

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)**

Name of Company: Metropolitan Steel Corporation Limited
Year ended: June 30, 2022

Metropolitan Steel Corporation Limited (the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven as per the following:
 - a. Male: 3
 - b. Female: 4
2. The composition of the Board of Directors (the Board) is as follows:

<i>Category</i>	<i>Names</i>
Non-Executive Directors	Mr. Mehmood Ali Mehkri Mrs. Sara Mehmood Mehkri
Executive Directors	Mr. Muhammad Umar Mehkari Mr. Muhammad Asim Siddiqui
Female Directors	Mrs. Sara Mehmood Mehkri Mrs. Saba Mehkari Farooqui Mrs. Uzma Mehmood Ali Mehkri Mrs. Sofia Zakaria
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board does not have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

1. The Board has not arranged any Directors' Training program for its Directors. The Directors will be trained in the upcoming period. All the Directors on the Board are fully conversant with their duties and responsibilities.
2. The CFO has resigned in the financial year June 30, 2016 and his successor has not been appointed till the issuance of these financial statements.
3. The financial statements were duly endorsed by the Chief Executive Officer (CEO) before approval of the Board;
4. The Board had formed committees comprising of members given below:

a. Audit Committee

<i>Sr. #</i>	<i>Name</i>	<i>Designation</i>
I	Mr.Mehmood ali Mehkri	Chairman
Ii	Mr.Muhammad Umer Mehkari	CEO/Director
Iii	Mr. Muhammad Asim Siddiqui	Member
iv.	Mrs.Saba Mehkari Farooqui	Member

b. HR and Remuneration Committee

<i>Sr. #</i>	<i>Name</i>	<i>Designation</i>
i	Mr. Muhammad Asim Siddiqui	Chairman
ii	Mr. Mehmood Ali Mehkri	Member
iii	Mr.Muhammad Umer Mehkari	Member

5. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance;
6. The frequency of meetings of the committees were as per following:

<i>Committee</i>	<i>Frequency of Meetings</i>
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually
c) Board of Directors Meetings	Quarterly
7. The Board is in the process of establishing an internal audit function and therefore, no Head of Internal Audit has been appointed till the year end;
8. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, company secretary or director of the company;



1. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
2. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
3. Explanation for non-compliance with requirements, other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

<i>Sr. No.</i>	<i>Regulation No.</i>	<i>Explanation</i>
i.	18 & 19	The Board has planned to complete the director's training program by the stipulated time period <i>i.e</i> by the end of June 30, 2023.
ii.	20	The Board has planned to appoint a qualified chief financial officer as required by regulation number 20 and 22 of these regulations.
iii.	23	The Board has planned to appoint a qualified chief financial officer as required by regulation number 23 of these regulations.
iv.	25	Since the Company has not yet appointed any chief financial officer till the issuance of these financial statements therefore these financial statements along with other issued quarterly financial statements were authorized by the chief executive officer only.
v.	31	The Board has planned to setup an internal audit function in the upcoming financial year as required by regulation number 31 of these regulations.

On Behalf of the Board,

**MEHMOOD ALI MEHKARI
CHAIRMAN**

Dated: October 27, 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
OF METROPOLITAN STEEL CORPORATION LIMITED**

Review Report on Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **Metropolitan Steel Corporation Limited**, ("the Company") for the year ended June 30, 2022 in accordance with the requirements Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of the financial statements we are required to obtain an understanding of accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon the recommendations of the Audit Committee, place before the Board of Directors for their review and approval, its related party related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of non-compliance with the requirements of the Regulations were observed which have not been stated in the Statement of Compliance:

- a) There are no adequate systems and controls in place for identification and redress of grievances arising from unethical practices as required under clause 10 (3) (iii) of the Regulations.
- b) There is no system of sound internal control established as required under clause 10 (3) (iv) of the Regulations.
- c) There is no formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees as required under clause 10 (3) (v) of the Regulations.

Based on our review, except for the above instances of non-compliances, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the Statement of Compliance:

- i) **Paragraph 2** There is no independent Director on the Board and professional indemnity insurance cover for independent Director on the Board as required under section 6 of the Regulations.
- ii) **Paragraph 9** The Company has not arranged any directors' training programs for its directors as required under section 18 and 19 of the Regulations.
- iii) **Paragraph 10 & 11** The Board has not determined the appointment of any Chief Financial Officer as required under section 22 of the Regulations. Further Qualification of Company secretary is not in compliance with the criteria specified under section 24 of the Regulations.
- iv) **Paragraph 12(a)** Audit committee does not include any independent Director as required under 27 (1) (i) of the Regulations. Further, the Company has not complied with requirements of 27 (1) (i), (ii) and (iv) for composition of audit committee and 27 (3) relating to terms of reference of audit committee of the Regulations.
- v) **Paragraph 12(b)** HR committee does not include any independent Director as required under 28 (1) of the Regulations.
- vi) **Paragraph 14** No meeting of HR and remuneration committee was arranged during the year.
- vii) **Paragraph 15** There is no internal audit function in the Company as required under section 31 of the Regulations. Further the Company has not determined the appointment of head of internal audit as required under section 23 of the Regulations.

Reanda Haroon Zakaria DCA
Reanda Haroon Zakaria & Company
Chartered Accountants

Engagement Partner
Farhan Ahmed Memon

Place: Karachi

Dated: 04 OCT 2022

UDIN:CR202210147InmAGZSow