



Corporate Supervision Department  
Company Law Division

Before Ms. Abid Hussain – Executive Director (CSD)

*In the matter of*

**Tri-Star Polyester Limited**

Number and date of SCN: CSD/ARN/159/2015-2896-2902 dated February 24, 2017

Date of Hearing: March 14, 2017, April 27, 2017 and May 25, 2017

Authorized representative: Mr. Asad Ahmed, Chief Executive of the Company

**ORDER**

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

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

1. Mr. Rashid Ahmed
2. Mr. Asad Ahmed
3. Mr. Tahir Ahmed
4. Mr. Danish Ahmed
5. Ms. Uzma Ahmed
6. Mr. M. Haroon Saeed
7. Mr. Tanvir Hasan

The proceedings against the respondents were initiated through Show Cause Notice (*the "SCN"*) dated February 24, 2017 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements (*the "Quarterly Accounts"*) for the period ended September 30, 2016 in physical form with the Commission, as per requirements of section 245 of the Ordinance. Consequently, the SCN was issued to the respondents wherein they were called upon to show cause in writing 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.

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# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

3. The hearing in the matter was fixed for March 14, 2017 and April 27, 2017 however no one appeared on behalf of the Company. Another hearing was held on May 25, 2017 wherein Mr. Asad Ahmed, Chief Executive of the Company appeared before the undersigned. Mr. Asad Ahmed stated that the Company was not operational for quite some time. It had zero revenue and no staff to comply with the provisions of law however, from July, 2016 onwards the Company has revived its business operations. It has launched a new clothing line with the name of "Image Fabrics" which has proved quite profitable. The representative further contended that the relevant accounts had been filed however was unsure whether they have been filed to PSX or SECP. He was requested to furnish the evidence in support of his contentions. Mr. Ahmed also requested for a lenient view and assured timely compliance of law in future.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, *inter alia*, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, *inter alia*, provides as under:

*(3) 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.*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 of the Ordinance have been delegated to the Executive Director (Corporate Supervision Department).

6. I have analyzed the facts of the case, relevant provisions of the Ordinance and submissions made by the respondents. Before deciding upon on the matter, I would like to



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

highlight that the requirement to circulate interim accounts was introduced so that the shareholders could 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 keep it appropriately staffed and organized to ensure due compliance of law.

7. I have considered the facts before me. During the course of hearing, the Chief Executive of the Company was advised to furnish the evidence of filing of the relevant quarterly accounts. The quarterly accounts were received vide letter dated June 24, 2017. It was also confirmed from the PSX website which shows that the accounts were filed there on October 31, 2016, however same were not filed in time to the Commission. The Chief Executive of the Company has committed and given an assurance for strict abidance of law in future. I, therefore, instead of imposing fine, take a lenient view and conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with applicable laws and directions of the Commission.

**ABID HUSSAIN**  
Executive Director  
Corporate Supervision Department

**Announced:**  
February 26, 2018  
Islamabad

