



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

Metropolitan Steel Corporation Limited

Number and date of SCN: EMD/233/426/2002-80-86 dated July 14, 2014

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 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 Mehmood 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 July 14, 2014, 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 failed to file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

Quarter Ended	Due date of filing
30-Sep-11	31-Oct-11
30-Sep-12	31-Oct-12
31-Dec-12	28-Feb-13

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 delay in filing the aforesaid Quarterly Accounts.



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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 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 important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

"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."

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. Initially listed companies were only required to circulate annual accounts and the shareholders did not have information about the affairs of companies during the year. 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



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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. In terms of the Ordinance the directors are primarily responsible for approval of accounts. I have noted that the respondents despite being given ample opportunity have neither submitted any written response nor have they appeared for hearings. Therefore, I am constrained to issue an ex parte order against them.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the respective Quarterly Accounts of the Company as per requirements of the law. Therefore, in exercise of the powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose a fine of Rs70,000/- (Rupees seventy thousand only) on the respondents, as per following details:

Name of Respondents	Total (Rs)
1. Mr. Mehmood Ali Mehkri	10,000
2. Engr. Syed Asghar Jamil Rizvi	10,000
3. Mr. Muhammad Shakir	10,000
4. Khawaja Maudood Ahmed	10,000
5. Mr. Muhammad Omer Mehkri	10,000
6. Mrs. Uzma Mehmod Ali Mehkri	10,000
7. Mrs. Safia Shakir	10,000
TOTAL	70,000

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



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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.

Before concluding the order I hereby invoke the provisions of section 473 of the Ordinance and direct the respondents to immediately take steps to prepare and approve all the overdue Quarterly Accounts of the Company and file them with the Commission latest by December 31, 2015. The respondents' failure to comply with the aforesaid direction will render them liable for action under section 495 and any other relevant provisions of the Ordinance.

Amina Aziz
Director (CSD)

Announced:
October 14, 2015
Islamabad



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

Metropolitan Steel Corporation Limited

Number and date of SCN: EMD/233/426/2002-87-93 dated July 14, 2014

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 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, 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 failed to file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

Quarter Ended	Due date of filing
31-Mar-13	30-Apr-13
30-Sep-13	31-Oct-13
31-Dec-13	28-Feb-14
31-Mar-14	30-Apr-14

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 delay in filing the aforesaid Quarterly Accounts. Later on the Quarterly Accounts for the periods ended December 31, 2013 and March 31, 2014 were filed by the



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Company on August 18, 2014 with delays of 171 and 110 days respectively, whereas remaining Quarterly Accounts have not been filed till date.

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 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 important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

"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."

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. Initially listed companies were only required to circulate annual accounts and the shareholders did not have information about the affairs of companies during the year. The requirement to circulate interim accounts was introduced so that the shareholders could have timely access to



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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. In terms of the Ordinance the directors are primarily responsible for approval of accounts. I have noted that the respondents despite being given ample opportunity have neither submitted any written response nor have they appeared for hearings. Therefore, I am constrained to issue an ex parte order against them.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the respective Quarterly Accounts of the Company as per requirements of the law. Therefore, in exercise of the powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose a fine of Rs70,000/- (Rupees seventy thousand only) on the respondents, as per following details:

Name of Respondents	Total (Rs)
1. Mr. Mehmood Ali Mehkri	10,000
2. Mr. Mushtaq Ahmed	10,000
3. Mr. Muhammad Shakir	10,000
4. Mr. Syed Habibullah Qadri	10,000
5. Mr. Muhammad Omer Mehkri	10,000
6. Mrs. Uzma Mehmod Ali Mehkri	10,000
7. Mrs. Safia Shakir	10,000
TOTAL	70,000

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



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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.

Before concluding the order I hereby invoke the provisions of section 473 of the Ordinance and direct the respondents to immediately take steps to prepare and approve all the overdue Quarterly Accounts of the Company and file them with the Commission latest by December 31, 2015. The respondents' failure to comply with the aforesaid direction will render them liable for action under section 495 and any other relevant provisions of the Ordinance.

Amina Aziz
Director (CSD)

Announced:
October 14, 2015
Islamabad