

**SEC/Enforcement/2160/2014/49**  
**February 19, 2015**

By Special messenger

Managing Director  
AA Rashayan Shilpa Limited  
Kulsum (3rd floor)  
40-41, Siddheswari Circular Road  
Dhaka-1217

**Subject: Penalty Order: Non-compliance of securities related laws in connection with capital raising.**

Dear Sir,

Commission's penalty order No. SEC/Enforcement/2160/2014/48 dated February 19, 2015 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 Bangladesh Securities and Exchange Commission Act 1993;

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), AA Rashayan Shilpa Limited (a non listed public limited company) is an “issuer” (here in after referred to as "issuer");

Whereas, on the basis of the observation report of the Capital Issue Department of BSEC regarding non-compliance of securities related laws in connection with capital raising, a show cause-cum-hearing notice No. SEC/Enforcement/2160/2014/696 Dated: November 20, 2014 was issued to AA Rashayan Shilpa Limited to appear at the hearing accusing for violating **1.** Section 2A of Securities and Exchange Ordinance, 1969 by not obtaining prior consent of the Commission for raising paid up capital beyond exempted limit. **2.**Notification no.SEC/CMRRCD/2009-193/114/Admin dated October 02,2011 by not submitting offer document/Information memorandum that need to be prepared, processed and filed with the Commission through a Merchant Banker for prior consent of the Commission to raise paid up capital from the persons other than existing shareholders. Hearing has been conducted with the accused. In the show cause-cum-hearing notice following have been mentioned among others;-

**Quote**

Whereas, as per Section 2A of Securities and Exchange Ordinance ,1969 a public limited company requires to obtain prior consent from the Commission for raising paid up capital beyond exempted limit.

Whereas, as per Notification no.SEC/CMRRCD/2009-193/114/Admin dated October 02, 2011 a public limited company requires to submit offer document/Information memorandum need to be prepared, processed and filed with the Commission through a Merchant Banker for prior consent of the Commission to raise paid up capital from the persons other than existing shareholders.

Whereas, Capital Issue Department, BSEC has reported that-

AA Rashayan Shilpa Limited (a non listed public limited company) has raised paid up capital four times. For the 1st and 3rd time they have raised paid up capital without prior consent of the Commission. Later on they have obtained post facto approval from the Commission. For the 4th time they have raised paid up capital from existing and other than existing share holder by their own instead of appointing Merchant banker without getting prior consent of the Commission. After raising paid up capital they have applied to the Commission for post facto approval through a merchant banker.

**Contravention:** AA Rashayan Shilpa Limited has violated

1. Section 2A of Securities and Exchange Ordinance, 1969 by not obtaining prior consent of the Commission for raising paid up capital beyond exempted limit.

2. Notification no. SEC/CMRRCD/2009-193/114/Admin dated October 02, 2011 by not submitting offer document/Information memorandum that need to be prepared, processed and filed with the Commission through a Merchant Banker for prior consent of the Commission to raise paid up capital from the persons other than existing shareholders

**Unquote**

Whereas, Mr. Syed Ashiq (Managing Director, AA Rashayan Shilpa Limited) and Mr. Md. Motasim Billah (Company secretary, AA Rashayan Shilpa Limited) have attended the hearing. They have submitted an explanation letter no. NIL dated August 24, 2014 to the Commission. In the letter they have stated the following among others;

**Quote**

পরিশোধিত মূলধন বৃদ্ধির ব্যাপারে কোম্পানীর পরিচালনা পর্ষদে সিদ্ধান্ত গৃহীত হওয়ার পরে তৃতীয় ও চতুর্থবার যথাক্রমে ৭৫.০০ ও ২১৬.০০ লক্ষ টাকা বৃদ্ধি হয়েছে বলে বার্ষিক অডিট রিপোর্টে প্রদর্শন করা হয়। এটা আমাদের ভুল ধারণা প্রসূত সিদ্ধান্ত। এই অজ্ঞতার জন্য আমরা দুঃখিত। ভবিষ্যতে আপনাদের কনসেন্ট পাওয়ার পর জয়েন্ট স্টক কোম্পানীজ এন্ড ফার্মস্ এ পরিশোধিত মূলধন উন্নীত করে অডিট রিপোর্টে প্রদর্শন করা হবে। পরবর্তীতে এ বিষয়ে অবশ্যই সতর্কতা অবলম্বন করা হবে এবং এ ঘটনার পুনরাবৃত্তি হবেনা। তবে অডিট কোম্পানী এ বিষয়ে সতর্কতা অবলম্বন করলে এ ধরনের ভুল হত না।

Whereas, AA Rashayan Shilpa Limited (a non listed public limited company) has raised paid up capital four times. For the 1st and 3rd time they have raised paid up capital without prior consent of the Commission. Later on they have obtained post facto approval from the Commission. For the 4th time they have raised paid up capital from existing and other than existing share holder by their own instead of appointing Merchant banker without getting prior consent of the Commission. After raising paid up capital they have applied to the Commission for post facto approval through a merchant banker.

Whereas, the issuer has committed the same violation several times. Therefore it is treated as deliberate contravention of 1. Section 2A of Securities and Exchange Ordinance, 1969 by not obtaining prior consent of the Commission for raising paid up capital beyond exempted limit and 2. Notification no.SEC/CMRRCD/2009-193/114/Admin dated October 02,2011 by not submitting offer document/Information memorandum that need to be prepared, processed and filed with the Commission through a Merchant Banker for prior consent of the Commission to raise paid up capital from the persons other than existing shareholders.

Whereas, the issuer's explanation regarding the contravention has no merit thus treated as unacceptable to the Commission.

Whereas, the issuer's aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Condition no.1 (imposed under Section 2CC of Securities and Exchange Ordinance, 1969) of the commission's consent letter no.SEC/CI/CPLC-310/2011/27 dated January 09,2014 and Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 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 AA Rashayan Shilpa 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 2.00. (Tk.Two) Lac upon AA Rashayan Shilpa 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

Md.A.Salam Sikder  
Commissioner

Distribution

Managing Director  
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40-41, Siddheswari Circular Road  
Dhaka-1217