

No. SEC/Enforcement/440/2006/814  
Dated: July 17, 2006

By Special Messenger

Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Md. Shafiqur Rahman, Chairman, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Md. Anisur Rahman, Managing Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Mr. A.K.M Shamsur Rahman, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Mr. A.J. Masudul Haque Ahmed, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Mrs. Mahmuda Nasrin, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Mrs. Masuda Nasrin, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

Md. Golam Mostafa Company Secretary, Modern Cement Limited Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka

**Subject: Order**

Please find enclosed attested copy of the Commission's Orders No. SEC/Enforcement/440/2006/ dated July 17, 2006 for your information and necessary action.

For and on behalf of  
the Securities and Exchange Commission

(A.K.M Ziaul Hasan Khan)  
Director

Distribution:

1. Chief Executive Officer, Dhaka Stock Exchange
2. Chief Executive Officer, Chittagong Stock Exchange

Copy for information:

1. Director (Law), SEC
2. Director (MIS), SEC
3. PO to Executive Director (R& D), SEC
4. PO to Executive Director (CFD), SEC
5. Public Reference Room, SEC
6. SEC Chairman's Officer, SEC

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 1 (one) lac on the Md. Golam Mostafa, company secretary of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Md. Golam Mostafa Company Secretary, Modern Cement Limited Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Mrs. Masuda Nasrin, Director of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Mrs. Masuda Nasrin, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Mrs. Mahmuda Nasrin, Director of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Mrs. Mahmuda Nasrin, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;



Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Mr. A.J. Masudul Haque Ahmed, Director of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Mr. A.J. Masudul Haque Ahmed, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Mr. A.K.M Shamsur Rahman, Director of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Mr. A.K.M Shamsur Rahman, Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

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Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Md. Anisur Rahman, Managing Director of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Md. Anisur Rahman, Managing Director, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

## Order

Whereas, as per section 2 (g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII OF 1969) Modern Cement Limited is an issuer (herein after referred to as issuer);

Whereas, as per sub rule 3A of rule 12 of the Securities and Exchange Rules, 1987, the financial statements of the issuer shall be audited within one hundred and twenty days from the date on which the issuer's financial year ends and a copy of such audited financial statements shall be submitted to the Commission and the Stock Exchange within fourteen days thereof;

Whereas, as per sub-rule 2 of rule 12 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;

Whereas, the statutory auditor of the issuer has issued qualified audit report on the financial statements for the year ended on June 30, 2005;

Whereas, it is appeared from the above said audit report and audited financial statements of the issuer, that the issuer has capitalized bank interest of Tk.97,68,911.00 which is contrary to BAS-16, understated loss to the tune of TK. 14,791,705.00 by not charging depreciation on the plea of non-commencement of commercial operation, shown bank interest amounting to TK. 29,55,539.00 as addition to stock of raw material which is contrary to BAS-2, and also failed to maintain fixed assets register;

Whereas, the Commission, vide letter No. SEC/CFD/1:37/2002/2347 dated December 26, 2005, sought explanations from the issuer on the said observations of the audit report, but the issuer submitted again a copy of the Annual Report, 2005 without giving the requisite explanations;

Whereas, it is also appeared from the aforesaid audited report that the issuer has committed financial irregularities by way of accounts manipulation and that the issuer has furnished to the Commission and others concerned a false/incorrect financial statements for the year ended on June 30, 2005;

Whereas, failure to furnish true and fair audited financial statements for the year ended on June 30, 2005 is a clear contravention of section 18 of the Securities and Exchange Ordinance, 1969, read with sub-rule (2) of rule 12 of the Securities and Exchange Rules, 1987, which appeared deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969;

Whereas, a show cause cum hearing notice No. SEC/Enforcement/440/2006/470 dated May 3, 2006 was issued to the issuer, its directors and the company secretary to explain the said contraventions;

Whereas, the managing director and the company secretary appeared for hearing held on May 22, 2006 and submitted a letter dated May 22, 2006 explaining, among others, that interest accrued on bank loan for second unit was capitalized as there was no revenue income from the same and interest on bank loan for import of raw material was added to stock of raw material since those were lying as inventory;

Whereas, issuer's said explanations were not considered acceptable which are contrary to IAS/BAS-16 and IAS/BAS-2 as well as violation of rule 12, sub-rule (2) of the Securities and Exchange Rules, 1987;

Whereas, the issuer, its directors including the managing director and company secretary of the issuer are responsible for furnishing false/incorrect information to the Commission through the financial statements for the year ended on June 30, 2005;

Whereas, Modern Cement Limited is a publicly listed company, and that a company is represented by its directors, and the company secretary is considered to be an official of the company to perform duties, including ministerial and administrative duties of the issuer who has also certified the financial statements concerned, are responsible for the above mentioned contraventions of the securities laws affecting the interest of the company's shareholders, and the capital market as well; and

Whereas, the Commission is of the opinion that in order to maintain discipline in the capital market, appropriate action against the persons concerned responsible for the contraventions should be taken under the securities laws.

Now, therefore, the Commission, in exercise of power conferred by section 22 of the Securities and Exchange Ordinance, 1969, hereby impose penalty of taka 2(two) lakh on Md. Shafiqur Rahman, Chairman of Modern Cement Limited, which shall be deposited with the Commission through bank draft/ pay order within 15(fifteen) days from the date of issue of this order.

**For and on behalf of  
the Securities and Exchange Commission**

**Faruq Ahmad Siddiqi  
Chairman**

Distribution:

Md. Shafiqur Rahman, Chairman, Modern Cement Limited, Suite#1307, Sena Kallyan Bhaban, 195, Motijheel C/A, Dhaka.

