

SEC/Enforcement/201/2003/346
March 30, 2006

The Managing Director
Al-Amin Chemical Industries Limited (Issuer)
Kulsum (3rd Floor)
40-41, Siddheswari Circular Road
Dhaka-1217

Sub: Non compliance of securities law-Warning

This refers to the Commission's show cause notice No SEC/Enforcement/201/2003/166 dated March 24, 2004 concerning dividend payment. Al-Amin Chemical Industries Limited in its 13th Annual General Meeting held on 24th December 2003 declared dividend @ 0.50 per share of Tk. 10.00 each for the year-ended 30th June 2003 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 15.12.1991; being the order made under section 2G of the Securities and Exchange Ordinance, 1969.

The Commission has imposed certain further conditions upon the said issuer under section 2CC of the Securities and Exchange Ordinance, 1969, at the time of IPO which reads, among others, "Dividend shall be payable within 60 (sixty) days of its declaration, failing which interest shall be payable @ 18% from the date of declaration and penal provision will also attract under the Securities and Exchange Ordinance, 1969".

The Commission through its letter No. SEC/SRMID/ 2002-1041/54 dated February 25, 2004 sought explanation from the managing director of the issuer under section 11 (2) of the Securities and Exchange Ordinance, 1969 regarding dividend notice and dividend warrant issued to a shareholder Mr. Manzur-A-Elahi wherefrom it is appeared that the issuer issued dividend warrant on February 19, 2004 for 25% only of the total payable dividend stating the rest 75% would be paid later on.

The issuer's managing director through letter dated February 25, 2004 submitted explanation, mentioning, among others, that among 341 ordinary shareholders, 298 shareholders were paid the dividend in full and that due to liquidity crisis at the moment 15 shareholders were paid 50% of the dividend and the rest 28 were paid 25%, which is beyond the scope of said Notification No. SRO 385-Law/91 dated 15.12.1991 as well as the said condition imposed under section 2CC of the Securities and Exchange Ordinance, 1969.

The aforesaid non-compliances with the terms of the Notification as well the said condition imposed under section 2CC of the Securities and Exchange Ordinance, 1969 attract section 22 of the said Ordinance, 1969.

A show cause notice No SEC/Enforcement/201/2003/166 dated March 24, 2004 was issued to the Managing Director of the issuer for the said non-compliances.

The issuer, in the reply letter dated April 7, 2004, has explained, among others, the following:-

- ?? Out of 341 ordinary shareholders, 298 shareholder were paid the dividend in full and due to liquidity crisis 15 shareholders were paid 50% of the dividend and 28 shareholders were paid 25% of the dividend.
- ?? They were not sufficiently aware to the Notification No. SRO. 385-Law/91 dated 15/12/1991.
- ?? They thought that payment of 18% interest for the delayed period would suffice to protect action for delaying the payment.
- ?? They would be able to overcome the crisis within June 2004 and pay the unpaid dividend along with 18% interest for the delayed period.

Subsequently, a notice of hearing No. SEC/Enforcement/201/2003/372 dated July 20, 2005 was issued to the Managing Director of the issuer. He appeared at the hearing on August 18, 2005 (rescheduled) and mentioned that the issuer paid of the declared dividend along with interest within June 21, 2004.

The Commission, considering the submissions made by the Managing Director of the issuer, has decided to dispose of the proceedings against the issuer and others concerned 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 the issuer or any of its directors or officers concerned from their lawful responsibilities/obligations to the person, if any, affected as a result of the issuer's above said defaults.

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.
Executive Director (R & D), SEC
Executive Director (SRMID), SEC
Executive Director (CFD), SEC
Director (MIS), SEC
Chairman's Office, SEC