



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

BEFORE

**HAMMAD JAVED, ADDITIONAL DIRECTOR / HEAD OF DEPARTMENT
(ADJUDICATION DEPARTMENT – II)**

IN THE MATTER OF

M/S. TANDO ALLAYAR SUGAR MILLS LIMITED

Show Cause Notice	No. ADJ-II/250/73-81/IAN-238/Offsite-I/2023-24-690 dated June 11, 2024
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**ORDER UNDER REGULATIONS 4 AND 7 OF THE COMPANIES (MAINTENANCE AND
AUDIT OF COST ACCOUNTS) REGULATIONS, 2020 READ WITH SECTION 512 OF THE
COMPANIES ACT, 2017**

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the '*Commission*') vide the Show Cause Notice dated June 11, 2024 (the '*SCN*') issued to M/s. TANDO ALLAYAR SUGAR MILLS LIMITED (the '*Company*') through its chief executive officer under regulations 4 and 7 of the Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020 (the '*Regulations*') read with section 512 of the Companies Act, 2017 (the '*Act*').

2. Brief facts leading to issuance of the SCN are that an examination of the Company's records available with the Commission revealed that the Company had failed to inform the Commission of the appointment of the cost auditor for the financial year 2023, as required under regulation 4(2) of the Regulations. This omission indicated the Company's failure to both appoint a cost auditor for the said year and notify the Commission of such an appointment, *prima facie* in violation of regulations 4(1) and 4(2) of the Regulations. Said Regulations apply to companies engaged in production, processing, manufacturing or mining activities required to maintain cost accounts and have them duly audited by a cost auditor under the provisions of section 220(1) read with section 250(1) of the Act. For reference, regulations 4(1) and 4(2) are reproduced below:

"4. Appointment of cost auditor. - (1) The first cost auditor shall be appointed by the board of directors of the company within ninety days from the date of this notification and thereafter cost auditor for subsequent financial year shall be appointed within one hundred and eighty days of the commencement of every financial year of the company.

(2) Every company shall inform the appointment of cost auditor to the Commission within a period of fourteen days of the board meeting in which such appointment is made, in the Form set out in Appendix I."

3. Aforementioned non-compliance prompts the proceedings envisaged under regulation 7 of the Regulations, in terms of which any contravention or violation of requirements of the Regulations are subject to penalty as provided under section 512(2) of the Act. The relevant legal provisions are as follows:

“7. Penalty for contravention of these regulations. – Any contravention or violation of any provision of these regulations shall be liable to a penalty as provided in sub-section (2) of section 512 of the Act, notwithstanding the punishment provided under sub-section (6) of section 220 or other provisions of the Act.


512. Power to make regulations.—

(2) Any regulation made under sub-section (1) may provide that a contravention thereof shall be punishable with a penalty which may extend to five million rupees and, where the contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues.”

4. Accordingly, the SCN was issued to the Company calling upon to show cause in writing as to why penalty as provided under regulation 7 of the Regulations read with section 512(2) of the Act may not be imposed on the Company for non-appointment as well as non-intimation of the appointment of the cost auditor to the Commission as per the requirements of regulations 4(1) and 4(2) of the Regulations for the financial year 2023.

5. Subsequently, during the show cause proceedings, it was informed by the relevant department of the Commission that the Company had intimated the appointment of the cost auditor for the financial year 2023 as required under regulation 4(2) of the Regulations. Therefore, considering that the Company has now complied by appointing the cost auditor, as stated above, no monetary penalty is being imposed on the Company this time. However, the Company is hereby warned to ensure timely and meticulous compliance with respect to all the applicable provisions of the Act, Rules and Regulations made thereunder, henceforth.

6. This order is issued without prejudice to any other action that the Commission may initiate against the Company and its officers in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.



(Hammad Javed)

Additional Director / Head of Department
Adjudication Department-II

Announced: February 12, 2025