



Through Courier

Before The Director / HOD (MSRD)

In the matter of Show Cause Notice issued to Metropolitan Steel Corporation Limited

Date of Hearing: July 9, 2013

Present at the Hearing:

Representing Metropolitan Steel Corporation Ltd

*Syed Asghar Jamil Rizvi
Chief Executive Officer*

Assisting the Director/HOD (MSRD)

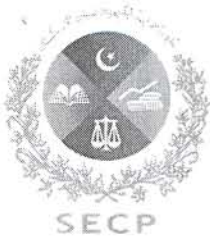
*Ms. Najia Ubaid
Deputy Director (MSRD)*

ORDER

1. This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No.1(12)METRO/MSW/SMD/2013 dated June 13, 2013 ("SCN") issued to Metropolitan Steel Corporation Limited ("**Company**"), by the Securities and Exchange Commission of Pakistan ("**Commission**") under Section 22 of the Securities and Exchange Ordinance, 1969 ("**Ordinance**").

2. The brief facts of the case are that the Company is a public limited company listed on the Karachi Stock Exchange Limited ("**KSE**"). The meeting of the Board of Directors ("**BOD**") of the Company to consider the financial statements for the six months ended on December 31, 2012 was to be held on February 28, 2013. However, the results of the Company were not communicated to the KSE as required under the Listing Regulations of the KSE.

3. KSE vide its letter dated February 22, 2013 informed the Company about the requirements of Listing Regulations of the KSE. Furthermore, KSE vide letter dated March 4 and March 5, 2013 communicated the Company that it has failed to fulfill the requirements as laid down in the Listing Regulations of the KSE.



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4. The Company on May 15, 2013, after almost two and a half months from the date of board meeting of the Company, communicated the financial results for the quarters ended on September 30, 2012 and December 31, 2012 to the KSE. The announcement also stated that due to negligence from some of their staff members, the financial results of the Company left to be enclosed. KSE, vide letter dated June 12, 2013 informed the Company that it has not submitted the requisite number of copies of the quarterly accounts as required under Regulation 17 of the Listing Regulations of the KSE.

5. Regulation 17 of the Listing Regulations of the KSE specifies:

Regulation 17 of the Listing Regulations of KSE

“Every listed company and issuer of listed security shall send to the Exchange its quarterly and annual financial results, in the manner notified by the Exchange from time to time.”

6. In order to facilitate the listed companies to follow time bound requirement of the Listing Regulations, KSE has circulated Correspondence Manual. Form-7 of the Correspondence Manual requires that a company shall immediately after the board meeting, share the information through fax followed by a hard copy. It further provides if the meeting is not concluded during the trading hours, the company shall immediately convey the status of meeting in progress to the Exchange. It further adds that the information specified in Form-7 of the Correspondence Manual is received in the Exchange on the next day between 9:15 a.m. to 9:30 a.m.

7. The Company neither did communicate its results in the manner specified in the Correspondence Manual nor did it communicate any status of the board meeting held on February 28, 2013. Considering the above, the Commission served the SCN dated June 13, 2013 and required the Company to submit its written reply within ten days of the date of SCN. Hearing in the matter was scheduled on June 27, 2013. The Company submitted its written response vide letter dated June 26, 2013 and further requested that hearing in the matter be held in the first week of July 2013 in Karachi.



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8. Acceding to the request of the Company, the Commission vide letter dated June 28, 2013 rescheduled the hearing for July 9, 2013 at the Karachi Office of the Commission. The Company in its response dated June 26, 2013 submitted the following reasons for its inability to comply with Listing Regulations of the KSE:

- i). *"The non-submission of quarterly account to KSE was due to retirement of ex company secretary and CFO who was irregular to attending office. However, company managed to appoint a new CFO and the newly appointed CFO is preparing the quarterly accounts and will be submitted very shortly.*
- ii). *The reason for non-submission of financial results has already been communicated to KSE as mentioned in your above mentioned letter.*
- iii). *Frequent load shedding and disturbance in city also contributed to this delay."*

9. The hearing in the matter was held on July 9, 2013 which was attended by Syed Asghar Jamil Rizvi, the Chief Executive Officer of the Company ("**Representative of the Company**") through video conference from the Commission's Karachi office.

10. The Representative of the Company during the course of hearing reiterated the facts communicated to the Commission vide letter dated June 26, 2013 and provided copy of Form-29, as required under the Companies Ordinance, 1984. The Form-29 specified that Mr. Shariful Muzaffer, Chief Financial Officer ("**CFO**"), retired on April 17, 2013. The Form-29 further specified that Mr. Muhammad Shakil joined the office as CFO/ Company Secretary on April 18, 2013.

11. The Representative of the Company admitted the mistake and asserted that the violations of the provisions of the Listing Regulations of the KSE have occurred because of non-availability of the CFO of the Company. The Representative of the Company further assured that, in future, the Company shall strive its best to comply with all the regulatory requirements.



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12. After a detailed and thorough perusal of the facts, evidence/information available on record, contentions and averments made by the Representative of the Company during the course of hearing and in its written response, it is established that the Company by not announcing its financial results as per the requirements laid down in the Regulation 17 of the Listing Regulations of the KSE and Form 7 of the Correspondence Manual, has contravened the provisions of the Listing Regulations of KSE and requirements stated in the Correspondence Manual of the KSE, made pursuant to the Listing Regulations.

13. In the light of the above, in exercise of the powers under Section 22 of the Ordinance, I hereby impose on the Company a penalty of Rs. 50,000 (Rupees Fifty Thousand Only). I further direct the Company to ensure that care and caution be exercised to ensure full compliance with all rules, regulations and directives of the Commission in the future and for avoiding any punitive action under the law.

14. The matter is disposed of in the above manner and the Company is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited not later than thirty (30) days from the date of this Order and furnish the copy of the deposit challan to the undersigned.

15. This Order is issued without prejudice to any other action that the Commission may initiate against the Company in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.




Imran Inayat Butt
Director / HOD (MSRD)

Announced on July 24, 2013
Islamabad.