



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

*Say no to corruption*

Before

**Amir M. Khan Afridi**  
**Director/Head of Department**

*In the matter of*

**Yousaf Weaving Mills Limited**

Number and date of notice: No. CSD/ARN/156/2015-439 dated June 7, 2021  
Date of hearing: September 24, 2021 and October 18, 2021  
Present: Mr. Nadeem Anwar (Company Secretary)

#### **ORDER**

**Under Sections 106 and 107 of the Securities Act, 2015 and regulation 5 of the Reporting and Disclosure of (Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015**

This order shall dispose of the proceedings initiated through Show Cause Notice No. CSD/ARN/156/2015-439 dated June 7, 2021 (SCN) under Sections 106 and 107 of the Securities Act, 2015 (the Act) and regulation 5 of the Reporting and Disclosure of (Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015 (the Regulations), issued to Yousaf Weaving Mills Limited (the Company) and its directors, hereinafter collectively referred to as the Respondents.

2. The brief facts of case are that the Annual General Meeting (AGM) of the Company was held on November 25, 2020. The available record of the Company transpired that it had failed to file its annual return for the year ended June 30, 2020 under Section 107 of the Act read with regulation 5 of the Regulations. The said return was required to be filed within forty five days from the date of holding of AGM of the Company for the year 2020. The Securities and Exchange Commission of Pakistan vide letters dated January 13, 2021 and February 16, 2021 inquired regarding non-filing of the said annual return in compliance of Section 107 of the Act. However, no response was received from the Company.

3. Keeping in view the above, proceedings under Sections 106 and 107 of the Act and regulation 5 (1) (a) and (b) of the Regulations were initiated vide the SCN against the Respondents to show cause in writing within fourteen days as to why penalty may not be imposed for contravening the requirements of the Act.



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4. In this regard, no written reply of the Respondents was received. In order to afford the Respondents opportunity of personal representation, a hearing in the matter was fixed for September 24, 2021. The Company through letter dated September 21, 2021 sought adjournment till October 12, 2021. Thereafter, hearing in the matter was re-fixed for October 18, 2021. On the date of hearing, Mr. Nadeem Anwar, company secretary appeared. He submitted that due to COVID-19 and closure of offices the said return was not filed in timely manner. He informed that annual return i.e. Form A was filed by the Company for the year 2020, however, beneficial ownership return was being filed subsequent to issuance of SCN. He requested to take lenient view in the matter. He was advised to furnish relevant authorization and attendance sheet. Subsequent to hearing, a reply dated October 18, 2021 was received through email. The said reply stated that:

*"This refers to your show cause notice no. CSD/ARN 156/2015-56 dated September 27, 2021 along with the hearing take placed on October 18, 2021, we would like to submit that due to widespread covid-19 pandemic since from last one and half year our business operations disturbed severely as a result of which this non-compliance occurred. However, this act of non-compliance is not an intentional or willful default but only due to some oversight due to which we could not be able to file a complete form as required.*

*We assure you that all the necessary compliance in this regard will be made within this week as agreed with you in the hearing. We are sending herewith the attendance sheet together with power of attorney in favour of the Company Secretary as required; you are requested to please accept our apology and condone the proceedings. We shall be very thankful to you and hopeful for your kind cooperation in this regard."*

5. Before proceeding further, it is necessary to refer to relevant legal provisions are reproduced as under:

Section 107 of the Act:

*"107. Notification to the Commission of prescribed information: - (1) Every listed company, once in each year, prepare in the prescribed manner and file with the Commission a return containing the prescribed information.*

*(2) The return referred to in sub-section (1) shall be filed with the Commission within forty-five days from the date of the annual general meeting held in the year or, where no such meeting is held or if held is not concluded, from the last day of the calendar year to which it relates."*

Regulation 5 (1) (a) and (b) of the Regulations:

*"5. Annual Return to be filed the Commission: - (1) Every listed company shall once in each year in accordance with section 107 of the Act: -*

- (a) Prepare and file online the following information as per detail given in e services process of the Commission titled as Annual Return by listed companies SMD-BO-107*
  - i) Issuer company information;*
  - ii) Particulars of each director, executive officer and substantial shareholder of the issuer company and their beneficial ownership;*



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- iii) *Particulars of dependents i.e. spouse, minor children and other dependent relatives of each director, executive officer and substantial shareholder and their beneficial ownership.*
- iv) *Particulars of private companies where each director, executive officer and substantial shareholder is shareholder, but the private company holds less than ten percent shareholding in the issuer company;*
- v) *Particulars of associated companies;*
- vi) *Detail of trade carried out by each director, executive officer and substantial shareholder during the period from previous annual general meeting to present annual general meeting; and*
- vii) *Summary of shareholding;*

*(b) Prepare and file a Soft copy of list of members (Physical Shareholders and Central depository Accountholders) in MS Excel in accordance with the format and instructions given at the bottom of the aforesaid e-Services Process."*

Section 106 of the Act:

*"106. Directive by the Commission.*

*(1)....*

*(2) where any person who contravenes or fails to comply with any provision of sections 101, 102, 103, 104, 105 and 107, the Commission may by order in writing direct: -*

*(a)....*

*(b) in the case of a company, the company and its every director or officer who is knowingly and willfully in default, to pay by way of penalty to the Commission such amount which may extend to five hundred thousand rupees and to a further amount which may extend to one thousand rupees per day for every day during which the default continues"*

6. In terms of the Commission's notification SRO 1545 (I)/ 2019 dated December 06, 2019, the powers to adjudicate cases under Section 106(2) of the Act read with Section 107 thereof have been delegated to the undersigned as Head of Department (Adjudication Department-I).

7. I have gone through the facts of the case, relevant requirements of law and submissions by the Respondents. I am of the view that filing of annual return under Section 107 read with Regulation 5 of the Regulations is a statutory requirement that is required to be complied by listed companies in true letter and spirit. Moreover, the annual return is essential to determine, among others, particulars and summary of shareholding of each director, executive officer and substantial shareholder, their beneficial ownership and associated companies. The Respondents' stance is not tenable that non-filing of the aforesaid return was due to COVID-19. It is undisputed fact that the Respondents have acknowledged their default in filing the annual return for the year 2020 as per requirements of Section 107 read with Regulation 5 of the Regulations and therefore the Respondents are liable for penalty under Section 106 of the Act. Taking cognizance of submissions of the Respondents and in terms of powers conferred under Section 106 of the Act, I hereby impose a penalty of **Rs. 25,000/- (Rupees twenty five thousand only)** on the Company and also warn the directors to be careful in future.



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8. The aforesaid fine 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 of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under law including Section 485 of the Companies Act, 2017 will be initiated for recovery of the same as arrears of land revenue.

9. 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.

(Amir M. Khan Afridi)  
HOD - Adj. Department-I

**Announced:**  
**Dated: October 29, 2021**  
Islamabad