

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement & Monitoring Division
7th Floor, NIC Building, Jinnah Avenue, Blue Area, Islamabad

Before Rashid Sadiq, Executive Director

In the matter of
M/s Fazal Vegetable Ghee Mills Limited

Number and date of notice	No. 258/31/Co. C & MA/2001 dated January 17, 2002
Date of hearing	May 16, 2002
Present	Mr. Shakeel Ahmad Khan, Company Secretary

ORDER

This is a case of late submission of application to the Commission for approval of Cost Auditor of M/S Fazal Vegetable Ghee Mills Limited (the “Company”) as required under Sub-rule (3) of rule 3 of the Companies (Audit of Cost Accounts) Rules, 1998 (the ‘Rules”).

2. The relevant facts for the disposal of this case are that in terms of provisions of sub-rule (2) of rule 3 of the Rules, the directors of the Company were required to appoint cost auditors for the year ended June 30, 2001 by August 29, 2001. Moreover, in terms of the provisions of sub-rule (3) of rule 3 of the Rules, the Company was required to apply the Commission for appointment of cost auditors by July 31, 2001. The Company, however, submitted application to the Commission for appointment of M/s Malik & Co., Chartered Accountants as Cost auditors on October 31, 2001 with a delay of 91 days.

3. Consequently, a notice dated January 17, 2002 for the aforesaid default was served upon the Chief Executive and Directors of the Company to show cause as to why fine may not be imposed for the late submission of application to the Commission for approval Cost Auditors. The show cause notice was responded by the Company vide letter dated February 15, 2002. In order to provide an opportunity of personal hearing, the case was fixed on May 16, 2002. Mr. Shakeel Ahmad Khan, Company Secretary appeared on the date of hearing and argued the case. He also filed written arguments.

4. In the written submission as well at the time of hearing, it was contended that the default was not intentionally. A request was also made to condone the default. An assurance was also given to strictly comply with the statutory requirements in future.

5. After considering the relevant facts and circumstances of this case, I am of the view that the provisions of Sub-rules (2) & (3) of rule 3 of the Rules were violated by the Company. As the Company has assured compliance of statutory requirements in future and the fact that the cost audit report has already been delivered, therefore, I am inclined to give another chance to the Chief Executive and Directors of the company to observe the compliance in future. I hope that they will react reasonably. In conclusion, I impose no fine under rule 5 of the Rules for the aforesaid defaults. I impress upon the Chief Executive and Directors of the company to please ensure strict observance of the statutory requirements in future. In case of non-compliance, they will face difficulty in getting a similar leniency in case of default in future.

RASHID SADIQ

Executive Director (Enforcement & Monitoring)

Announced
June 28, 2002
ISLAMABAD