

SEC/Enforcement/151/2002/375

July 23, 2005

By Special Messenger

By Courier Service

1. Directors, Meghna Condensed Milk Industries Ltd. 55, Purana Paltan, Dhaka-1000
2. Directors, Meghna Condensed Milk Industries Ltd. 55, Purana Paltan, Dhaka-1000
3. The Managing Director, Meghna Condensed Milk Industries Ltd., 55, Purana Paltan, Dhaka-1000

Subject: Non-compliance of securities laws in connection with the submission of half yearly financial statements for the half year ended on December 31 ,2003-WARNING.

As per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) Meghna Condensed Milk Industries Ltd. is an issuer (herein after referred to as "issuer").

As per rule 13 of the Securities and Exchange Rules, 1987, issued under the above Ordinance as amended through the Notification No. SEC/LSD/SER-1987/149 dated 4th January 2000, gazetted on 16 February 2000, the issuer is required, within one month of close of the first half year, to transmit to the stock exchange in which its securities are listed, to the security holders and to the Commission the half yearly financial statements which shall be prepared in the same manner and form as the annual financial statements which the issuer failed to comply with by not submitting the half yearly financial statements for the half year ended on December 31, 2003.

Failure to submit the said financial statements within the stipulated period is a clear violation/contravention of the above mentioned rule which attracts penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

A show-cause notice was issued on 24/02/04 to the issuer for non submission of the said financial statements. The reply given through letter dated 11/09/04 to the effect that inadequate staff, closing of factory, etc. were not considered acceptable. Thereafter, the issuer's individual directors and the managing director were called for hearing on 12/10/2004, wherein Mr. M.F Kamal, Managing Director of the issuer appeared. The issuer's managing director could not provide any convincing ground for non-submission of the said half yearly financial statements.

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/151/2002/447 dated 10/11/2004 was issued.

Subsequently, the issuer through letter dated 22/11/2004 submitted a review petition stating that the Company has submitted the half yearly financial statement on 22/11/2004, and requested for waiver of the penalty.

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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/151/2002/447 dated 10/11/2004, and to dispose of the proceedings against Meghna Condensed Milk Industries 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 strong 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.

Chief Executive Officer, Chittagong Stock Exchange Ltd.

Distribution:

Executive Director, (R & D), SEC

Executive Director, (CFD), SEC

Director, (MIS), SEC