

Compliance Report on BSEC Notification For the Year 2018-19

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2018 issued under Section-2CC of the Securities and Exchange Ordinance, 1969:

(Report under condition no.9)

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1.	Board of Directors -			
1(1)	Board's Size: Board Members should not be less than 5(five) and more than 20(twenty).	√		
1(2)	Independent Director s			
1(2)(a)	Number of Independent Directors [at least 1/5].	√		
1(2)(b)	Independent director' means a director -			
1(2)(b)(i)	Holding no share or holding less than one percent (1%) shares of the total paid-up shares of the company ;	√		
1(2)(b)(ii)	Not being sponsor of the company and non connection with the company's any sponsor or director or nominated director or shareholder who holds one percent (1%) or more shares of the total paid-up share of the company on the basis of family relationship ;	√		
1(2)(b)(iii)	Not been an executive of the company in immediately preceding 2(two) financial years ;	√		
1(2)(b)(iv)	Not having pecuniary or otherwise relationship with the company or its subsidiary/associated companies ;	√		
1(2)(b)(v)	Not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	Not being an Independent Director in more than 5(Five) listed companies ;	√		
1(2)(b)(ix)	Non conviction by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution ; and	√		
1(2)(b)(x)	Non conviction for a criminal offence involving moral turpitude.	√		
1(2)(c)	Appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM) ;	√		
1(2)(d)	Non vacancy of the post for more than 90(ninety) days; and	√		
1(2)(e)	The tenure of office of an Independent Director	√		
1(3)	Qualification of Independent Director -			
1(3)(a)	Knowledgeable with having ability to ensure compliance with financial laws, regulatory requirements and corporate laws and making meaningful contribution to business ;	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1(3)(b)	Independent Director shall have:			
1(3)(b)(i)	Qualifications related to Business Leader; or	√		
1(3)(b)(ii)	Qualifications related to Corporate Leader; or			N/A
1(3)(b)(iii)	Qualifications related to Former official of government or statutory or autonomous or regulatory body; or	√		
1(3)(b)(iv)	Qualifications related to University Teacher; or			N/A
1(3)(b)(v)	Qualifications related to Professional.			N/A
1(3)(c)	At least 10 years of experiences in any field mentioned in clause 1(3)(b);	√		
1(3)(d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director (MD) or Chief Executive Officer (CEO)-			
1(4)(a)	The Chairperson of the Board and the MD and/or CEO of the company shall be filled by different individuals;	√		
1(4)(b)	MD and/or CEO of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the MD and/or CEO;	√		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	Industry outlook and possible future developments in the industry ;	√		
1(5)(ii)	Segment-wise or product-wise performance ;	√		
1(5)(iii)	Risks and concerns ;	√		
1(5)(iv)	Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin ;	√		
1(5)(v)	Discussion on continuity of any Extra-Ordinary gain or loss ;	√		
1(5)(vi)	Detailed Discussion on related party transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and/or through any other's instruments ;			N/A
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for IPO, Repeat Public Offering, Rights Share Offer, Direct Listing, etc ;			N/A
1(5)(ix)	Significant variance between Quarterly Financial Performance and Annual Financial Statements ;	√		
1(5)(x)	Remuneration to Directors including Independent Directors ;	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1(5)(xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity ;	√		
1(5)(xii)	Maintaining proper books of account ;	√		
1(5)(xiii)	Appropriate accounting policies consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment ;	√		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, followed in preparation of the financial statements and any departure adequately disclosed ;	√		
1(5)(xv)	The system of internal control is sound in design and effectively implemented and monitored ;	√		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	Company's ability to continue as a going concern ;	√		
1(5)(xviii)	Significant deviations from the last year's operating results ;	√		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years ;	√		
1(5)(xx)	Reason for non declaration of dividend ;			N/A
1(5) (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5) (xxii)	Disclosing the number of Board Meeting and attendance by each Director ; and	√		
1(5)(xxii)	Pattern of Shareholding;			
1(5)(xxii) (a)	Parent/Subsidiary/Associated Companies and other related parties;	√		
1(5)(xxii) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their spouses and minor children ;	√		
1(5)(xxii)(c)	Executives ; And	√		
1(5)(xxii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company ;	√		
1(5)(xxiv)	Disclosure on the information in case of appointment/reappointment of director.			Directors are nominated by Energy & Mineral Resources Division.
1(5)(xxv)(a)	A brief resume of Director ;	√		
1(5)(xxv)(b)	Nature of his/her expertise in specific functional areas ; and	√		
1(5)(xxv)(c)	Name of companies in which the person also holds the directorship and the membership of committees of the Board.	√		
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any.	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1(5)(xiv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xiv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xiv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xiv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
1(5)(xiv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xv)	Declaration or certification by the CEO and the CFO to the Board as required under condition No.3(3) shall be disclosed as per Annexure -A; and	√		
1(5)(xvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure -B and Annexure -C,	√		
1(6)	Meetings of the Board of Directors: In line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the NRC at condition No. 6, for the Chairperson of the Board, other board members and CEO of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company.	√		
2.	Governance of Board of Directors of Subsidiary Company -			
2(a)	Composition of the Board;			N/A
2(b)	Independent Director of the holding company on the Board of the subsidiary company ;			N/A
2(c)	Placement of the minutes of the Board Meeting at the following Board Meeting of the holding company ;			N/A
2(d)	Reviewing of the affairs of the subsidiary company stating in the minutes of the respective Board Meeting of the holding company ; and			N/A
2(e)	Reviewing the financial statements by the Audit Committee of the holding company, in particular the investments made by the subsidiary company.			N/A

Condition No	Title	Compliance Status		Explanation for non-compliance with the condition
		Complied	Not Complied	
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HAC) and Company Secretary (CS) -			
3(1)	Appointment:			
3(1)(a)	The Board shall appoint a MD or CEO, a CS , a CFO, and a HAC;	√		
3(1)(b)	The positions of the MD or CEO, CS, CFO and HAC shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HAC shall attend meetings of the Board	√		
3(3)	Duties of MD or CEO and CFO -			
3(3)(a)	Reviewing the Financial statements for the year and certify to the Board by The MD or CEO and CFO that:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ; and	√		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		
3(3)(b)	No transactions entered into by the company during the year which are fraudulent, illegal or violation of the code of conduct for the company's Board or its members;	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4.	Board of Directors' Committee -			
4(i)	Audit Committee; and	√		
4(ii)	Nomination and Remuneration Committee.	√		
5.	Audit Committee			
5(1)	Responsibility to the Board of Directors:			
5(1)(a)	Having an Audit committee as a sub-committee of the Board ;	√		
5(1)(b)	Assist the Board in ensuring that financial statements reflect true and fair view of the state of affairs of the company and ensuring a good monitoring system within the business ; and	√		
5(1)(c)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing.	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
5(2)	Constitution of the Audit Committee			
5(2)(a)	Number of members of Audit Committee at least 3(three);	✓		
5(2)(b)	Non-executive directors and inclusion of Independent Director;	✓		
5(2)(c)	Qualification to be a member of the Audit Committee;	✓		
5(2)(d)	Fill up vacancy in Audit Committee;	✓		
5(2)(e)	The company secretary acting as the secretary of the Committee; and	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1(one) Independent Director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	Chairperson to be an Independent Director, selected by the Board;	✓		
5(3)(b)	Quorum in the absence of the Chairperson of the Audit Committee & the reason of absence of the regular Chairperson shall be duly recorded in the minutes ; and	✓		
5(3)(c)	Chairperson of the Audit Committee to remain present in the AGM.	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	Conduct at least four meetings in a financial year; and	✓		
5(4)(b)	The quorum for Audit Committee meeting & mandatory presence of an independent director.	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process ;	✓		
5(5)(b)	Monitor choice of accounting policies and principles ;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process ;	✓		
5(5)(d)	Oversee hiring and performance of external auditors ;	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval ;	✓		
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval ;	✓		
5(5)(h)	Review the adequacy of internal audit function ;	✓		
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	Review statement of all related party transactions submitted by the management ;	✓		
5(5)(k)	Reviewing Management Letters/Letter of Internal Control weakness issued by statutory auditors ;	✓		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	Oversee the proceeds raised through IPO/RPO/Right Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the commission.			N/A

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
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5(6)	Reporting of the Audit Committee			
5(6) (a)	Reporting to the Board of Directors			
5(6) (a)(i)	Reporting by the Audit Committee on its activities to the Board :	√		
5(6)(a)(i)(a)	Conflicts of interests ;			No such matter to report on
5(6)(a)(i)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system ;			No such matter to report on
5(6)(a)(i)(c)	Suspected infringement of laws, including securities related laws, rules and regulations ; and			No such matter to report on
5(6)(a)(i)(d)	Any other matter.			No such matter to report on
5(6)(b)	Reporting to the Authorities			No such matter to report on
5(7)	Reporting to the Shareholders and General Investors: Reporting to the Shareholders and General Investors.			No such matter to report on
6.	Nomination and Remuneration Committee (NRC), -			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	Having a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	Assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; and	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	The Board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	√		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
6(3)	Chairperson of the NRC			
6(3)(a)	Chairperson to be an Independent Director, selected by the Board;	√		
6(3)(b)	Quorum in the absence of the Chairperson of the NRC & the reason of absence of the regular Chairperson shall be duly recorded in the minutes ; and	√		
6(3)(c)	The Chairperson of the NRC shall attend the AGM to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC			
6(4)(a)	Conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC ; and	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5)(a)	Independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	Matters to oversee by NRC and make report with recommendation to the Board:			
6(5)(b)(i)	Matters to consider for formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive:			
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
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6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5)(c)	Disclosing the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7.	External or Statutory Auditors -			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company:			
7(1)(i)	Appraisal or valuation services or fairness opinions ;	√		
7(1)(ii)	Financial information systems design and implementation;	√		
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements ;	√		
7(1)(iv)	Broker-dealer services ;	√		
7(1)(v)	Actuarial services ;	√		
7(1)(vi)	Internal audit services or special audit services ;	√		
7(1)(vii)	Any other service that the Audit Committee determines ;	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	√		
7(1)(ix)	Any other service that creates conflict of interest.	√		
7(2)	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; his or her family members also shall not hold any shares in the said company; and	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√		
8.	Maintaining a website by the Company -			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9.	Reporting and Compliance of Corporate Governance -			
9(1)	Obtain a certificate from a practicing Professional Accountant or Secretary (CA or CMA or CS) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the AGM.	√		
9(3)	Statement in accordance with the Annexure-C in the Director's Report whether the company has complied with conditions or not.	√		