

SEC/Enforcement/410/2006/

June 20, 2006

By Courier

1. Ashraf Textile Mills Limited, Asrafabad, Tongi, Gazipur.
2. Directors, Ashraf Textile Mills Limited, Asrafabad, Tongi, Gazipur.
3. Managing Director, Ashraf Textile Mills Limited, Asrafabad, Tongi, Gazipur.
4. Company Secretary, Ashraf Textile Mills Limited, Asrafabad, Tongi, Gazipur.

Sub: **Non-compliance of securities laws in connection with the holding of AGM in the year 2005-Warning.**

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

As per condition (a) of the Notification issued under section 2CC of the said Ordinance, bearing No.SEC/SRMI/2000-953/1950 dated 24th October 2000, gazetted on 7 November 2000, 'the issuer companies shall hold their annual general meetings in each year of the Gregorian calendar but the issuer has failed to comply with the same by not holding AGM in the year 2005.

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

The issuer and its directors were called for hearing on March 7, 2006, through letter dated February 2, 2006, to explain the failure. Mr. Abdur Rauf, Chairman, Mr. Md. Ibrahim Rahmatullah, Director, Mr.Mohammad Ali Mridha, Director, Mr. Aziz Ahmed, Director, Mr. Kamal U Ahmed, Director and Mir Abul Hashem, Company Secretary appeared at the hearing. During hearing, the issuer submitted a letter dated March 5, 2006 stating, among others, that it could not hold the AGM due to company's head office was shifted from Dhaka to factory site, resignation of the Chief Accountant cum Company Secretary and inadvertent oversight of the ex-company secretary. The issuer also stated that they took initiative and applied to the Hon'ble High Court Division of the Supreme Court for condonation of the delay and to accord necessary permission for holding the pending AGM. The issuer has regretted for their unintentional mistake, humbly apologized and prayed for pardon for this time and committed to hold the AGM for 2005 within soonest possible time. Subsequently, the issuer company has held its pending AGM on April 30, 2006.

The Commission, taking into consideration submissions and holding of the pending AGM on April 30, 2006, has decided to dispose of the proceedings against Ashraf Textile Mills Limited and others concerned for stated violation, by placing on record the Commission's dissatisfaction on the defaults, violation/contravention made by the company and its directors with a warning to fully ensure compliance of all related laws in future.

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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 Limited

Chief Executive Officer, Chittagong Stock Exchange Limited

Distributions:

Executive Director (R&D), SEC

Executive Director (CFD), SEC

Director (MIS), SEC

Chairman's Office