

**SEC/Enforcement/366/2005/641**  
**December 7, 2005**

**By Courier Service**

Eagle Star Textile Mills Limited (Issuer)  
North Kattali, Chittagong-4217, Bangladesh

Directors  
Eagle Star Textile Mills Limited  
North Kattali, Chittagong-4217, Bangladesh

Managing Director  
Eagle Star Textile Mills Limited  
North Kattali, Chittagong-4217, Bangladesh

Company Secretary  
Eagle Star Textile Mills Limited  
North Kattali, Chittagong-4217, Bangladesh

**Subject: Non-compliance of securities laws – WARNING**

Eagle Star Textile Mills Limited vide letter No. ESTM/30/1743, dated July 30, 2005 has informed about closure of the share transfer book as well as 19<sup>th</sup> and 20<sup>th</sup> AGM of the company to SEC, but the issuer failed to mention the decision regarding dividend, if any.

The Commission, by the Notification No.SEC/CMRRCD/2001-14/24/Admin/03-03 dated November 26, 2001, gazetted on December 10, 2001, issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), has imposed the following conditions upon the issuers of securities, namely: -

“1. The board of directors of the issuer company of a listed security, while considering/adopting any audited financial statements, shall, in the same board meeting, also fix the date of relevant annual general meeting and take specific decisions with regard to:

(a) recommending or not recommending dividend for the shareholders on the basis of said financial statements; and

(b) the shareholders who shall be entitled for such dividend, if recommended.

2. The decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, cannot be changed prior to holding of the annual general meeting in terms of condition 1 above.”

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It appeared from the above that the issuer has violated the Commission's said Notification by not mentioning the decision regarding recommendation or non-recommendation of dividend.

The issuer's aforesaid failures/activities tantamount to non-compliance of the securities laws which appeared to be deliberate and clear contravention of the provisions of the Order mentioned above attracting penal provisions of the Securities and Exchange Ordinance, 1969.

A show cause-cum-hearing notice No.SEC/Enforcement/366/2005/453 dated September 1, 2005 was issued to the above persons to appear for hearing for non-compliance with the Commission's Notification, along with written explanations, on September 11, 2005.

The issuer through letter dated September 7, 2005 has explained that the Board of Directors' Meeting held on 1<sup>st</sup> June 2005 did not recommend any dividend for the year 2003-2004 as the company did not make any profit. Due to ignorance, the issuer has failed to mention the matter of non-recommendation of dividend in the disclosure for which they have regretted. They have also assured for compliance of laws in future.

The Commission, considering the admission of default, and assurance for future compliance with the securities laws, has decided to dispose of the proceedings against you by placing on record the Commission's dissatisfaction on the defaults/contraventions made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For the Securities and Exchange Commission

Mansur Alam  
Executive Director

Distribution:  
Chief Executive Officer, Dhaka Stock Exchange Ltd.  
Chief Executive Officer, Chittagong Stock Exchange Ltd.

Copy for information:  
Executive Director (R&D), SEC  
Executive Director (SRMID), SEC  
Director (MIS), SEC

Mansur Alam  
Executive Director

