



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before

Amir M. Khan Afridi - Director/Head of Department

In the matter of Show Cause Notice issued to Punjab Oil Mills Limited

Dates of Hearings

February 4, 2022

Order-Redacted Version

Order dated March 18, 2022 was passed by Head of Department (Adjudication-I) in the matter of Punjab Oil Mills Limited. Relevant details are given as hereunder:

| Nature | Details |
|-----------------------|---|
| 1. Date of Action | Show cause notice dated November 25, 2021 |
| 2. Name of Company | Punjab Oil Mills Limited |
| 3. Name of Individual | The proceedings were initiated against the directors of the Company. |
| 4. Nature of Offence | <p>Proceedings were initiated in terms of the regulations 4(1) and 7 of the Companies (Maintenance and Audit of Cost Accounts) Regulations, 2020 (the Regulations) read with Section 512(2) of the Companies Act, 2017 (the Act).</p> <p>Brief facts of the case are that the Securities and Exchange Commission of Pakistan (the Commission) pursuant to the requirements of Section 220(1) and 250(1) of the Act has notified the Regulations through S.R.O. 1336(I)/2020 dated December 14, 2020 (SRO). In terms of regulation 4(1) of the Regulations, the board of directors of the companies specified under Schedule to the Regulations, are required to appoint first cost auditor within ninety (90) days from the date of the SRO and thereafter appoint cost auditor within one hundred and eighty (180) days from the close of their respective each financial year. Appointment of cost auditor is also required to be notified to the Commission within fourteen (14) days from the date of the Board of Directors' (the Board) meeting in which appointment of cost auditor is approved, on the prescribed form under regulation 4(2) of the Regulations. The Company is engaged in the production, processing and manufacturing of vegetable ghee, cooking oil, which is specified under Schedule of the Regulations to appoint cost auditor.</p> |



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

| | |
|----------------------------|--|
| | <p>Keeping in view the above, it was observed that the Company, <i>prima facie</i>, failed to appoint its first cost auditor within the stipulated time period of ninety (90) days from the date of SRO i.e. latest by March 14, 2021 contrary to the requirements of regulation 4(1) of the Regulations. The said failure on part of the Respondents attract applicability of the penal provision contained in regulation 7 of the Regulations read with Section 512(2) of the Act. Hence, proceedings were initiated against the Respondents through the SCN requiring them to show cause in writing, within fourteen (14) days of the date of the SCN, as to why action should not be initiated against them for the aforesaid failure/non-compliance.</p> |
| 5. Action Taken | <p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case, submissions made in writing by the Company and the arguments made by the Authorized Representative during the hearing proceedings and observed that the Company is engaged in the production, processing and manufacturing of vegetable ghee and cooking oil, therefore, the Respondents were required to appoint first cost auditors within ninety (90) days from the date of the SRO but the Respondents failed to do so. Therefore, the Respondents have violated the requirements of regulation 4(1) of the Regulations. This violation attracts applicability of regulation 7 of the Regulations read with Section 512(2) of the Act. Therefore, I, hereby, impose penalty of Rs. 200,000/- (Rupees Two Hundred Thousand only) on the *** and also warn other Respondents to be careful in future.</p> <p>The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue. It may also be noted that the said fines are imposed on Respondent in their personal capacity, therefore, it is required to pay the said amount from personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations/ Act providing for imposition of penalties in respect of any default, omission or violation of the Regulations/ Act.</p> |
| 6. Penalty Imposed | Rs. 200,000/- (Rupees Two Hundred Thousand only) |
| 7. Current Status of Order | Appeal was filed. |