

SEC/Enforcement/212/2004/451
August 31, 2005

By Special Messenger
By Courier Service

1. Bangladesh Chemical Industries Limited, Plot#31, Road#53, Gulshan North C/A, Dhaka-1212.

2. Directors,
Bangladesh Chemical Industries Limited, Plot#31, Road#53, Gulshan North C/A, Dhaka-1212.

3. Managing Director,
Bangladesh Chemical Industries Limited, Plot#31, Road#53, Gulshan North C/A, Dhaka-1212.

Subject: Non-compliance of securities law in connection with holding of AGM in the year 2003-WARNING.

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) Bangladesh Chemical Industries Limited is an issuer (herein after referred to as "issuer").

As per condition (a) of the Notification bearing ref. No. SEC/SRMI/2000-953/1950 dated 24th October 2000, gazetted on 7 November 2000, 'The issuer companies shall hold their annual general meetings in each year of the Gregorian calendar' (imposed under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969) by the Securities and Exchange Commission), but the issuer has failed to comply with the same by not holding its AGM in the year 2003.

Failure to hold AGM in the said year is a clear violation/contravention of the above mentioned Notification which attracts penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

A show-cause notice dated 17/02/2004 was issued to the issuer/you for the said failure. In reply through letter dated 28/02/04, the issuer stated, among others, that it could not be possible to hold the AGM in the year 2003 due to non-completion of accounts, issuer was not in a position to finalize the accounts, preparation of accounts was beyond their control for various problem etc. which were not considered as acceptable grounds for not holding AGM in 2003. As such, the issuer's directors and the managing director were called for hearing on 19/10/2004, but none appeared at the hearing. Subsequently the issuer submitted a letter dated 21/10/2004 to SEC stating that they have advised their lawyer to file an application to the Hon'ble High Court division seeking permission for holding AGM in the year 2003, and requested SEC to postpone the hearing.

However, the Commission, after taking into consideration holding of the pending AGMs by the issuer on 14/05/2005, has decided to dispose of the proceedings against Bangladesh Chemical Industries Limited and others concerned for the stated violation, by placing on record the Commission's dissatisfaction on the default made by the company, its directors and its officials concerned, with a strong warning to ensure compliance of all securities related laws in future.

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Please note that this disposal does not absolve the issuer or any of its directors or officers concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said default.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.

Chief Executive Officer, Chittagong Stock Exchange Ltd.

Distribution:

Executive Director, (R & D), SEC

Executive Director, (CFD), SEC

Director, (MIS), SEC