



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Yousuf Weaving Mills Limited

Number and date of SCN: No. CSD/ARN/156/2015-2903-10, dated February 24,
2017
Date of hearing: March 16, 2017
Authorized Representative: Mr. Nadeem Anwar, Company Secretary

ORDER

UNDER 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 Yousuf Weaving Mills Limited (the "Company"):

- | | | | |
|---|---------------------------|---|-----------------------------|
| 1 | Khawaja Muhammad Nadeem | 6 | Khawaja Muhammad Kaleem |
| 2 | Khawaja Muhammad Jawed | 7 | Mr. Muhammad Naveed |
| 3 | Khawaja Muhammad Jahangir | 8 | Mr. Muhammad Danish Tanveer |
| 4 | Khawaja Muhammad Tanveer | | |
| 5 | Mr. Muhammad Tariq Sufi | | |

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 the Company did not file the interim financial statements ("Quarterly Accounts") for the following periods with the Commission, were filed with delay.

Quarter Ended	Due on	Delay
31-Dec-15	29-Feb-16	60 days

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30-Sep-16	31-Oct-16	63 days
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Consequently, the SCN dated February 24, 2017 was issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for non-filing the aforesaid Quarterly Accounts with the Commission in a timely manner, as per requirements of the law.

4. Mr. Nadeem Ahmed, Company Secretary appeared on behalf of the Company. He informed that the filing of the quarterly accounts was delayed due to the delayed AGM for which the company had sought extension. The reasons for the delay was removal of the name of the Company's appointed auditors from the QCR list of ICAP and secondly the shifting of office premises to the factory location in Bhai Pheru hence the AGM for the year ended June 30, 2015, was held in April, 2016. The reasons for the delay of accounts for the quarter Sep. 16 was again the delayed AGM for which the Company had sought extension (it was held in November 2016).

5. 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 have been delegated to the Director (Corporate Supervision Department).



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6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter, 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 I would like to 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 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. Keeping in view, the reason of delay in filing of quarterly accounts (that was the delayed AGM) and the firm commitment made by the Company to timely comply with the mandatory statutory requirement I, take a lenient view, hereby conclude the proceedings with a warning.



Amina Aziz
Director (CSD)

Announced:
March 31, 2017
Islamabad

