



Corporate Supervision Department
Company Law Division

Say No To Corruption

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Metropolitan Steel Corporation Limited

Number and date of SCN: CSD/ARN/62/2015 dated October 13, 2016

Date of Hearing October 26, 2016

Present for Respondent Mr. Omar Baig, Director
Khalid Mustafa, Director

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 directors including chief executive (together referred to as "respondents") of Metropolitan Steel Corporation Limited (the "Company"). The proceedings against the respondents were initiated through show cause notice (the "SCN") dated October 13, 2016, issued under the provisions of sub-section (3) 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 ("Quarterly Accounts") for the following periods in physical form with the Commission, as per requirements of section 245 of the Ordinance:

Period Ended	Due On
31-Dec-15	28-Feb-16
31-Mar-16	30-Apr-16



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Consequently, the SCN was issued to the respondents whereof 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.

3. In hearing held on October 26, 2016, Mr. Khalid Mustafa and Mr. Omar Baig, both being directors and authorized representatives of the Company appeared before the undersigned and submitted that the accounts were in process and claimed that they are having issue with the auditor in assets revaluation which is causing the delay.

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

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter I would like to highlight that the requirement to circulate interim accounts was introduced so that the shareholders could have timely access to

7th Floor, 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



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

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.

6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. The respondents have not given a valid justification for the non-compliance of law. Keeping in view of the above I, hereby impose a fine of Rs. 5000/- on the respondents in aggregate for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

S.#	Names of Directors	31-Dec-2015	31-Mar-2016	Amount in Rs.
1	Mr. Mehmood Ali Mehkari	5000	5000	10,000
2	Engr. Syed Asghar Jamil Rizvi, CEO	5000	5000	10,000
3	Mr. Muhammad Shakir	5000	5000	10,000
4	Mr. Mushtaq Ahmed	5000	5000	10,000
5	Mr. Uzma Mehmood Ali Mehkari	5000	5000	10,000
6	Mrs. Safia Shakir	5000	5000	10,000
7	Syed Habibullah Qadri	5000	5000	10,000
8	Mr. Mohammad Omer Mehkari	5000	5000	10,000
	TOTAL	40,000	40,000	80,000

7th Floor, NIC Building, 63-Jinnah Avenue
Islamabad, Pakistan

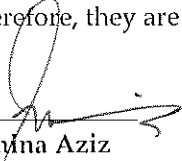
PABX: + 92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

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 non-deposit of the fine, 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 capacity; therefore, they are required to pay the said amount from personal resources.


Amna Aziz
Director (CSD)

Announced:
January 3, 2017
Islamabad