

Directive

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) M/s Fahad Industries Limited is an issuer (hereinafter referred to as “issuer”);

Whereas, while according consent to the Initial Public Offering, the Commission has imposed certain conditions under section 2CC of the Securities and Exchange Ordinance, 1969 which includes among others, the following:

“ 11. The issuer shall furnish report to the Securities and Exchange Commission (hereinafter referred to as “ the Commission”) on utilization of IPO proceeds within 15 days of the closing of each quarter and the Commission may employ or engage any person to examine whether the issuer has utilized the proceeds for the purposes disclosed in the prospectus”;

Whereas, Page 9 of the Prospectus of M/s Fahad Industries Limited contain “Use of proceeds” which includes source and use of IPO proceeds, and that uses of fund includes purchase of 20 decimal land for an amount of Tk.25,00,000.00;

Whereas, the above mentioned purchase of land falls under the purview of section 7(4) of as defined in Public Issue Rules, 1998, issued under the Securities and Exchange Ordinance, 1969;

Whereas, M/s Fahad Industries Limited is an artificial juridical person and, as such, land owned by it must be registered in the name of M/s Fahad Industries Limited, not in the name of the Managing Director of the Company;

Whereas, it is revealed from records furnished to the Commission by the issuer that M/s Fahad Industries Limited has spent Tk: 26,69,000 from the IPO proceeds for purchase of said land registered in the name of Md. Illias Hossain, Managing Director, M/s Fahad Industries Limited, 6, Motijheel C/A, Bhuiyan Mansion, (5th Floor), Dhaka, vide deeds No.1703, 2713, 2747 and 4681 violating the above mentioned provisions of securities related law vis-a-vis the prospectus;

Whereas, the issuer’s aforesaid activities tantamount to non-compliance of the securities related law which appeared to be deliberate and clear contravention of the provisions of the securities laws and prospectus mentioned above attracting penal provisions of the Securities and Exchange Ordinance, 1969;

Whereas, the issuer’s aforesaid activities also reflects siphoning of the public fund affecting the interest of the general shareholders of the company as well as sustained growth of capital and securities markets of the country;

Whereas, protection of interests of investors in securities as well development of the capital market and securities markets are, among others, the objective of the Commission for which the Securities and Exchange Commission has been set up under the Securities and Exchange Commission Act, 1993 (Act No. XV of 1993); and

Whereas, in view of all above, the Commission deems it to be expedient that, in the interest of the investors in securities and the capital market as well, a directive to the above said issuer should be given for registration of the above mentioned land purchased with IPO proceeds in the name of the issuer company, i.e. “ M/s Fahad Industries Limited”.

Now, therefore, the Securities and Exchange Commission, in exercise its power conferred in it by section 20A of the Securities and Exchange Ordinance, 1969 (Act XV of 1969), hereby directs M/s Fahad Industries Limited and its directors to:-

- (1) Register the above mentioned land in the name of the issuer company, i.e.“ M/s Fahad Industries Limited”, instead of “Md. Illias Hossain, Managing Director, M/s Fahad Industries Limited”, without any additional cost on issuer company’s account, within 60 (sixty) days from the issuance of this directive; and
- (2) Submit the relevant documents of registration to the Securities and Exchange Commission within 7 (seven) days of the said registration.

By the order of the Commission

(Mansur Alam)
Executive Director

Distribution:

M/s Fahad Industries Limited
6, Motijheel C/A (4th Floor), Room No. 20, Dhaka-1000

Directors

M/s Fahad Industries Limited
6, Motijheel C/A (4th Floor), Room No. 20, Dhaka-1000

Managing Director

M/s Fahad Industries Limited
6, Motijheel C/A (4th Floor), Room No. 20, Dhaka-1000

Company Secretary

M/s Fahad Industries Limited
6, Motijheel C/A (4th Floor), Room No. 20, Dhaka-1000

Copy for information:

Registrar, Joint Stock Companies and Farms
Chief Executive Officer, Chittagong Stock Exchange
Executive Director (R&D), SEC
Executive Director (CFD), SEC
Director (CID), SEC
Director (MIS), SEC
PO to Member (Enforcement)