

SEC/Enforcement/331/2005/447
August 31, 2005

By Special Messenger
By Courier Service

Peoples Insurance Company Limited
Peoples Insurance Bhaban (15th Floor), 36, Dilkusha C/A, Dhaka-1000

Directors
Peoples Insurance Company Limited
Peoples Insurance Bhaban (15th Floor), 36, Dilkusha C/A, Dhaka-1000

The Managing Director
Peoples Insurance Company Limited
Peoples Insurance Bhaban (15th Floor), 36, Dilkusha C/A, Dhaka-1000

The Company Secretary
Peoples Insurance Company Limited
Peoples Insurance Bhaban (15th Floor), 36, Dilkusha C/A, Dhaka-1000

Subject: Retention of statutory auditor for the year 2004: Warning

The Commission issued show-cause notices No. SEC/Enforcement/331/2005/333 dated July 9, 2005 for your written explanation concerning violation/ contravention of the provisions of clause (b) of the Commission's Order No. SEC/CFD-71/2001/Admin/02/05 dated January 03, 2002, gazetted on January 30, 2002, by re-appointing M/s M.Ahmed & Co., Chartered Accountants, as statutory auditor of the company for the year 2004 without prior clearance of the Commission.

Clause (b) of the Commission's Order No. SEC/CFD-71/2001/Admin/02/05 dated January 03, 2002, gazetted on January 30, 2002, reads as under:

“The issuer company shall not appoint any firm of chartered accountants as its statutory auditors 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;”

In reply to the above vide letter No. PICL/HO/SEC-06/05/22 dated July 14, 2005, you have mentioned, among others, that prior to 2003, M/s M.Ahmed & Co., Chartered Accountants was a proprietary firm, which became a partnership firm in 2003. In the year 2003, M/s M.Ahmed & Co., Chartered Accountants, was appointed as a partnership firm, having different legal entity from that in the year 2002.

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The Commission, after considering the submissions made by you through above said letter, has decided to dispose of the proceedings against Peoples Insurance Company Limited and others concerned for the stated violation/contravention.

For the Securities and Exchange Commission

Masur Alam
Executive Director

Distribution:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.

Copy for information:

Executive Director (R&D), SEC
Executive Director, (CFD), SEC
Director (MIS), SEC
P.O to Member (Enforcement), SEC

(A.K.M Ziaul Hasan Khan),
Director