

Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Meghna Shrimp Culture Ltd. is an issuer (herein after referred to as issuer);

Whereas, Meghna Shrimp Culture Ltd. declared interim dividend for the shareholders at 5% on September 30, 2002, which was to be paid off within 60 days of declaration in terms of the erstwhile CCI's Notification No. SRO 385-LAW/91 dated December 15,1991; being the order made under section 2G of the Securities and Exchange Ordinance, 1969;

Whereas, Bangladesh Shilpa Rin Sangstha through several letters informed the Commission that the issuer did not pay off the declared dividend worth Tk. 74,000.00 (on account of Bangladesh Shilpa Rin Sangstha) and worth Tk. 67,300.00 (on account of 1st BSRM Mutual Fund) to Bangladesh Shilpa Rin Sangstha despite repeated requests which shows that the issuer did not comply with the terms of the aforesaid Notification;

Whereas, the Commission through letter No.SEC/SRMID/94-194/93 dated April 04, 2004 rejected the request of the issuer for time extension of payment of dividend;

Whereas, it is assumed that the issuer declared dividend based upon its profits earned and/or available reserves & surpluses and that such declaration was made knowing the issuer's financial position at the time of declaration and also knowing that the dividend was to be paid off within 60 days, but it has not been complied with;

Whereas, the aforesaid non-compliance with the terms of the aforementioned Notification is a clear contravention of the provisions of section 2G of the Securities and Exchange Ordinance, 1969 which attract section 22 of the said Ordinance;

Whereas, a show cause notice No. SEC/Enforcement/114/2002/204 dated May 22, 2004 was issued to the issuer and its officials concerned for non-compliance with the terms of the erstwhile CCI's Notification No. SRO 385-Law/91 dated December 15,1991;

Whereas, in response to the said show cause, the issuer through letter No. MSCL/HO/2004-554 dated June 23, 2004 informed the Commission that the company could not pay the dividend due to disaster in business after the death of the Chairman and that they would be able to overcome this problem within next three months;

Whereas, explanation of the issuer was not considered acceptable because, as a business practice, the issuer declared dividend based upon its profits already earned and/or available reserves & surpluses and such declaration was made knowing the issuer's financial position at the time of declaration and also knowing that the dividend should be

paid off within 60 days, and also that it has no bearing upon non-existence of the company's office bearer;

Whereas, the issuer was called at hearing through notice No. SEC/Enforcement/114/2002/357 dated July 17, 2005 and the hearing was scheduled on August 8, 2005;

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Dated: January 5,

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Whereas, Mr. Fazlul Haque, Chief Accountant in charge and Mr. Nur Islam, Secretary in charge of Meghna Shrimp Culture Limited appeared at the hearing and mentioned that they were trying to pay off the dividend as soon as possible;

Whereas, the issuer, managing director and company secretary of the issuer is responsible payment of declared dividend;

Whereas, failure to pay of declared dividend in compliance with aforesaid notification is deliberate affecting the investors at large and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contravention should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969;-

- (1) hereby impose penalty of taka 1(one) lakh on each of the managing director and the company secretary of Meghna Shrimp Culture Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order; and
- (2) in the case of a continuing default, a further sum calculated at the rate of ten thousand taka for every day after the issue of such order during which the refusal, failure or contravention continues shall also be deposited with the Commission by each of the above persons in the manner mentioned in Para (1).

**For and on behalf of
the Securities and Exchange Commission**

**Dr. A B Mirza Azizul Islam
Chairman**

Distribution:

Managing Director, Meghna Shrimp Culture Ltd.,TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000

Company Secretary, Meghna Shrimp Culture Ltd.,TMC Building (8th Floor), 52, New Eskaton Road, Dhaka-1000