

**SEC/Enforcement/533/2006/99**

**February 01, 2007**

Himadri Limited (Issuer)

Awal Centre (9<sup>th</sup> Floor), 34, Kamal Ataturk Avenew, Banani, Dhaka- 1213

Managing Director

Himadri Limited, Awal Centre (9<sup>th</sup> Floor), 34, Kamal Ataturk Avenew, Banani, Dhaka- 1213

Directors

Himadri Limited, Awal Centre (9<sup>th</sup> Floor), 34, Kamal Ataturk Avenew, Banani, Dhaka- 1213

Company Secretary

Himadri Limited, Awal Centre (9<sup>th</sup> Floor), 34, Kamal Ataturk Avenew, Banani, Dhaka- 1213

**Sub: Non-compliance with the securities law: In connection with statutory audit report of Himadri Limited for the year ended on December 31, 2005: Warning.**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Himadri Limited is an issuer (herein after referred to as “issuer”).

As per rule 12(2) of the Securities and Exchange Rules, 1987, the financial statements of an issuer of a listed security shall be prepared in accordance with the requirements laid down in the Schedule and the International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh.

In accordance with rule 12 of the Securities and Exchange Rules, 1987, the issuer submitted the subject audit report to the Commission as well as to the shareholders concerned.

It appeared from the said audit report that the issuer has violated the abovementioned rules as well as the provisions of BAS-12 & BAS-37 by not complying with the same and that accounting profit has been overstated by not providing gratuity provision which affected the true and fair view of the result of its operation for the year ended December 31, 2005.

A show cause cum hearing notice No. SEC/Enforcement/533/2006/1249 dated December 26, 2006 was issued to the issuer as well as its directors, managing director and company secretary to explain the above and also to provide an opportunity of being heard by the Commission. The hearing was conducted on January 18, 2007.

Mr. Mustaq Ahmed, managing director, and Mr. Abbas, company secretary of the issuer appeared for the hearing. In course of hearing, the issuer submitted written explanations vide letters No. HL/HO/FS-05/SEC/06/693 dated June 28, 2006 stating, among others, that previously, provision made for gratuity payment was turned down and added back as income by Tax Department. As such, the issuer had no option but to make payment on cash basis under gratuity head, which was convincing.

The Commission, however, considering the explanation has decided to dispose off the matter against it for the stated contravention, by placing on record the Commission’s dissatisfaction on the defaults made by it, with a warning to ensure strict compliance of all securities related laws in future.

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Please note that the above 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 default.

For the Securities and Exchange Commission

**Mansur Alam**  
**Executive Director**

CC:

CEO, Dhaka Stock Exchange  
CEO, Chittagong Stock Exchange  
Executive Director (R&D), SEC  
Executive Director (CFD), SEC  
Director (MIS), SEC  
Chairman's Office, SEC