

SEC/Enforcement/356/2005/ 648
December 7, 2005

Modern Industries Limited (Issuer)
21, Dilkusha C/A (1st Floor), Dhaka -1000

Directors
Modern Industries Limited, 21, Dilkusha C/A (1st Floor), Dhaka-1000

The Managing Director
Modern Industries Limited, 21, Dilkusha C/A (1st Floor), Dhaka-1000

The Company Secretary
Modern Industries Limited, 21, Dilkusha C/A (1st Floor), Dhaka-1000

Subject: Non-compliance of securities laws – WARNING

Modern Industries Limited, through letter dated June 6, 2005, provided information to SEC about closure of the share transfer book as well as 38th AGM of the company. But, the issuer has failed to mention the date and time of board meeting in which the said decision was taken.

The Commission by the Notification No.SEC/CMRRCD/2001-14/24/Admin/03-03 dated November 26, 2001, gazetted on December 10, 2001, issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969), has imposed the following conditions upon the issuers of listed securities, namely: -

“1. The board of directors of the issuer company of a listed security, while considering/adopting any audited financial statements, shall, in the same board meeting, also fix the date of relevant annual general meeting and take specific decisions with regard to:

- (a) recommending or not recommending dividend for the shareholders on the basis of said financial statements; and
- (b) the shareholders who shall be entitled for such dividend, if recommended.

2. The decision about recommending or not recommending dividend and entitlement for such dividend, if recommended, cannot be changed prior to holding of the annual general meeting in terms of condition 1 above.”

The Commission’s Order No. GmBim/GmAviGgAvBim/2000-985/2248/c002/1 Zwi Lt 19 W/m=1, 2000 Bs gazetted on 25.02.2001, also reads as under:

mmKDwiUR I G- tPÄ Kugkb (mjeavtfvMx-e'emv wbl xKiY) cdeavbgjv, 1995 Gi cdeavb 3, Dc-cdeavb(2) G c0É ¶lgZvejt Kugkb GZ0viv gj "mste`bkxj Z_" mieivtñi wbtæv³ c×wZ wba¶Y Kwij, h_vt-

- (1) óK G- tPÄ Zvj KvF³ c0ZwU mmKDwiU BmjKvix Drvi tKvb gj "mste`bkxj Z_" mskó wcltq wmvS-MhYi wfk wubtUi gta` wKsev Z_wU Drvi tMvPti Avmvi Zwi tLB Zvr¶WYKfvte Drvi tPqvi g'vb, c0vb wbe¶x KgKZ¶ ev tKv=úvbx mPe Gi "¶¶ti wj wLZfvte GKB mvt_ mmKDwiUR I G- tPÄ Kugkb Ges mskó óK G- tPÄ (hw` Dfq G- tPÄ Zvj KvF³ _vtK Zte GKB mvt_ Dfq G- tPÄ) Gi woku d'v- I wetkl evZ¶evnK gvi dZ, ¶¶¶wetktl Kwivqi mvr¶¶thv¶M, t0Y Kwite; Ges D³ Z_" `BwU euj cPwi Z % wK cwi¶ Kvql (GKuU evsj v Ges Aci wU Bsti Rx) Awej t^cKvkvb wbu0Z Kwite;
- (2) Zvj KvF³ mmKDwiU BmjKvix KZK t0ti Z I cKwKZ D³jfc Z_wU tZ BmjKvixi cwi Prj bv c1¶ i wmvS-MhYi Zwi L I mgq, wKsev ¶¶¶gtZ Z_wU Drvi tMvPti Avmvi Zwi L, D¶j-L KwitZ nBte;

(3) মস্কর ÷ K G- tPÁ D³ Z_ cWBS gvT B Z_ wU wDR gwBUti i gva`tg cPvi Kwi te|0

It appeared to the Commission that the issuer has failed to disclose the above matters as per the provisions of the said Order No. GmBim/GmAvi GgAvBwW/2000-985/2248/c02/1 Zwi Lt 19 wWtm=†, 2000 Bs, gazetted on 25.02.2001 and Notification No. SEC/CMRRCD/2001-14/24/Admin/03-03 dated November 26, 2001, gazetted on December 10, 2001.

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

A show cause-cum-hearing notice No.SEC/Enforcement/356/2005/448 dated August 31, 2005 was issued to the above persons for non-compliance with the said Order No. GmBim/GmAvi GgAvBwW/2000-985/2248/c02/1 Zwi Lt 19 wWtm=†, 2000 Bs, gazetted on 25.02.2001 and Notification No. SEC/CMRRCD/2001-14/24/Admin/03-03 dated November 26, 2001, gazetted on December 10, 2001. The above Notifications require the issuer to disclose price sensitive information in the manner prescribed in the above mentioned Notifications.

The issuer through letter dated September 11, 2005 sought unconditional apology for not mentioning the date and time of the Board Meeting wherein no dividend was recommended. They also stated that this was an unintentional mistake and has confirmed that this will not recur in future.

The Commission, considering your admission of default and assurance for future compliance with the securities laws, 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 you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For the Securities and Exchange Commission

Mansur Alam
Executive Director

Distribution:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.

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Mansur Alam
Executive Director