

SEC/Enforcement/189/2003/347
March 30, 2006

The Managing Director
Beach Hatchery Ltd.
TMC Building (8th Floor)
52, New Eskaton Road
Dhaka- 1000

Sub: Non compliance of securities law-Warning

This refers to the Commission's show cause notice No. SEC/Enforcement/189/2003/205 dated May 23, 2004 was issued for non-compliance of the conditions in the prospectus imposed under section 2CC of the Securities and Exchange Ordinance, 1969.

The issuer has issued 8,000,000 15% preference shares of Tk. 10 per share each (at par) in 2001 and in the issuer's prospectus (P: 35 of the prospectus) the following, among others, were stated:

- ≪≪ The Company undertakes to pay dividend of 15% of Issue Price of Tk. 10 per share (i. e. Tk. 1.50 for each preference shares issued at par Tk. 10.00 per share over three years) to each holder of a Preference Share within 90 days of closure of the accounting year effective for three years commencing on accounting year 2002. The company shall hold a Book Closure to update its register of Preference Shareholders prior to the expiry of the 90 days of each accounting year.
- ≪≪ The Company shall undertake to complete all legal formalities to issue the dividend warrant of the preference shares prior to expiry of the said 90 days of each year.

In terms of the erstwhile CCI's Notification No. SRO 385-Law/91 dated 15.12.1991, dividend for the shareholders are to be paid off within 60 days of declaration and moreover conditions (in the prospectus) imposed under section 2CC of the Securities and Exchange Ordinance, 1969, among others, state that dividend, if declared, 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 (condition 8, page 1 of the prospectus of the issuer).

Dhaka Stock Exchange Limited, attaching a copy of letter of Beach Hatchery Ltd. ref: BHL/HO/2004-529 dated April 05, 2004 and paper advertisement regarding the same informed the Securities and Exchange Commission (SEC), among others, that, "... the stipulated time for the dividend disbursement of the company ended on 31-03-2004. Following our enquiry, the company declared the schedule date for dividend disbursement by 28 April 2004, which was informed to your good office promptly. Subsequently, we got a paper advertising dated April 6, 2004 regarding the same where the company announced the schedule date as 28 May 2004".

It appeared from above that the issuer has failed to comply with the condition of the prospectus regarding payment of 15% dividend i. e. Tk. 1.50 per share of Tk. 10.00 each to the preference shareholders of the issuer as well as the provisions of the securities laws regarding payment of dividend.

Aforesaid non-compliance appeared deliberate and clear contravention of the conditions in the prospectus imposed under section 2CC of the Securities and Exchange Ordinance, 1969.

A show cause notice No. SEC/Enforcement/189/2003/205 dated May 23, 2004 was issued to you for explaining the non-compliance.

In reply, the issuer through letter No. BHL/HO/2004-551 dated May 30, 2004 has furnished its explanation which includes, among others, the following:

Contd.....P/2

- ?? Mistakenly date of payment of dividend was printed as 28/05/2004, instead of 28/04/2005, in the newspaper. However, the mistake was corrected through amendment.
- ?? The issuer paid Tk. 1,06,40,000.00, out of Tk. 1,20,00,000.00, within May 30, 2004.

The issuer was also called for a hearing through notice No. SEC/Enforcement/189/2003 dated July 20, 2005. The hearing was held on August 8, 2005. In a written statement dated August 8, 2005 Mr. Wahid A. Chowdhury, Chairman of the issuer mentioned that the following:

“30tk tg 2004 Zwi tL Kugkbtk wj Lv Avgvt` i wPw bs we. GBP.Gj .GBP I/2004-551 tgZvteK 2003 mtj wWrfWU eve` 13,59,700/- Abv`vqx| BwZgta` wWrfWU ev`e GB Abv`vqx UvKvi `vexKZ/nwRiKZ mg-q UvKv tctgU Kiv nBqvtQ| G e`vcvti cDybw`mn we`wi Z Z` mEj Kugkbtk Rgv t` I qvi e`vcvti Avgiv A/2Kvi ex i wj vg| GZ`mspvs-compliance report G mt½ t` I qv nBte| Dfj L` wWrfWU cDvbt t`ixi gj` Kvi b wmpuz tkqvi gj` eve` cvl bv Abv`vqx_vKv|”

In another letter dated August 13, 2005 the issuer has mentioned the following:

- 1) 30tk tg 2004 G wj wLZ Avgvt` i cT bs-we GBP Gj /GBP I/2004-551 G Avgiv mefgvU 1,06,40,300.00 (GK tKwU Oq j` j` Pwj k nRvi wZbkZ) wWrfWU LvZ cDvb cZ`vqb Kwi qmQ|
- 2) cieZkZ 10B Rj vB 2004 wj wLZ Avgvt` i cT bs-we GBP Gj /GBP I/2004-563 G Avgiv Avtiv 5,25,000.00 (cuP j` j` cuPk nRvi) A`fr mefgvU 1,11,65,300.00 (GK tKwU GMtiv j` j` cqlwE nRvi wZbkZ) wWrfWU cDvb cZ`vqb Kwi qmQ|
- 3) 11B Rj vB 2004 nBtZ 31.10.2004 mgq Kvtj Avgiv Avtiv 3,73,500.00 (wZb j` j` wZqvEi nRvi cuPkZ) A`fr mefgvU 1,15,38,800.00 (GK tKwU c`bi j` j` AvUw k nRvi AvUKZ) wWrfWU LvZ cDvb Kwi qmQ hrvvi `ct` e`vsK tOUtgU GZ`mstM mshj³ Kiv nBj |
- 4) ev` evKx 6,61,200.00 me`ybxZ tkqvi tnvi vi e` Dc`vcb Kiv gvT B Avgiv tctgU Kwi tZ cDvZ |
- 5) GmBim KZK wbafrxZ QtK KgcvtqY w`tclU`Avgiv KtclU` wdbvY wfvM G Rgv w`tclU hvi Abj w` 08.08.2005 Bs Gi i bvbxi w`vS-tgvZvteK GZrm½ mshj³ Kiv nBj | “

The Commission, considering the all above, has decided to dispose of the proceedings against you 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 persons, if any, affected as a result of the issuer’s above said defaults, including change in its record date concerned.

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