



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

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

In the matter of Show Cause Notice issued to Mr. Osman Hameed Chaudhri, Engagement Partner
Shinewing Hameed Chaudhri & Co, Chartered Accountants Auditor of Janana De Malucho Mills
Limited

Date of Hearing

January 21, 2021, and July 05, 2021

Order-Redacted Version

Order dated July 28, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Shinewing Hameed Chaudhri & Co, Chartered Accountants Auditor of Janana De Malucho Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 09, 2020
2. Name of Company	Shinewing Hameed Chaudhri & Co, Chartered Accountants Auditor of Janana De Malucho Mills Limited
3. Name of Individual*	Engagement Partner Shinewing Hameed Chaudhri & Co, Chartered Accountants Auditor of Janana De Malucho Mills Limited.
4. Nature of Offence	Under Section 253 read with Section 249 and Section 479 of the Companies Act, 2017.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of case, quoted references, considered the verbal submissions of the Respondents in light of the relevant provisions of the Act. In this context, I would like to mention here that basic premise for issuance of instant SCN was that while applying equity method of accounting for its investments in associates in its prior years' audited financial statements for the year 2016 and year 2017; the Company did not include effect of surplus on revaluation of PPE of BWM and BCM, which was contrary to the requirements of IAS-28 and the Respondent, being the engagement partner of the statutory auditor of the Company, did not bring out this material misstatement i.e. non-compliance of IAS 28 and IAS 36 in its audit report for the respective years. The Respondent during the course of hearing and in written submission, referred the Order dated August 30, 2019 issued by Executive Director (Corporate Supervision Department), under Section 474(1) of the Companies Act 2017, which was also issued on the same grounds as alleged in the instant SCN.</p> <p>Executive Director (Corporate supervision Department) while agreeing with the accounting treatment adopted by the Company, disposed-off the proceedings initiated against the directors of the Company, in respect of carrying value of associates in prior year accounts and concluded that <i>"I agree to the stance taken in respect of Carrying value of associates in prior year accounts, that were valued in accordance with the provisions of the then applicable Companies Ordinance, 1984, owing to difference in the provisions contained in Section 235 thereof and IAS 28"</i>.</p>



Securities and Exchange Commission of Pakistan
Adjudication Division
Adjudication Department-I

	<p>Therefore, in view of the aforesaid, hereby conclude that the instant matter has already been conceded vide Order dated August 30, 2019; hence the proceedings initiated through the SCN against the Respondent are hereby closed with no further action.</p> <p>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, violation of the Act.</p>
6. Penalty Imposed	Nil
7. Current Status of Order	No appeal has been filed by the respondents.