

SEC/Enforcement/314/2005/374  
April 9, 2006

By Special Messenger  
By Courier Service

Managing Director  
Tamijuddin Textile Mills Limited (Issuer)  
Registered Office: 15, S.M Maleh Road, Tanbazar, Narayangong,  
Head Office: Sena Kallyan Bhaban (10<sup>th</sup> Floor), 195, Motijheel C/A Dhaka-1000

**Sub: Non-compliance of securities laws -Warning**

This refers to the Commission's show cause notice No.SEC/Enforcement/314/2005-182 dated April 17, 2005, Notice of hearing No SEC/Enforcement/314/2005/371 dated July 20, 2005 and No SEC/Enforcement/314/2005/434 dated August 25, 2005, your reply letter No. TTML/SEC/2005/108 dated April 25, 2005, and the hearing conducted on August 2, 2005 as well.

The Commission, in terms of power vested under sub-rule (3), of rule 12, as amended, of the Securities and Exchange Rules, 1987 appointed Md. Mufazzal Hossain Chowdhury of Chowdhury Hossain Zaman & Co., Chartered Accountants, to audit the financial statements of Tamijuddin Textile Mills Limited for the year ended on June 30, 2000 and that the auditor was appointed in the public interest.

The said auditor submitted the audit report wherefrom it appeared that the issuer has contravened sub-rule (3) of rule 12 of the Securities and Exchange Rules, 1987 and section 18 of the Securities and Exchange Ordinance, 1969 by failing to furnish true and fair audited financial statements for the year ended on June 30, 2000 and also failing to prepare and publish true and fair financial statements, as well as committing alleged financial irregularities and fraud.

The issuer was requested to explain the alleged contraventions and also provided the opportunity of being heard by the Commission through the above show cause and hearing notices.

In reply, the issuer vide letter No. TTML/SEC/2005/08 dated April 25, 2005 mentioned, among others, that during the last several years, management systems, specially accounting systems have improved significantly in terms of maintenance of proper books of accounts. The process has been continuing and they have been following all the guidelines and regulations of SEC properly. They also mentioned that performance of the company with banks and financial institutions is fully regular and the management had been disposing of its duties and responsibilities with sincerity and integrity.

The persons appeared at the hearing on August 2, 2005 also mentioned, among others, that they held four AGMs successfully with full satisfaction of concerned authorities and shareholders and also gave dividend at the rate of 5% in the last three AGMs. The issuer further mentioned that there has been no observation/complain from any quarter regarding conduct of business and they were extremely careful about the rules of SEC and the interest of shareholders and have been working hard to improve the condition of the company which is one of the oldest spinning mills in the country. They also mentioned that they have already changed the management and officials concerned but they refrained from giving any specific explanation/replies to the allegations. The issuer also requested the Commission to drop the allegations in consideration of the foregoing and for the purpose of unhindered operation of the company which entails public interest.

In order to provide another opportunity of being heard to the issuer, the Commission issued further notice of hearing No. SEC/Enforcement/314/2005/462 dated August 31, 2005 and the hearing was held on September 12, 2005.

Md. Moshuiddin Ahmed, Director of Tamijuddin Textile Mills Limited appeared at the hearing and mentioned, among others, that in the absence of documents and statements of that time with the company, they were not in a position to offer any comments and explain any issue of the allegations raised by the SEC appointed auditors. He further stated that the employees concerned with preparation of the financial documents at that time have also left the company long before and none was available to explain the issues before the SEC on behalf of the company.

The Commission, considering the submissions made by the issuer through its above said letters, as well as those made at the hearing, has decided to dispose off the proceedings against the issuer for the stated contraventions, by placing on record the Commission's dissatisfaction on the defaults made by it, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you or any of your officers concerned from their lawful responsibilities/obligations to the person, if any, affected as a result of your above said contraventions.

#### **For Securities and Exchange Commission**

(Mansur Alam)  
Executive Director

CC:

Tamijuddin Textile Mills Limited  
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Head Office: Sena Kallyan Bhaban (10<sup>th</sup> Floor), 195, Motijheel C/A Dhaka-1000  
CEO, Dhaka Stock Exchange  
CEO, Chittagong Stock Exchange  
Executive Director (R&D), SEC  
Executive Director (CFD), SEC  
Director (MIS), SEC  
Chairman's Office, SEC