand only) was imposed on the Respondents. |
| 1. Current Status of Order | No Appeal has been filed by the Respondents. |