



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

*Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)*

*In the matter of M/s Ghalib & Company, Chartered Accountants*  
*(Auditor of Tri Star Polyester Limited)*

Date of Hearing

December 23, 2019 & January 9, 2020

**Order-Redacted Version**

Order dated January 13, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Ghalib & Company, Chartered Accountants (Auditor of Tri Star Polyester Limited). Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated August 29, 2018
2. Name of Company	Ghalib & Company, Chartered Accountants, auditor of Tri Star Polyester Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Ghalib & Company, Chartered Accountants, auditor of Tri Star Polyester Limited
4. Nature of Offence	Violation of section 253 of the Companies Act, 2017
5. Action Taken	Key findings were reported in the following manner:  I have examined the facts of the case, submissions made in writing and relevant arguments made by the Authorized Representative during the hearing proceedings. It is relevant to highlight that requirement of auditor's certificate for calculation of free reserves is for the purpose of independent auditor's verification of free reserves available with the Company after issuance of bonus shares. The Auditor, however, while issuing the Certificate, did not highlight relevant facts and his calculation of free reserves was untrue and the same fact was admitted. In this regard, I would like to point out that I have reviewed the Certificate, which clearly mentioned at the top that the said Certificate was issued pursuant to the SRO 34(I)/2016 dated



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	<p>January 19, 2016. In view of explicit reference of the SRO 34(I)/2016 dated January 19, 2016 mentioned on the top of Certificate dated October, 5, 2017, the Auditor's viewpoint that he was not aware of the requirements prescribed in the Rules notified vide SRO 34(I)/2016 dated January 19, 2016, is not tenable.</p> <p>Penalty order dated January 13, 2020 was passed by Executive Director (Adjudication Department-I).</p>
6. Penalty Imposed	Penalty of Rs.175,000/- (Rupees one hundred and seventy five thousand) was imposed on the Auditors.
7. Current Status of Order	No appeal has been filed by the respondents.

Redacted version issued on August 21, 2020 for placement of website of the Commission.