



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Adjudication Department-II, Adjudication Division)  
4<sup>th</sup> Floor State Life Building No.2, Wallace Road, Karachi.  
Website: [www.secp.gov.pk](http://www.secp.gov.pk)

CASE No. 815/2022

## BEFORE THE ADJUDICATING OFFICER

ORDER UNDER REGULATION 6(3) & REGULATION-7 OF THE COMPANIES (MAINTENANCE AND AUDIT OF COST ACCOUNTS) REGULATIONS, 2020 (THE "REGULATIONS") R/W SECTION 512 OF THE COMPANIES ACT, 2017 ("THE ACT").

IN THE MATTER OF M/S. SIDDIQI & COMPANY COST & MANAGEMENT ACCOUNTANTS

Present: Mustafa Hussain Siddiqi (Cost Auditor)

Date of hearing: 14-06-2022

1. This Order shall dispose of the proceedings initiated under REGULATION 6(3) & REGULATION-7 OF THE COMPANIES (MAINTENANCE AND AUDIT OF COST ACCOUNTS) REGULATIONS, 2020 (THE "REGULATIONS") R/W SECTION 512 OF THE COMPANIES ACT, 2017 ("THE ACT").
2. The facts of the case are that the cost auditor of the company was required to make out a report within one hundred and eighty days of the close of the financial year to which the cost audit relates, to the board in the form set out in Appendix II along with a statement in the form set out in Appendix III (of the Regulations) and simultaneously shall submit a copy to the Commission and the registrar concerned, in terms of the provision of regulation 6(3) of the of the companies (maintenance and audit of cost accounts) regulations, 2020.
3. However, the record of the company registration office revealed that **M/s. Siddiqi & Company Cost & Management Accountants.**, the "Cost Auditor" of **M/S. Bandhi Sugar Mills Limited** (the "Company") failed to submit a copy of the Cost Audit Report of the Company for the year **2022**, in respect of financial statements for the period ended on 30.09.2021, to the Commission and the registrar in violation of Regulation 6(3) of the Regulations
4. This constituted violation of law and rendered the cost auditor liable to the aforesaid default which attracts the penal provisions contained in sub-section (2) of section 512 of the "Act" r/w Regulation-7 of the "Regulations" reproduced as under:

**Regulation 7 of the Regulations**

***"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 "*

**Section 512(2) 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."

5. Accordingly, taking cognizance of the matter, a Show-Cause Notice dated 02-06-2022, was served to the cost auditor calling upon him/them to Show Cause in my office on 14-06-2022, as to why the penalty laid down under the above mentioned section should not be imposed.
6. On the date of hearing, the Cost Auditor of the Company appeared before me in person and submitted that the delay in filing finalization and audit of cost account occurred due to delay in providing the data and requisite information. However, as soon as the cost audit accounts were approved and signed by the BOD, we signed the audit report and filed the copy of cost audit accounts with SECP on 01-June-2022 as required under regulation 6(3) of the of the companies (maintenance and audit of cost accounts) regulations, 2020.
7. The submissions made by the cost auditor with regard to the default of delay in filing of cost audit accounts is quite sustainable as the default was occurred due to negligence on the part of the company. The default has now been made good and the cost audit accounts have been filed. Further, there is no evidence on the record that the subject default jeopardizes the interest of any stakeholder. I am therefore, convinced to take a lenient view. Hence, the subject default is condoned. However, the cost auditor as well as the management of the company are hereby warned not to repeat the said or any other default in future and ensure the timely compliances as all the statutory requirements of applicable laws, rules and Regulations.
8. A copy of this order be placed on the record/file of the company for future reference and further appropriate action to be taken by the concerned registrar in accordance with the law, if any.



**(ZIA UL RASHEED ABBASI)  
ADJUDICATING OFFICER /  
ADDITIONAL REGISTRAR**

Dated: 29-07-2022