



Before Amina Aziz – Director (CSD)

In the matter of

Tri-Star Polyester Limited

Number and date of SCN: CSD/ARN/159/2015-147-53, dated July 26, 2016

Date of hearings: August 9, 2016; August 18, 2016; September 5, 2016; September 21, 2016 & October 18, 2016;

Present: No one appeared.

ORDER

UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings against the following directors including the chief executive (together referred to as “respondents”) of **Tri-Star Polyester Limited** (the “Company”):

- | | |
|--|--------------------------------|
| 1. Mr. Asad Ahmad, Chief Executive | 5. Mr. Tahir Ahmad, Director |
| 2. Mr. Danish Ahmad, Director | 6. Mr. Tanvir Hassan, Director |
| 3. Mr. Mohammad Haroon Saeed, Director | 7. Ms. Uzma Ahmad, Director |
| 4. Mr. Rashid Ahmad, Director | |

2. The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated July 26, 2016 under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

3. The brief facts of the case are that review of record revealed that the Company did not file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk



Quarter Ended	Due On
31-Dec-14	28-Feb-15
31-Mar-15	30-Apr-15
30-Sep-15	31-Oct-15
31-Dec-15	28-Feb-16
31-Mar-16	30-Apr-16

Consequently, the SCN was issued to the respondents whereby they were called upon to appear before the undersigned on August 9, 2016 and to show cause as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts. However, no one appeared while the Company wrote letter dated August 8, 2016 which was received by the Commission on August 12, 2016 requesting adjournment of hearing for two weeks.

3. The case was re-fixed for hearing on August 18, 2016 and again re-fixed on September 5, 2016, September 21, 2016 but no one appeared for hearing. Another hearing was fixed on October 18, 2016 as a final opportunity to the respondents to appear before the undersigned to clarify their position. It was clearly communicated that in case, the respondents fail to appear in person or through authorized representative the Commission will proceed to issue ex-parte order. However, no one appeared on the appointed date and time.

4. It has been noted that respondents have neither submitted any written response to clarify their position with respect to the alleged violation of section 245 of the Ordinance for not filing the Quarterly Accounts nor have they appeared in the hearings. It is clear that they do not have any tenable arguments to justify the default of non-filing of the Quarterly Accounts. Moreover, the Company has a poor track record of filing of Quarterly Accounts in past.

5. Before proceeding further, it is important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Company Law Division – Enforcement Department
NIC Building, 63 Jinnah Avenue, Islamabad, Pakistan
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“If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.”

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and compliance track record of the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. The requirement to circulate interim accounts ensures that the shareholders have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to ensure due compliance of law. In terms of the Ordinance the directors are primarily responsible for approval of accounts. In this context the respondents' cannot absolve themselves of their statutory duties regarding preparing and filing of annual and quarterly accounts.

8. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the five (5) Quarterly Accounts of the Company for the respective quarters ended 31-Dec-2014, 31-Mar-2015, 30-Sep-2015, 31-Dec-2015 and 31-Mar-2016. Therefore, in exercise of powers under sub-section (3) of section 245 of the Ordinance, I hereby impose on each respondent director a fine of Rs.20,000/- (Rupees twenty thousand) for each default regarding each of the Quarterly Accounts separately thereby imposing an aggregate fine of Rs.700,000/- (Rupees seven hundred thousand only) on the respondents, as per following details:



Name of Respondents	Total
1. Mr. Asad Ahmad, Chief Executive	Rs.100,000
2. Mr. Danish Ahmad, Director	Rs.100,000
3. Mr. Mohammad Haroon Saeed, Director	Rs.100,000
4. Mr. Rashid Ahmad, Director	Rs.100,000
5. Mr. Tahir Ahmad, Director	Rs.100,000
6. Mr. Tanvir Hassan, Director	Rs.100,000
7. Ms. Uzma Ahmad, Director	Rs.100,000
TOTAL	Rs.700,000

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 from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of failure of the respondents to deposit of the fines, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacities; therefore, they are required to pay the said amounts from personal resources.

Amina Aziz
Director (CSD)

Announced:
December 23, 2016
Islamabad