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

**In the matter of Yousaf Weaving Mills Limited**

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| Dates of Hearing | May 5, 2020, July 3, 2020, September 1, 2020, September 23, 2020, November 16, 2020 |

**Order-Redacted Version**

Order dated December 03, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Yousaf Weaving Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated April 15, 2019 |
| 1. Name of Company | Yousaf Weaving Mills Limited |
| 1. Name of Individual\* | The proceedings were initiated against the directors of the Company i.e. Yousaf Weaving Mills Limited |
| 1. Nature of Offence | Violations of section 492 and section 476 of the Companies Ordinance, 1984 |
| 1. Action Taken | Key findings were reported in the following manner:  I am of the view that applicable requirements of International Financial Reporting Standards are binding requirements and any exception to this would jeopardize the interest of the investors as in the given case of the Company. I have come to the conclusion that the Respondents, for the year ended June 30, 2012 to June 30, 2015 have failed to recognize the aforesaid assets at lower of carrying amount and fair value less cost to sell as required by IFRS-5 (non-current assets held for sale and discontinued operations) as the sale price was materially lower than the last reported price. Furthermore, the Respondent failed to demonstrate that as to why an abrupt loss of Rs. 175 million was recorded against sale of its dairy division which comprised of biological and non-biological assets. The Company’s fair value determination mechanism did not truly reflect the market conditions and deteriorated assets of dairy division were disclosed at significant higher amounts in relevant financial years of 2012, 2013, 2014 and 2015 and ultimate disposal of assets was recorded in financial years 2016 by reporting a loss of Rs. 175 million against such disposals.  In view of above, provisions of section 492 of the Ordinance are attracted and Respondents are liable to the penal action.  A penalty of Rs. 400,000/- (Rupees four hundred thousand) was imposed on the Respondents (Rs. 50,000 per Respondent total 8 Respondents).    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 or violation of the Act. |
| 1. Penalty Imposed | Penalty was imposed on all the respondents. |
| 1. Current Status of Order | Appeal has been filed by the respondents. |

Redacted version issued on June 08, 2021 for placement of website of the Commission.