SEC/Enforcement/489/2006/988
September 11, 2006

Meghna Pet Industries Ltd. (Issuer)
55 Purana Paltan, Azad Centre (6th Floor), Dhaka-1000

Directors
Meghna Pet Industries Ltd.
55 Purana Paltan, Azad Centre (6th Floor), Dhaka-1000

Managing Director
Meghna Pet Industries Ltd.
55 Purana Paltan, Azad Centre (6th Floor), Dhaka-1000

Company Secretary
Meghna Pet Industries Ltd.
55 Purana Paltan, Azad Centre (6th Floor), Dhaka-1000

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

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

Condition (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 the records that Meghna Pet Industries Ltd. has retained its auditor M/s. Haque Shahalam Mansur & Co., Chartered Accountants, as statutory auditor for a consecutive period exceeding three years (i.e. for the years 2001-2002, 2002-2003, 2003-2004 and 2004-2005) without obtaining prior clearance of the Commission.

The Commission vide its letter No.SEC/CFD/2:41/2001/2640 dated June 27, 2006 requested the issuer to submit its explanations, in reply, the issuer submitted a letter No.GgwcAvBGj/†gtAt/786/06/298 dated July 7, 2006 mentioning, among others, that the said auditor

Contd.....P/2

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was re-appointed with the consent of all shareholders appeared at the 6th, 7th, 8th and 9th Annual General Meetings held on June 23, 2005 which was not acceptable.

The issuer also mentioned in the said letter that during the time of hearing held on February 8, 2006 concerning audited Financial Statement, the matter of re-appointment of above said auditor was discussed and the Commission accorded its consent for re-appointment the same auditor for the year 2004-2005, which is not true.

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

The issuer's aforesaid activities tantamount to non-compliance of the securities related laws which appeared to be deliberate and 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/489/2006/851 dated July 31, 2006 was issued to you for explaining the said non-compliance. The hearing was conducted on August 29, 2006.

The officials appeared at the hearing submitted a letter No.GgwcAvBGj/†gtAt/786/06/430 dated August 29, 2006 mentioning, among others, that it was an irregularity and they expressed sorrow for that. They also assured that such type of irregularity would never be occurred in future and requested to exonerate for the said irregularity.
The Commission, considering the all above, has decided to condone the non-compliance of the issuer and to dispose of the proceedings against it with warning 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