

**SEC/Enforcement/545/2007/322**

**March 29, 2007**

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

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

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

Company Secretary  
Anwar Galvanizing Ltd.  
Baitul Hossain Building (14<sup>th</sup> 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, 2005 and 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 rule 12, sub-rule (3A) 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 rule 12, sub-rule (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;

It appeared from the audited financial statements for the year ended on June 30, 2005 of your company that the auditors made some qualified opinion in respect of internal control procedure with regard to inventories & fixed assets, counting of current & non-current assets, income tax and employees benefit.

In reply to the Commission's letter No SEC/CFD/3:19/99/2367 dated January 17, 2006, the issuer vide letter No AGI/MD/2006/06 dated February 5, 2006, stated, among others, that they had already introduced internal control since receiving of the audit objections. They had taken up appropriate measures to count all fixed assets from the financial year 2005-2006. They had introduced employees benefit under Section- BAS-19. Compliance to BAS-12 will be reflected in the account of financial year 2005-2006.

It appeared from the audited financial statements for the year ended on June 30, 2006 of the issuer that the auditors mentioned the same qualifications as were mentioned in the audit report for the year ended on June 30, 2005.

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It further appeared from the above that the issuer's replies against the auditor's qualifications for the financial year ended on June 30, 2005 were incorrect.

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/545/2007/4 dated January 8, 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 January 25, 2007.

The officials of the issuer appeared for hearing, submitted a letter No. AGI-MD/2007/007 dated January 24, 2007 stating, among others, that internal control procedure with regard to inventories and maintenance of records thereto are being properly followed. Both head office and factory registers are reconciled at year-end. Fixed assets of the company had been counted by their internal audit teams as per procedure. To accommodate the change in civil structure, rigorous construction was taken up and as a result physical inventory counting was not possible. Income tax as per BAS-12 adjustment had already been implemented. Employees benefit had already been implemented in accordance with BAS-19.

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