

**SEC/Enforcement/524/2006/1198**  
**December 6, 2006**

**By Special Messenger**

Monno Jute Stafflers Ltd. (Issuer)  
9, Wyre Street, Wari, Dhaka-1203

Directors  
Monno Jute Stafflers Ltd.  
9, Wyre Street, Wari, Dhaka-1203

Managing Director  
Monno Jute Stafflers Ltd.  
9, Wyre Street, Wari, Dhaka-1203

Company Secretary  
Monno Jute Stafflers Ltd.  
9, Wyre Street, Wari, Dhaka-1203

Sub: **Non compliance of securities law concerning retention of auditor for a consecutive period exceeding three years: Caution**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Monno Jute Stafflers Ltd. is an issuer (herein after referred to as “issuer”).

Clause (b) of the Commission’s Order No.SEC/CFD-71/2001/Admin/02/05 dated January 3, 2002, gazetted on January 30, 2002, reads as follows:

“The issuer company shall not appoint any firm of chartered accountants as its statutory auditor for a consecutive period exceeding three years:

Provided that this provision shall not apply in the case of auditors who will have audited consecutively for three years upon completion of their current assignment:

Provided further that the issuer may continue with the existing statutory auditor subject to the clearance of the Commission if it recommends at least 10% dividend on the face value/paid up capital or 7.5% on the net worth, whichever is higher, for the year immediately preceding the year for which the statutory auditor is appointed.”

It appeared from record that Monno Jute Stafflers Ltd. appointed M/s. A. Wahab & Co., Chartered Accountants as statutory auditor for three years which expired in 2001. Subsequently, the company applied for retaining the same auditor for the year 2002, accordingly the Commission, vide letter No.SEC/CFD/3:9/99/297 dated June 4, 2002 provided clearance. But, it further appeared that the company retained the same auditor for the years 2003, 2004 and 2005 without prior clearance of the Commission.

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Above appointment, without the Commission's clearance, is violation of the aforesaid order issued under section 2CC of the Securities and Exchange Ordinance, 1969.

The Commission vide its letter No.SEC/CFD/3:9/99/2713/2738 dated August 13, 2006 requested the issuer to submit its explanations. In reply, the issuer submitted a letter No.MJS/676/2006/080 dated August 23, 2006 mentioning, among others, that the issuer presumed that as they got the clearance for re-appointment the existing auditor, they might continue with the same auditor for the years 2003, 2004 and 2005, which was misunderstanding and unintentional mistake. The issuer also requested to forgive for the said mistake and assured that such mistake would not repeat in future.

The Commission, considering the above, has decided to condone the non-compliance of the issuer and to dispose of the proceedings against them with caution for the stated violation.

Please note that this disposal does not absolve the issuer or any of its directors or officials concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said defaults.

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 (CFD), SEC  
Director (MIS), SEC  
Chairman's Office, SEC