

SEC/Enforcement/488/2006/989
September 11, 2006

Nor-Pearl Knitwear Ltd. (Issuer)
133/1, New Bailey Road, Dhaka-1000

Directors
Nor-Pearl Knitwear Ltd.
133/1, New Bailey Road, Dhaka-1000

Managing Director
Nor-Pearl Knitwear Ltd.
133/1, New Bailey Road, Dhaka-1000

Company Secretary
Nor-Pearl Knitwear Ltd.
133/1, New Bailey Road, Dhaka-1000

Sub: Non-compliance with securities laws in connection with raising of paid up capital:
Warning

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Nor-Pearl Knitwear Ltd. is an issuer (herein after referred to as “issuer”).

As per section 2A (2)(a) of the said Ordinance, no company shall make an issue of capital in Bangladesh without prior consent of the Commission.

Rule 3 (1) of the Securities and Exchange Commission (Issue of Capital) Rules, 2001, as amended, reads as under:

“A company (hereinafter referred to as the applicant) intending to issue capital in Bangladesh shall make an application to the Securities and Exchange Commission for consent.”.

It appeared from the letter dated March 12, 2006 of Nor-Pearl Knitwear Ltd. that the issuer would raise its paid up capital from Tk.2,90,00,000.00 to Tk.19,53,56,800.00 on or before March 30, 2006, for which the permission of the Commission was sought by the issuer.

The Commission issued a letter No.SEC/CI/CPLC (PVT.)-87/2006/421 dated May 2, 2006 to the company requesting to submit some information. In reply, the company submitted another letter dated May 9, 2006, mentioning, among others, that it issued 19,53,568 shares amounting to Tk. 19,53,56,800.00 on March 15, 2006.

It is evident from the above that the issuer already raised capital without Commission’s prior consent/approval.

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The issuer's aforesaid activities tantamount to non-compliance of the securities laws which appeared to be deliberate and clear contravention of the provision of the rule mentioned above, read with the provision of the Securities and Exchange Ordinance, 1969, attracting penal provisions of the said Ordinance.

A show cause cum hearing notice No.SEC/Enforcement/488/2006/838 dated July 27, 2006 was issued to yourselves to appear at hearing and to explain the default. The hearing was conducted on August 21, 2006.

The person appeared at hearing submitted a letter dated August 20, 2006 mentioning, among others, that due to lack of awareness of the Commission's gazetted notification, no prior approval was taken for raising the paid up capital. They also sought exonerate for the matter.

The Commission, considering the all above, has decided to dispose of the proceedings against yourselves by placing on record the Commission's dissatisfaction on the default/contravention made by you, 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 defaults.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Registrar of Joint Stock Companies and Firms, 24-25, Dilkusha C/A, Dhaka-1000
Executive Director (R &D), SEC
Director (CID), SEC
Director (MIS), SEC
Chairman's Office, SEC