SEC/Enforcement/2094/2014/337
July 20, 2014 **By Special Messenger**

Managing Director
AMAN Cotton Fibrous Limited
2, Ishakha Avenue, Sector-06
Uttara, Dhaka-1230

Subject: Penalty Order: Non compliance of Securities Law by submitting fake land documents relating to IPO

Dear Sir,

Commission's penalty order No. SEC/Enforcement/2094/2014/336 July , 2014 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement)

Distribution:
Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited

Copy for information:
P.O to Commissioner (Enforcement), BSEC
P.O to Executive Director (CI), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC

Order

Whereas, as per section 2 (cc) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) "Commission" means Bangladesh Securities and Exchange Commission constituted under Securities and Exchange Commission Act 1993;

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Aman Cotton Fibrous Limited is an "issuer" (here in after referred to as "issuer");

Whereas, on the basis of the observation report of the Commission regarding land documents submitted by Aman Cotton Fibrous Limited for IPO purpose, a show cause-cum-hearing notice No. SEC/Enforcement/2094/2014/239 dated dated: May 22, 2014 was issued to Aman Cotton Fibrous Limited to appear at the hearing accusing for violating Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969. Hearing has been conducted with the accused. In the show cause-cum-hearing notice following have been mentioned among others;-

Quote

Whereas, as per Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006, "If any issuer or its representative violates any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Securities and Exchange Commission may take appropriate action under the Securities and Exchange Ordinance, 1969."

Whereas, as per section 18 of the Securities and Exchange Ordinance, 1969, "No person shall, in any document, paper, accounts, information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to believe to be false or incorrect in any material particular";

Whereas, the Commission asked vide Commission's letter no. SEC/CI/IPO-202/2012/53 dated January 23, 2013 the company to submit valid rent receipt and mutation of land shown in the land schedule but the company submitted those documents doing duplication and alteration, the details of which are as follows:

(a) Rent receipt

Receipt No.	date	Location of the ladn	Dag No.	Khatian No.	Area of land
R 088946	16-05-13	Mouza-Shripur, Thana-Shripur, Dist-Gazipur	1843/7740,7746,7742 &7743	466/937	70.75 decimals
R 088946	16-05-13	Mouza-Shripur, Thana-Shripur, Dist-Gazipur	1843/7757	477/329	5.52 decimals

Remarks: The issuer company has prepared 2nd document duplicating 1st one altering Dag No. , Khatian No. and area of land.

(b) Mutation/ DCR

Book No.	Page No.	date	Location of the ladn	Khatian No.	Dag No.	Area of land
23537	12	23-05-12	Bairagichala,thana- Shripur, Dist-Gazipur Mouza- Kewa	573/626	1971/12660	64 decimals
23537	12	23-05-12	Bairagichala,thana- Shripur, Dist-Gazipur,Mouza- Kewa	806/71	1962/12584	24 decimals

Remarks: The issuer company has prepared 2nd document duplicating 1st one altering Dag No. , Khatian No. and area of land.

(c) Khatian page No.

J L No.	date	Khatian No.	Dag No.	DCR No. & date	Jot No.	Area of land
7	19-04-14	573/626	1971/12660	235537 dt-23-05-12	485	64 decimals
7	19-10-12	06/71	1962/12584	-----------	520	24 decimals

Remarks: The issuer company has prepared 2nd document duplicating 1st one altering date, khatian no., Dag No. , DCR No., Jot No. and area of land;

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and section 18 of the Securities and Exchange Ordinance, 1969, and attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969;

Unquote

Whereas, Mr. Md.Rabiul Haque (Director, AMAN Cotton Fibrous Limited) has attended the hearing. He has submitted a letter to the Commission, wherein the following have been stated among others;

Quote

Aman Cotton Fibrous Limited which is one of entities belongs to Amin Group. In Aman Group there are as many as 18 companies having been engaged in different trade and businesses covering Cement, Agricultural, Composite Textile, Trading, Cold Storages, Steel, Poultry & Hatchery etc. The total turnover of the Group for the year 2013 was approximately Tk. 3,000.00 Crore. In the group more than 11,000 employees have been working. Business of Aman Group has been growing remarkably during last couple of years. Aman Group making considerable revenue to the Government every year and thus making a signification contribution in national economy.

Keeping in mind the future prospects of its entites, Aman Group has been purchasing land for its manufacturing unites and entities. So far Aman Group purchased totally 33329.65 decimals of land in the name of its different growing concerns, their directors for the purpose of expansions of the projects. Out of the above total quantam of land 663.34 decimal land has been purchased in the name of Aman Cotton Fibrous Limited.

It is pertinent to mention that in acquirign and purchasing those land Aman Group took help and assistance of differnet people (including local middle man) right from commencing identification of the land and negotiation of price, preparation for documentation and thereafter completion of the registration process.

Since we do not have any dedicated department to do all the above work, we had to outsource the services of differnet experts in relevant fields like consolitation of title docucments, for vetting of those documents, completion of registration and thereafter of land in purchaser's names etc.

During the review process of IPO, we have submitted the relevant doucments relating to 663.34 decimal of land including **DCR, mutated khatians, rent receipts etc.** Subsequently, in the process of our verification, it was revelared that the documents relating to 56.34 Decimals (Rent receipt, DCR and Mutation relating to 5.52, decimals 26.82 decimals and 24.00 decimals) were in fact not in order but those were provided by locally assigned/engaged people. In these circumstances, we have instantly we took step and obtained the authentic papers and submitted those authentic papers to BSEC under cover of of our letter dated 28.04.2014 for its kind consideration. An acknowledged receipt of our said letter dated 28.04.2014 is enclosed herewith (**Annexure - A**).

We had all along relied, considering the socio-economic condition, upon certain people in getting the work done. As usual we had in the present case we had also relied upon certain outsourced poeople in obtaining the aforesaid documents from concerned authorities, but certain discrepancies were revealed. **But due to submission of those paper in hasty, we could not verify those papers before their submission to the BSEC**. We have initiated an appropriate legal action against those assigned outsourced people.

Since we relied upon certain people in obtaining those documents and for the reasons of hasty submission thereof we could not identify the mistake earlier. The above mistake and omission on our part was an inadvertent, unintentional and benefide and we had no intention to deceive any one including the existing and potential Shareholders of the company. **We apologies for the above unintentional, bonafide and inadvertent mistake and omission**.

We would like admit here that with the relentless effort of the management for more than a decade, **AMAN GROUP** has become a very reputed name and brand known both locally and abroad. We undertake that we would be more careful in the future in this respect. The updated documents of the relevant land are attached herewith as Annexure – B for your kind consideration.

In these circumstances, we would humbly pray that your honour would graciously be pleased to accept our apology, regard this as a sufficient and satisfactory reply; exonerate us for the allegations raised in your above notice; consider the documents we submitted under cover of our letter dated 28.04.2014 and approve the prospectus and oblige thereby.

Unquote

Whereas, as per Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006, “If any issuer or its representative violates any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Securities and Exchange Commission may take appropriate action under the Securities and Exchange Ordinance, 1969.”

Whereas, as per section 18 of the Securities and Exchange Ordinance, 1969, “No person shall, in any document, paper, accounts, information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to believe to be false or incorrect in any material particular”;

Whereas, the issuer's IPO for 2,50,00,000 ordinary shares for Tk.75,00,00,000/- is under process.

Whereas, from the observation report of the Commission and the written confession of the issuer it is found that **the issuer** has submitted fabricated Mutation, DCR and Rent Receipt to the Commission. They have prepared fake documents by fabricating Dag **No. , Khatian No., area of land, date, DCR No., Jot No. of land in other submitted documents.** All those fabricated documents have been attested by the Managing Director of the issuer company.

Whereas, the issuer has explained that they have collected land documents through some assigned outsourced people and in hasty they have submitted the fake documents to the Commission.

Whereas, what they have said is completely dissatisfactory. Without seeing the original, Managing Director has attested the fake document and sent it to the Commission. This is a very serious offence. Because the company is going to issue 2,50,00,000 ordinary shares for Tk.75,00,00,000/- . There is no way to submit any fake document for IPO purpose to the Commission.

Whereas, from the observation report of the Commission and the written confession of the issuer it is **proved** that the allegation of Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969 against the issuer is **correct**. The issuer's explanation in this regard is not acceptable to the Commission.

Whereas, the issuer's aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969 attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

Whereas, to protect the discipline and transparency of the capital market along with its development the Commission deems it appropriate and necessary to impose penalty upon Aman Cotton Fibrous Limited (issuer).

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by section 22 (amended by the Securities and Exchange (Amendment) Act, 2000) of the Securities and Exchange Ordinance, 1969 (XVII of 1969) hereby imposes penalty for Tk.05.00 (Tk.Five) Lac upon Aman Cotton Fibrous Limited (issuer) which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Bangladesh Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Bangladesh Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution

Managing Director/CEO
AMAN Cotton Fibrous Limited
2, Ishakha Avenue, Sector-06
Uttara, Dhaka-1230