

**SEC/Enforcement/300/2005/336**

July 11, 2005

1. Quasem Silk Mills Limited, 107, Motijheel C/A, Dhaka-1000.
2. Directors, Quasem Silk Mills Limited, 107, Motijheel C/A, Dhaka-1000.
3. The Managing Director, Quasem Silk Mills Limited, 107, Motijheel C/A, Dhaka-1000.
4. The Company Secretary, Quasem Silk Mills Limited, 107, Motijheel C/A, Dhaka-1000.

**Subject: Non-compliance of securities laws in connection with holding of AGM in 2004-WARNING.**

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) Quasem Silk Mills Limited is an issuer (herein after referred to as "issuer").

As per condition (a) of the Notification No. SEC/SRMI/2000-953/1950 dated 24<sup>th</sup> October 2000, gazetted on 7 November 2000, 'The issuer companies shall hold their annual general meetings in each year of the Gregorian calendar' (imposed under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969) by the Securities and Exchange Commission), but the issuer failed to comply the same by not holding its AGM in 2004.

Subsequently, a directive vide No. SEC/Enforcement/300/2005/14 dated January 12, 2005 was issued under section 20A of Securities and Exchange Ordinance, 1969 to Quasem Silk Mills Limited and its directors, including the Managing Director and the Company Secretary for holding its Annual General Meeting defaulted in the year 2004 within 60 days, i.e. by 12/3/2005 which the issuer also failed to comply with.

A show-cause notice was issued on 16/03/05 to the issuer and its directors for non compliance of SEC Directive. The reply given by the issuer through letter dated 21/03/05 that the factory machines of the project became obsolete and, as such, it has been forced to be closed, no income of the project accrued and it's suffering serious liquidity crisis etc. which was not considered acceptable. Thereafter, the issuer's individual directors, including managing director were called for hearing on 12/4/2005.

Failure to hold the AGM for the year 2004 within the stipulated time as well as failure to comply with the SEC directive are clear violation/contravention of the above mentioned Notification/directive which attract penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

However, the Commission, after considering holding of the AGM on 26/05/2005 by the issuer, has decided to dispose off the proceedings against Quasem Silk Mills Limited and others concerned for the stated violation, by placing on record the Commission's dissatisfaction on the defaults made by the company, its directors and its officials concerned, with a warning to ensure compliance of all securities related laws in future.

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.

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