

SEC/Enforcement/459/2006/984
September 11, 2006

Bangladesh Hotels Ltd. (Issuer)
1, Dilkusha C/A, Dhaka-1000

Directors
Bangladesh Hotels Ltd., 1, Dilkusha C/A, Dhaka-1000

Managing Director
Bangladesh Hotels Ltd., 1, Dilkusha C/A, Dhaka-1000

Company Secretary
Bangladesh Hotels Ltd., 1, Dilkusha C/A, Dhaka-1000

Sub: **Non compliance of securities law concerning retention of auditor for a consecutive period exceeding three years: Post-facto approval with Warning**

As per section 2(g) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII Of 1969) Bangladesh Hotels Ltd. is an issuer (herein after referred to as “issuer”).

Condition (b) of the Commission’s Order No.SEC/CFD-71/2001/Admin/02/05 dated January 3, 2002, gazetted on January 30, 2002, reads as follows:

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

It appeared from the records that Bangladesh Hotels Ltd. has retained its auditor M/s. A. Wahab & Co., Chartered Accountants, as statutory auditor for a consecutive period exceeding three year, i.e. for the year ended December 31, 2005, without obtaining the prior clearance of the Commission.

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The issuer's aforesaid activities tantamount to non-compliance of the securities related laws which appeared deliberate and clear contravention of the provisions of the Order mentioned above attracting penal provisions of the Securities and Exchange Ordinance, 1969.

A show cause cum hearing notice No.SEC/Enforcement/459/2006/688 dated June 27, 2006 was issued to you for explaining the said non-compliance. The hearing was conducted on July 25, 2006.

The official appeared at the hearing submitted a letter dated July 25, 2006 mentioning, among others, that they were not aware of the Commission's Order regarding prior clearance for retaining auditor. The issuer vide its earlier letter No. 006/BHL/SEC/06 dated February 14, 2006 applied for clearance to retain the same auditor for the year 2005. They also submitted that the company has declared 35% dividend for the years 2002, 2003 and 2004. Considering the dividend payment status, the issuer has requested to pardon it from the alleged violation and sought clearance for retaining the same auditor for the year 2005.

The Commission, considering the all above, has decided to dispose of the proceedings against the issuer and others concerned by condoning the said non-compliance of the issuer with a warning for the stated violation, and also accorded post-facto approval to the issuer for retention of its statutory auditor for auditing the accounts for the Financial Year, 2005.

Please note that this disposal does not absolve the issuer or any of its directors or officials concerned from their lawful responsibilities/obligations to the persons, if any, affected as a result of the issuer's above said defaults.

For Securities and Exchange Commission

Mansur Alam
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Chief Executive Officer, Chittagong Stock Exchange Ltd.
Executive Director (R & D), SEC
Executive Director (CFD), SEC
Director (MIS), SEC
Chairman's Office, SEC