

No. SEC/Enforcement/563/2007/481

Dated: May 17, 2007

Anwar Galvanizing Ltd. (Issuer)
Baitul Hossain Building (14th Floor), 27, Dilkusha C/A, Dhaka- 1000

Directors
Anwar Galvanizing Ltd.
Baitul Hossain Building (14th Floor), 27, Dilkusha C/A, Dhaka- 1000

Managing Director
Anwar Galvanizing Ltd.
Baitul Hossain Building (14th Floor), 27, Dilkusha C/A, Dhaka- 1000

Company Secretary
Anwar Galvanizing Ltd.
Baitul Hossain Building (14th Floor), 27, Dilkusha C/A, Dhaka- 1000

Sub: Non-compliance with securities related laws in connection with audited financial statements for the year ended on June 30, 2006: Warning.

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

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.

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.

It appeared from the audited financial statements for the year ended on June 30, 2005 of your company that the auditors made, among others, the following qualified opinion on the financial statements:

“1. The company did not provide us details of Inventories for which we could not certify the accuracy of inventories amount represented in the financial statements.”

In reply to the Commission's letter No SEC/CFD/3:19/99/2898 dated December 04, 2006, the issuer vide letter No AGI/MD/2006/302 dated December 21, 2006, stated, among others, the following:

“1. Following the decision by the shareholders at the company's AGM dated 29-03-2006 the company temporarily suspended its production to facilitate diversification of the project. In this regard a letter was served to the concerned offices on 27-07-2006 including your good office. To accommodate the changes in the civil structure, rigorous construction was taken up and as a result physical inventory/counting was not possible. The accounts were completed on the basis of Store Ledger and Bin-card. We assure that the physical counting of the entire inventory shall be counted very shortly before the new mill is installed and commencement of production.”

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It appeared from the above that the issuer's reply against the auditors' aforesaid qualification for the financial year ended on June 30, 2006 were not convincing.

Failure to furnish true and fair audited financial statements for the year ended on June 30, 2006 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 to be deliberate attracting appropriate provisions of the Securities and Exchange Ordinance, 1969.

A show cause cum hearing notice No. SEC/Enforcement/563/2007/354 dated April 4, 2007 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 April 22, 2007.

The officials of the issuer appeared for hearing, submitted a letter No. AGI-MD/2007/030 dated April 22, 2007 stating, among others, that the mistake was absolutely unintentional and not all to disrespect the laws and regulations laid by the Commission. The error resulted only from the fact of overwhelming work related with the renovation and huge reconstruction of the entire factory. Through 2006 and specially April to October were much critical period and much was also achieved in terms of breaking down existing infrastructure and laying foundation for new one. Details of old structure, material of new structure, huge number of construction equipment and workers infact made it very difficult for any such inventory counting in terms of both safety and practically. They assured that they would count the stocks physically in front of combined team formed by the external auditors and internal auditors at the close of the next financial year, which would reflect in the accounts of 2006-2007.

The Commission, considering the all above, has decided to dispose off the proceedings against the issuer by placing on record the Commission's dissatisfaction on the default 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 from your lawful responsibilities/obligations to any person, if affected, as a result of your above said default/contravention.

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