



Corporate Supervision Department
Company Law Division

Before Ali Azeem Ikram – Executive Director (CSD)

In the matter of

Metropolitan Steel Corporation Limited

Number and date of SCN: EMD/233/426/2002-73-79 dated July 14, 2014

ORDER

UNDER SECTION 158 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 **Metropolitan Steel Corporation Limited** (the “Company”):

- | | | | |
|---|---------------------------|---|-----------------------------|
| 1 | Mr. Mehmood Ali Mehkri | 5 | Mr. Muhammad Omer Mehkri |
| 2 | Mr. Mushtaq Ahmed | 6 | Mrs. Uzma Mehmod Ali Mehkri |
| 3 | Mr. Muhammad Shakir | 7 | Mrs. Safia Shakir |
| 4 | Mr. Syed Habibullah Qadri | | |

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated July 14, 2014 under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2013 on or before October 31, 2013, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene its AGM as per requirements of the law. 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 section 158 of the Ordinance for not holding the AGM within the prescribed time.

3. The respondents failed to submit any response to the SCN despite the reminders issued to them on September 23, 2014 and October 15, 2014. The case was fixed for hearing on December 17, 2014, however, the Company through letter dated December 17, 2014 requested for rescheduling of the hearing. The case was again fixed for hearing on April 28, 2015, but non one appeared at the appointed time. Subsequently, a letter from the company secretary was received whereof he submitted that the hearing date may be extended by fifteen days. By way of providing a final



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opportunity to the respondents, the hearing was fixed on October 2, 2015 through letter dated September 9, 2015. The respondents were advised to make arrangements to attend the hearing in person or through authorized representative. It was explicitly mentioned in the hearing notice that in case the respondents fail to appear in person or through a representative, the Commission will proceed to pass an ex parte order on the basis of material available on record. The respondents again failed to make appearance on the appointed date and time. It is a matter of record that the Commission issued direction under section 170 of the Ordinance to the Company to hold its overdue AGM for the year ended June 30, 2013 by April 11, 2014, however, the Company failed to comply with the direction. Consequently, proceedings against the Company under section 171 of the Ordinance were concluded through order dated October 27, 2014 whereof a penalty of Rs5,000 was imposed and the Company was directed to hold its AGM for the year ended June 30, 2013 by November 30, 2014. Based on Company's request the Commission through letter dated December 29, 2014 against issued direction under section 170 to the Company to hold the AGM by February 16, 2015. However, the Company could not hold the AGM as per directions. As communicated through Company's letter dated February 23, 2015, the AGM of the Company for the year ended June 30, 2013 was finally convened on March 16, 2015.

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

Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

"Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:"

Sub-section (4) of section 158, inter alia, provides as under:

"If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;"

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5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities 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. In this context the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts in a timely manner as required by the law. The Company held its AGM for the year ended June 30, 2013 with an inordinate delay of more than sixteen months. I have noted that the respondents despite being given ample opportunity have neither submitted any written response nor have they appeared for hearings to justify the default in compliance with the law. Therefore, I am constrained to issue an ex parte order against them. It is also pertinent to mention that the Company failed to hold its previous AGM for the year ended June 30, 2012 as per requirements of the law and has also not held its AGM for the year ended June 30, 2014 till date. Moreover, the Company's record in respect of compliance with requirements for holding AGMs for last many years has been poor.



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6. In view of the foregoing, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance. Therefore, in exercise of the powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose an aggregate fine of Rs350,000/- (Rupees three hundred fifty thousand only) on the respondents, as per following details:

(Amounts in Rs)

Name of Respondents	Total
1. Mr. Mehmood Ali Mehkri	50,000
2. Mr. Mushtaq Ahmed	50,000
3. Mr. Muhammad Shakir	50,000
4. Mr. Syed Habibullah Qadri	50,000
5. Mr. Mehmood Ali Mehkri	50,000
6. Mr. Mushtaq Ahmed	50,000
7. Mr. Muhammad Shakir	50,000
TOTAL	350,000

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 failure of the respondents to deposit of the fines, 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 capacities; therefore, they are required to pay the said amounts from personal resources.

Ali Azeem Ikram
Executive Director (CSD)

Announced:
October 14, 2015
Islamabad



Corporate Supervision Department
Company Law Division

Before Ali Azeem Ikram – Executive Director (CSD)

In the matter of

Metropolitan Steel Corporation Limited

Number and date of SCN: EMD/233/426/2002-3018-3024 dated May 14, 2013
EMD/233/426/2002-221-227 dated July 25, 2013 (*Corrigendum to SCN*)

ORDER

UNDER SECTION 158 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 **Metropolitan Steel Corporation Limited** (the “Company”):

1	Mr. Mehmood Ali Mehkri	5	Mr. Muhammad Omer Mehkri
2	Engr. Syed Asghar Jamil Rizvi	6	Mrs. Uzma Mehmod Ali Mehkri
3	Mr. Muhammad Shakir	7	Mrs. Safia Shakir
4	Khawaja Maudood Ahmed		

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated May 14, 2013 under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”) and subsequent corrigendum dated July 25, 2013 to the SCN.

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2012 on or before October 31, 2012, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene its AGM as per requirements of the law. 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 section 158 of the Ordinance for not holding the AGM within the prescribed time. In response to the SCN the respondents vide letter dated May 25, 2013 submitted that the Commission through letter dated April 19, 2013 had directed the Company under section 170 of the Ordinance to hold its AGM for the year ended June 30, 2012 latest by August 31, 2013. The respondents further gave assurance to hold the AGM as per directions of the Commission and requested to condone the default. Subsequently, the Company through letter dated June 6, 2013 submitted notice of the AGM for the year ended June 30, 2012 published in newspaper whereof the AGM was convened on August 31, 2013. However, through letter dated



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August 16, 2013 the Company communicated to the Commission that the AGM that was going to be held on August 31, 2013 could not be held as the audit work was under process due to Eid holidays and short working hours during the month of Ramazan. They requested to allow extension till October 15, 2013 for holding the AGM. Based on the non-compliance of direction under section 170, the Commission initiated the proceedings against the directors of the Company through order dated February 4, 2014 whereof aggregate fine of Rs70,000 was imposed on the directors. Based on another application of the Company, the Commission through letter dated April 11, 2014 again directed the Company under section 170 of the Ordinance to hold its overdue AGM for the year ended June 30, 2012 by May 31, 2014. As communicated through Company's letter dated May 10, 2014, the AGM was finally held on May 31, 2014.

3. The case was fixed for hearing on April 28, 2015; however, the Company through letter dated December 17, 2014 requested for rescheduling of the hearing. The case was again fixed for hearing on April 28, 2015, but non one appeared at the appointed time. Subsequently, a letter from the company secretary was received whereof he submitted that the hearing date may be extended by fifteen days. By way of providing a final opportunity to the respondents, the hearing was fixed on October 2, 2015 through letter dated September 9, 2015. The respondents were advised to make arrangements to attend the hearing in person or through authorized representative. It was explicitly mentioned in the hearing notice that in case the respondents fail to appear in person or through a representative, the Commission will proceed to pass an ex parte order on the basis of material available on record. The respondents again failed to make appearance on the appointed date and time.

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

Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

"Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:"



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Sub-section (4) of section 158, inter alia, provides as under:

"If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;"

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities 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. In this context the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts. I have noted that the respondents despite being given ample opportunity have neither submitted any written response nor have they appeared for hearings to explain their position for the alleged non-compliance with the law. Therefore, I am constrained to issue an ex parte order against them. It is also pertinent to mention



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that the Company has failed to hold its AGM for the year ended June 30, 2013 in a timely manner and has also not held its AGM for the year ended June 30, 2014 till date. Moreover, the Company's record in respect of holding AGMs as per the law for last many years has been poor that reflects unsatisfactory compliance history.

6. In view of the foregoing, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance. Therefore, in exercise of the powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose an aggregate fine of Rs350,000/- (Rupees three hundred fifty thousand only) on the respondents, as per following details:

(Amounts in Rs)

Name of Respondents	Total
1. Mr. Mehmood Ali Mehkri	Rs50,000
2. Engr. Syed Asghar Jamil Rizvi	Rs50,000
3. Mr. Muhammad Shakir	Rs50,000
4. Khawaja Maudood Ahmed	Rs50,000
5. Mr. Muhammad Omer Mehkri	Rs50,000
6. Mrs. Uzma Mehmod Ali Mehkri	Rs50,000
7. Mrs. Safia Shakir	Rs50,000
TOTAL	Rs350,000

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 failure of the respondents to deposit of the fines, 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 capacities; therefore, they are required to pay the said amounts from personal resources.

Ali Azeem Ikram

Executive Director (CSD)

Announced:

October 14, 2015

Islamabad