

## Status of Compliance with the Corporate Governance Guidelines (CGG)

Status of the compliance with the conditions imposed by the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 of the Bangladesh Securities and Exchange Commission (BSEC) issued under section 2CC of the Securities and Exchange Ordinance 1969:

(Report under Condition No. 7.00)

Condition No	Title	Compliance Status as on 31 December 2014	Remarks
1.0	BOARD OF DIRECTORS':		
1.1	Board's Size The number of the Board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	Complied	
1.2	Independent Directors		
1.2(i)	At least one fifth (1/5) of the total number of directors in the Company's Board shall be Independent Directors.	Complied	
1.2(ii)(a)	Who either does not hold share in the company or holds less than one (1%) shares of the total paid up shares of the company;	Complied	
1.2(ii)(b)	Who is not sponsor of the Company and is not connected with any sponsor or director or shareholder who holds one percent or more shares of the Company;	Complied	
1.2(ii)(c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	Complied	
1.2(ii)(d)	Who is not a member, director or officer of any stock exchange;	Complied	
1.2(ii)(e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied	
1.2(ii)(f)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	Complied	
1.2(ii)(g)	Who shall not be an independent director in more than 3 (three) listed companies;	Complied	
1.2(ii)(h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	Complied	
1.2(ii)(i)	Who has not been convicted for a criminal offence involving moral turpitude.	Complied	
1.2(iii)	Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM).	Complied	
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	Complied	
1.2(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied	
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied	
1.3	Qualification of Independent Director (ID)		
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied	
1.3(ii)	The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background / Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management / professional experiences.	Complied	
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not applicable	

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Condition No	Title	Compliance Status as on 31 December 2014	Remarks
1.4	Chairman of the Board and Chief Executive Officer The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied	
1.5	Directors Report to Shareholders shall include following additional statements on		
1.5(i)	Industry outlook and possible future developments in the industry.	Complied	The Directors' report complies with the guideline.
1.5(ii)	Segment-wise or product-wise performance.	Complied	Do
1.5(iii)	Risks and concerns.	Complied	Do
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied	Do
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Not Applicable	No extraordinary gain or loss experienced during the period.
1.5(vi)	Statement of all related party transactions.	Complied	The Directors' report complies with the guideline.
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not Applicable	
1.5(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable	There was no IPO/RPO/Right Issue in 2014.
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	Complied	The Directors' report complies with the guideline.
1.5(x)	Remuneration to directors including independent directors.	Complied	Do
1.5(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied	Discussed in "Directors' declaration as to Statutory Information"
1.5(xii)	Proper books of account of the issuer Company have been maintained.	Complied	Do
1.5(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	Complied	Do
1.5(xiv)	International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	Complied	Do
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied	Stated under section "The System of Internal Control" in the Directors' Report.
1.5(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Complied	Stated under section "Going Concern" in the Directors' Report.
1.5(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied	The Directors' report complies with the guideline.
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied	Six years' key operating and financial data has been disclosed at the "Year-2014 at a Glance" of Annual Report.

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1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	Not Applicable	Divedend declared
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied	Stated in Annexure-I of the Directors' report which comply with the guideline.
1.5(xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by: -		
1.5(xxi)(a)	Parent / Subsidiary / Associated Companies and other related parties (name wise details);	Complied	Stated in Annexure-II of the Directors' report which comply with the guideline.
1.5(xxi)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied	Do
1.5(xxi)(c)	Executives;	Complied	Do
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied	Do
1.5(xxii)	In case of the appointment / reappointment of a director the company shall disclose the following information to the shareholders: -		
1.5(xxii)(a)	A brief resume of the director;	Complied	The Directors' report complies with the guidelines (Annexure-V)
1.5(xxii)(b)	Nature of his / her expertise in specific functional areas;	Complied	Do
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	Complied	Do
2.0	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)		
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	Complied	The CFO, HIA and CS are different individuals and their roles & responsibilities are separately defined.
2.2	Requirement to attend the Board Meetings The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	Complied	The CFO and CS have participated in every Board Meeting.
3.0	AUDIT COMMITTEE		
3.0 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied	Detailed in the Audit Committee Report
3.0(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	Complied	The Committee discharges as per BSEC guidelines
3.0(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied	The ToR as approved by the Board is available
3.1	<i>Constitution of the Audit Committee:</i>		
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied	Detailed in the Audit Committee Report
3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the Company and shall include at least 1 (one) Independent Director.	Complied	The members of the Audit Committee have been appointed by the Board of Directors who are Directors and which includes one Independent Director.
3.1(iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	Complied	The ToR as approved by the Board is available.

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Condition No	Title	Compliance Status as on 31 December 2014	Remarks
3.1(iv)	Filling of casual vacancy in the Audit Committee.	Complied	No vacancy occurred
3.1(v)	The company secretary shall act as the secretary of the Committee.	Complied	In practice
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without Independent Director.	Complied	In practice
3.2	Chairman of the Audit Committee		
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	Complied	The Chairman of the Audit Committee is an Independent Director.
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	Complied	In practice
3.3	<i>Role of Audit Committee:</i>		
3.3(i)	Oversee the financial reporting process.	Complied	The ToR of the AC clearly defines the roles of the Committee.
3.3(ii)	Monitor choice of accounting policies and principles.	Complied	Do
3.3(iii)	Monitor Internal Control Risk management process.	Complied	Do
3.3(iv)	Oversee hiring and performance of external auditors.	Complied	Do
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	Complied	Do
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	Complied	Do
3.3(vii)	Review the adequacy of internal audit function.	Complied	Do
3.3(viii)	Review statement of significant related party transactions submitted by the management.	Complied	Do
3.3(ix)	Review Management Letters / Letter of Internal Control weakness issued by statutory auditors.	Complied	Do
3.3(x)	Declaration to Audit Committee by the Company regarding utilization of IPO / RPO, Right issue money.	Not Applicable	There was no IPO/RPO/Right Issue in 2014.
3.4	<i>Reporting of the Audit Committee:</i>		
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied	Audit committee informs Board Periodically through its minutes.
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-		
3.4.1(ii)(a)	Report on conflicts of interests;	None	There was no reportable case of conflict of interest in 2014.
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	None	There was no such case in the year.
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations;	None	Do
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	None	Do
3.4.2	Reporting to the Authorities Reported to the Board of Directors about anything which has material impact on the financial condition and results of operation.	None	Do
3.5	Reporting to the Shareholders and General Investors Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii).	Complied	The AC report is disclosed in the Annual Report and signed by the Chairman of the AC.
4.0	EXTERNAL / STATUTORY AUDITORS The issuer company should not engage its external / statutory auditors to perform the following services of the company; namely:-		
4.0(i)	Appraisal or valuation services or fairness opinions.	Complied	As declared by Auditors
4.0(ii)	Financial information systems design and implementation.	Complied	Do

Condition No	Title	Compliance Status as on 31 December 2014	Remarks
4.0(iii)	Book-keeping or other services related to the accounting records or financial statements.	Complied	Do
4.0(iv)	Broker-dealer services.	Complied	Do
4.0(v)	Actuarial services.	Complied	Do
4.0(vi)	Internal Audit service.	Complied	Do
4.0(vii)	Any other services that the Audit Committee determines.	Complied	Do
4.0(viii)	No partner or employees of the external audit firms shall possess any share of the Company they audit at least during the tenure of their audit assignment of that Company.	Complied	Do
4.0(ix)	Non-engagement audit/certification services on compliance of corporate governance as required under Clause (i) of condition No. 7.	Complied	Do
5.0	SUBSIDIARY COMPANY		
5.0(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Complied	
5.0(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	Complied	
5.0(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Complied	
5.0(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Complied	
5.0(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Complied	
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)" The CEO and CFO shall certify to the Board that :-		
6.0(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:		
6.0(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	Certificate enclosed in Annexure-III of the Annual Report and stated in the Directors' declaration as well.
6.0(i)(b)	These statements together present a true and fair view of the Company's affairs and are in compliance with affairs and are in compliance with applicable laws.	Complied	Do
6.0(ii)	There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.	Complied	Do
7.0	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE		
7.0(i)	The Company shall obtain a certificate from a practicing Professional Accountant / Secretary (Chartered Accountant / Cost and Management Accountant / Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied	Required certificate obtained from Al-Muqtadir Associates, Chartered Secretaries and published in this report in Annexure-IV.
7.0(ii)	The directors of the Company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	Complied	Status of Compliance is published with the Directors' Report as required.

