



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 Tristar Power Limited

Date of Hearing

January 15, 2021, February 01, 2021, August 17, 2021
and October 18, 2021

Order-Redacted Version

Order dated June 29, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Tristar Power Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated August 10, 2020
2. Name of Company	Tristar Power Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company.
4. Nature of Offence	Under Section 183 of the Companies Act, 2017 read with Section 479 thereof.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have analyzed the facts of the case in light of the relevant provisions of the Act and the information available on record and state that:</p> <p>a. With regard to the submissions made by the Company vide letter dated January 13, 2021, as mentioned in para 3 above, I refer Section 387 of the Act, which stipulates that:</p> <p><i>“Status of companies being wound up - A company being wound up shall continue to be a company for all purposes till its final dissolution in accordance with the provisions of this Act and, unless otherwise specified, all provisions and requirements of this Act relating to companies shall continue to apply mutatis mutandis in the case of companies being wound up.”</i></p> <p>The aforesaid provision i.e. Section 387 of the Act, is very clear and explicit, which requires a company to comply with all the provisions of the Act till its final dissolution and all the applicable provisions and requirements of the Act shall apply to the companies being wound up. Keeping in view the provisions of Section 387 of the Act, I am of the considered view that provisions of Section 183 of the Act were applicable on the Company and the Respondents were under statutory obligation to obtain approval of the members of the Company before disposal of the aforesaid sizeable part of its P&M.</p> <p>b. With regard to the stay granted by the superior courts e.g. 1998 PLD 332, it is clarified that the Respondents did not provide any stay order or injunction order which has bearing on the proceedings initiated through the SCN.</p>



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	<p>c. The case 1998 PLD 332, referred by the Respondents does not pertain to instant case as this is the judgement order in the matter of National Bank of Pakistan versus Ittefaq Foundries (Pvt) Ltd. (CM No. 4/L to 6/L of 1995 in Civil Original Nos. 109, 111, and 120 of 1994 decided on March 21, 1995. Therefore, the submission of the Respondents in this context is not tenable.</p> <p>It is an undisputed fact that the Company has disposed of 65.86% of its P&M, being sizeable part of its total P&M in the year ended June 30, 2019 without obtaining prior approval of its members contrary to the requirements of sub-section (3) of Section 183 of the Act. Further, the Respondents neither submitted appropriate response to the SCN nor appeared in the hearing despite providing four opportunities to present their case.</p> <p>Keeping in view the above facts of the case, I am of the considered view that the Respondents have disposed of sizeable part of its P&M during the year ended June 30, 2019 without seeking approval of its shareholders in general meeting thereby contravening the provisions of Section 183 of the Act. The said contravention attracts applicability of the penal provision contained in sub-section (6) of Section 183 of the Act. Therefore, I hereby, impose an aggregate penalty of Rs. 70,000/- (Rupees Seventy thousand only) on the Respondents.</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	A Penalty of Rs. 70,000/- (Rupees Seventy thousand only) was imposed on the Company.
7. Current Status of Order	No appeal has been filed by the respondents.