



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Enforcement Department

[Islamabad]

Before Ashfaq Ahmed Khan, Director

Order

In the Matter of

M/S Crescent Steel and Allied Products Limited

Number and date of notice

EMD/233/420/2002-4769-70

Dated February 04, 2005

Date of Order

April, 04, 2005

The case before me pertains to the proceedings initiated against Crescent Steel and Allied Products Limited (hereinafter referred to as the “Company”) and its Chief Executive under Section 204-A of the Companies Ordinance, 1984 (the “Ordinance”).

2. In order to dispose of the aforesaid matter, it is necessary to go into the background facts leading to the issue of the show cause notice by the Enforcement Department of the Commission. It was noticed from examination of Annual Accounts of the Company for the year ended June 30, 2004 and relevant record at the Commission, that Mr. Tariq Aleem, besides being the Secretary of the Company is also working on the same position in the following listed companies:

Sr. No	Companies
01.	Crescent Standard Investment Bank Limited
02.	Crescent Commercial Bank Limited
03.	Shakarganj Mills Limited

3. The Company was asked to explain its position in this respect, which replied vide its letter dated January 8, 2005 and stated as under:



- i. Mr. Tariq Aleem is incharge of our Group Corporate Division (GCD), distinct from all other group activities to ensure the provision of quality corporate services to group companies at a single platform by eliminating conflict of interest of any nature.
- ii. The GCD has hired professionals with relevant experience. This set up was established two decades ago with concept of achieving quality of services, economy of scale and synergy. The role of Mr. Tariq Aleem is of a supervisory nature to oversee the functions of this division.

4. As the reply was not found satisfactory, the Enforcement Department apprehended violation of the statutory provisions of Section 204-A of the Ordinance and consequently, a show cause notice dated February 04, 2005 was issued to the Company and its Chief Executive, who *prima facie* had contravened the said provisions of the Ordinance.

5. The reply to the show cause notice was received from the Company, vide its letter dated March 22, 2005. The Company informed that the default has been rectified as they have appointed Mr. Mohammad Amin as new Company Secretary w.e.f. March 1, 2005 in place of Mr. Tariq Aleem. Certified copies of Form 29 and Board resolution were also provided in this regard. Since the Company has admitted the default by rectifying it, hearing was not considered necessary in the case.

6. Before proceeding further, it is necessary to refer to the provision of law, which has been violated by the Company. Section 204-A of the Ordinance requires that:

(1) A listed company shall have a whole time secretary and a single member company shall have a secretary possessing such qualification as may be prescribed.

7. The aforesaid provisions of law are clear and explicit. The objective of this provision is to improve corporate culture and bring good corporate governance by ensuring quality secretarial services for the corporate sector. The law requires that a



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listed Company shall have a whole time Company Secretary. Any person, who is also working at a similar position in any other company, cannot be considered a whole time employee. Therefore, he cannot be considered whole time Secretary for the Company.

8. As the Company has rectified the default, upon serving of the notice, I, taking a lenient view, condone the said default and advise the management of the Company to comply with the requirements of the Ordinance in its letter and spirit.

Ashfaq Ahmed Khan
Director (Enforcement)

Announced:
April 04, 2005
ISLAMABAD