

SEC/Enforcement/500/2006/363

April 9, 2007

1. Quasem Drycells Limited, 107, Motijheel C/A, Dhaka-1000.
2. Directors, Quasem Drycells Limited, 107, Motijheel C/A, Dhaka-1000.
3. Managing Director, Quasem Drycells Limited, 107, Motijheel C/A, Dhaka-1000.
4. Company Secretary, Quasem Drycells Limited, 107, Motijheel C/A, Dhaka-1000.

Sub: Show-cause cum Notice for hearing: In connection with the mater of non-payment of declared dividend to a shareholder within the stipulated time-Warning.

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

The issuer is required to pay off declared dividend 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, but the issuer failed to comply with it by not paying the dividend declared on December 21, 2005 to Mr. Habibul Hoque (a shareholder) within February 19, 2006.

A show cause cum hearing notice dated August 3, 2006 was issued to the issuer and its directors as well as to the company secretary to explain the default and to appear at the hearing on August 24, 2006. Mr. Anwarul Islam, Director and Mr.Harun-or-Rashid, Controller of Accounts appeared at the hearing. They submitted a written explanation vide letter dated August 22, 2006 stating, among others, that they were fully aware to the regulation requiring by the issuing company and to dispatch dividend warrants to the shareholders within 60 days of holding of AGM. They published in the newspapers to collect the dividend warrants within the scheduled date, but some shareholders failed to collect the same. Remaining dividend warrants were dispatched to the shareholders at the recorded address which returned on the ground that the addressees were no longer staying at their address. Some shareholders also requested to issue duplicate dividend warrants which were not possible, because there was a possibility of double payment. In matter under reference, Mr. Habibul Haque who was the holder of 1,000 shares of the company admittedly received his dividend warrant and cashed the amount.

But it appeared from the company's envelope that the issuer dispatched the warrant to Mr. Habibul Hoque on April 24, 2006, i.e. after 2(two) months of the stipulated time.

The aforesaid non-compliance of the afore-mentioned Notification is a clear contravention of the provision of 2G of the Securities and Exchange Ordinance, 1969.

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However, the Commission, considering the subsequent payment of dividend, has decided to dispose of the proceedings against yourselves by placing on record the Commission's dissatisfaction on the default/contravention made by yourselves, 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 default.

For the 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.

Executive Director (R&D), SEC

Executive Director (SRMID), SEC

Director (MIS), SEC

Chairman's Office, SEC