

**SEC/Enforcement/303/2005/316**

June 30, 2005

By Special Messenger

By Courier Service

1. Mona Food Industries Limited, Krishnachura-2, House No.128, Block-KH, Road No.1 Pisciculture Housing Society, Shamoli, Dhaka.
2. Directors, Mona Food Industries Limited, Krishnachura-2, House No.128, Block-KH, Road No.1 Pisciculture Housing Society, Shamoli, Dhaka.
3. Managing Director, Mona Food Industries Limited, Krishnachura-2, House No.128, Block-KH, Road No.1 Pisciculture Housing Society, Shamoli, Dhaka.

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

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) Mona Food Industry 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 company has failed to comply it by not holding AGM in the year 2004.

Failure to hold the AGM in the year 2004 is a clear violation/contravention of the above mentioned Notification which attract penal provision section 22 of the Securities and Exchange Ordinance, 1969.

Subsequently, a Directive vide No. SEC/Enforcement/301/2005/16 dated January 12, 2005 was issued under section 20A of Securities and Exchange Ordinance, 1969 to Mona Food Industry Limited and its directors, including the Managing Director, 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 for non compliance of SEC Directive. The reply given through letter dated 22/03/05 to the effect that increase price of raw materials, incurring huge loss, in terms of low volume sales, non completion of accounts etc. were not considered acceptable by the Commission. Thereafter, the issuer's individual directors and the managing director were called for hearing on April 12, 2005. Engr. Zaheed Hossain, Managing Director of the issuer appeared for hearing on the said date. The issuer's managing director did not provide any convincing ground for non-holding of AGM in the year 2004.

The Commission then decided to penalize the individual directors of the issuer under section 22 of the Securities and Exchange Ordinance, 1969 for the stated default. Accordingly, penalty order No.SEC/Enforcement/303/2004/216 dated 10/15 May, 2005 was issued.

Subsequently, the issuer through letter dated 17/05/2005 submitted a review petition stating that the Company has held its pending AGM on 31/05/2005 and requested for waiver of the penalty.

After considering the said petition of the issuer under section 26 of the Securities and Exchange Ordinance, 1969, the Commission has decided to waive the penalty imposed upon the individual directors vide the said Order No.SEC/Enforcement/303/2004/216 dated 10/15 May, 2005 and to dispose of the proceedings against Mona Food Industry 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.

Please note that this disposal does not absolve the issuer or any of its directors or officers 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.

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