



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department

### Before

### Abid Hussain, ED/HOD (Adjudication-I)

### In matter of Show Cause Notice issued to M/s Ghalib & Co, Chartered Accountants Auditor of Tri-Star Power Limited

---

Date of Hearing

Nil

---

### **Order-Redacted Version**

Order dated October 24, 2022 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of M/s Ghalib & Co, Chartered Accountants Auditor of Tri Star Power Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated May 21, 2022
2. Name of Company	M/s Ghalib & Co, Chartered Accountants Auditor of Tri Star Power Limited.
3. Name of Individual*	The proceedings were initiated against M/s Ghalib & Co, Chartered Accountants.
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 written submissions of the Respondents in light of the relevant provisions of the Act. In this context, it is noted that the Auditor and its Authorized Representative have accepted the anomalies in disclosures in financial statement for the year 2020 and misreporting KAM in the audit report for year 2020, citing them as typographical errors however similar errors/misrepresentation relating to disclosure about related party is observed in the audit report for the year 2021. The frequency/repetition of same typographical error in audit reports of two consecutive years reflects failure of the auditor in discharging its duties and obligations in terms of Section 253 of the Act. It is further observed that as per note to financial statements for the year 2020 and 2021, the Company is engaged in generation, distribution and sale of electricity. The balance sheet does not reflect existence of any stock in trade whereas the Auditor in KAM, has misreported that the Company generates revenue from sale of stitched and unstitched cloth in KAM for the year 2020 and that the stock in trade balance</p>



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

	<p>of the Company constitutes 48% of total assets of the Company in KAM for the year 2021. The stance of the Authorized Representative that mistakes and typo errors in the financial statements have no material impact on the health of financial statements is not plausible on the grounds that is the responsibility of the Auditor to ensure that correct disclosures are provided in its report to the members and any inaccurate information in the audit report makes the negligence more significant as it impacts the overall stakeholders specially in case of listed companies where the Auditor is required to be extra cautious.</p> <p>Therefore, in view of the aforesaid, I hereby conclude that the Respondent failed to discharge its responsibilities in accordance with the provisions of Section 249 of the Act and hence liable for penalty in term of Section 253 of the Act. I, therefore, in exercise of the powers conferred under Section 253 of the Act, hereby impose penalty of Rs. <u>50,000/- (Rupees fifty thousand only.)</u> on the Auditor.</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. 50,000/- (Rupees One fifty thousand only) was imposed on the Company.
7. Current Status of Order	No appeal has been filed by the respondents.