

Report on Corporate Governance

Corporate Governance broadly refers to the mechanisms, procedures, systems, practices, norms, customs by which a corporate body is run to achieve its pre-set objectives and goals. Governance mechanisms include applying and monitoring policies, strategies, rules, practices and decisions of corporations, their subsidiaries, agents and other stake holders.

Corporate governance has also been more narrowly defined as a system of law and sound approaches by which corporations are directed and controlled focusing on the internal and external corporate structures with the intention of monitoring the actions of management and directors and thereby, mitigating agency risks which may stem from the misdeeds of corporate officers.”

Corporate governance principles widely followed are based on three documents released since 1990: The Cadbury Report (UK, 1992), the Principles of Corporate Governance (Organization for Economic Co-operation and Development (OECD), 1999, 2004 and 2015), the Sarbanes-Oxley Act of 2002 (US, 2002).


The core issues put forward by the principles cover the following:

- **Rights and equitable treatment of shareholders :** Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.
- **Interests of other stakeholders :** Organizations should recognize that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.
- **Role and responsibilities of the board :** The board needs sufficient relevant skills and understanding to review and challenge management performance. It also needs adequate size and appropriate levels of independence and commitment.
- **Integrity and ethical behavior:** Integrity should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of conduct for their directors and executives that promotes ethical and responsible decision making.
- **Disclosure and transparency :** Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

In contemporary business corporations, the main external stakeholder groups are shareholders, debtholders, trade creditors and suppliers, customers, and communities affected by the corporation's activities. Internal stakeholders are the board of directors, executives, and other employees.

Much of the significance of corporate governance lies in the mitigation of the conflicts of interests between these stakeholders. Ways of mitigating or preventing these conflicts of interests include the processes, customs, policies, laws, and institutions which affect the way a company is controlled. The most important theme of governance is the nature and extent of corporate accountability.

At NHFIL, we have embraced these corporate governance principles with all earnestness and strive to manage the affairs of the company in a fair and transparent manner ensuring rights and responsibilities of participants including the board of directors, managers and executives, shareholders, creditors, regulators, auditors, and other stakeholders.



The company is fully alert to its legal, contractual, market-related and social responsibilities and we consider it our inalienable obligation to make adequate and transparent disclosure of information reflecting our portfolios, financials and performance as well as the quality of leadership and governance of the Company.

Risks and Concerns


Business is a “**risk and gain game.**” Productive efforts entail risks all along which may crop up either from internal or external sources. Despite relentless efforts to arrest risks, some of them can be removed while some other remain beyond control. The management identifies the following risks that may hit the company any time and cause concern and financial and nonfinancial losses; viz, interest rate risk, credit risk, liquidity risk, industry risk, market and technology related risk, exchange rate risk, operational risk, capital adequacy risk, competitor inflicted risk, non-performing loans risk, changes in regulatory policies, changes in government policies, changes in economic and political conditions, assets quality risk, history of non-operation, if any, etc.

The methodology followed in our risk management operations is to firstly, ensure strict adherence to relevant laws and practices, and guidelines of the central bank made available from time to time. Secondly, meticulously weigh each and every business proposal against standards set in respect of each risk. Proposals passing such scrutiny and evaluation are undertaken for execution remaining focused on the basic objectives of maintaining optimum profitability, fortifying capitals, equities, reserves and other resources, more importantly, safeguarding the company from assaults that could restrict its progressive growth and damage goodwill. Thirdly, to perform functions concerning loan processing and disbursements, day-to-day management, recruitment and retrenchment of personnel, vertical and horizontal reporting, maintenance of relationship with external stake holders, disclosure of vital information etc. with complete transparency, trust and integrity and full accountability.

Internal Control and Compliance

The Company’s internal control system was commensurate with its size and nature of business. The system minimized operational risks through effective control, systematic reviews and on-going audit. The internal auditors undertook a comprehensive audit of all functional areas and operations, their findings were referred to the Audit Committee of the Board.

NHFIL made relevant mandatory disclosures reflecting its financial statements under the regulatory framework, including compliance with the provisions of International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), International Financial Reporting Standard (IFRS) and Bangladesh Financial Reporting Standard (BFRS). The annual financial statements are audited by reputed chartered accountants firms and issues unqualified audit reports. There is an independent Internal Control and Compliance Department which looks after compliance with the organizational policies by different departments.



Delegation of Authority

There is clearly spelled out delegation of authority in sanctioning loans as well as operational and capital expenditure with specific task-authority relationship.

Board of Directors and Role of the Board

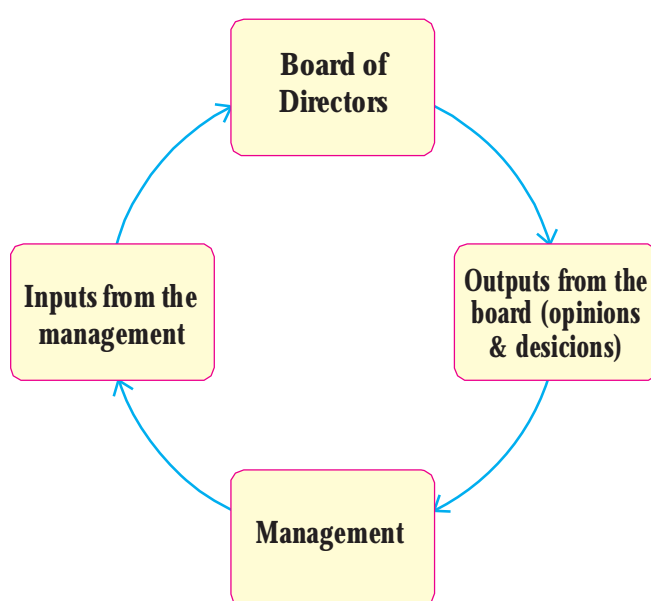
The Board of Directors of NHFIL is collectively responsible for short term profitability and long term growth and sustainability of the Company. Its role is essentially fivefold - to provide leadership, to oversee management, to ensure that all stakeholder's, particularly, shareholders' stakes are consistently enhanced, to maintain transparency, integrity and trustworthiness all along the operational course of the Company, and to allow stakeholders full access to all information pertinent to their interest.

The Board's leadership responsibilities involve working with management to set corporate values and to develop policies and strategies, including setting standards as to risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve erecting constructive challenges to overcome to the benefit of the organization before the management team in relation to operational aspects of the business, including setting budgets, time-bound assignments and targets for expansion, diversification and growth and questioning whether risk management strategies and internal controls are sound. Its responsibility to uphold the interest of stakeholders include seeing to it that company's volume of business and profitability follow a realistic growth trajectory over time, and interest of other internal and external stakeholders are met justifiably. Its task in relation to maintaining transparency, integrity and trustworthiness involves standing as a vanguard setting standards of practice and code of conduct, and serving as a filter to hold the company free of malpractice of all sorts. Its role as the source of corporate information involves causing flow of clean information to and from stakeholders through presentation of accurate, timely and understandable information about the Company by means of Annual Reports, the Interim Reports at half-yearly intervals and other statements, in the wake of Annual General Meetings and other occasions. This role also confers upon it the crucial responsibility of deciding upon appropriate time and manner for disclosure of market-sensitive information, and communications with regulators concerning statutory obligations.

The basic responsibility of the Board of Directors is to govern the affairs of the company exercising reasonable business judgments and to act as a light house helping it navigate safely and gainfully remaining responsive to the needs of its environment and to proceed forward towards a destination that promises steady growth. The Company's day-to-day business is conducted by its employees under the direction and supervision of the Managing Director. The management ensures that all provisions of law, rules-regulations of the central bank are complied with and related practices are taken care of. The management develops Company's strategy, coordinates it with the Board of Directors, and ensures its implementation. Vertical and horizontal interactions meaning discourses and discussions between the board and the management, and among company functionaries serve as the core method that makes way for taking decisions and embarking on any and all business initiatives. In the process,

inputs in terms of information and proposals are placed before the board by the management, the board examines the same, provides opinions and decisions, and then the management implements the collective decision that culminates in an output constituting an investment, a loan, a lease finance or any scheme that bears potential for financial rewards . In pursuing their job the management ensures compliance with appropriate risk management and risk controlling measures so that stakeholders are not exposed to threats of losses and liabilities uncalled for. The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration.

The interactive decision making process that is followed at NHFIL can be visually portrayed as follows:



Short bio-data of all the Directors are given on Pages 12 to 18 of this Annual Report.

Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board of Directors is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the sub-committees of the Board and information as required under Securities Law are also provided to the Directors on a regular basis. The dates of the Board meetings are fixed in advance and notices are served adequately ahead of the meetings to facilitate proper attention and maximum attendance of the Directors. During the year 2016, 13 (thirteen) meetings of the Board of Directors were held. Detail of the Board Meetings is given on page 55 of this Annual Report.

Chairman

The Chairman's primary responsibility is to lead the Board of Directors, to ensure that it has a common purpose, is effective as a group and at individual Director's level and that it upholds and promotes high standards of integrity, probity and corporate governance. The Chairman is the link between the Board of Directors and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Managing Director, for ensuring effective and appropriate communications with shareholders and for ensuring that members of the Board develop and maintain an understanding of the views of shareholders.

Managing Director

The Managing Director has day-to-day management responsibilities for the running of the Company's operations and for the implementation of Company strategy and policies agreed by the Board of Directors. He also has a key role in the process of setting and reviewing of policies and strategies. The Managing Director instills the company's culture and standards, which include appropriate corporate governance throughout the Company. In execution of his responsibilities, the Managing Director is supported by the Chief Financial Officer and the Company Secretary, who, together with the Managing Director, is responsible for ensuring that high quality and authentic information is provided to the Board on the Company's financial and strategic performance.

Company Secretary

The Company Secretary's responsibilities include recording proceedings of the board, disseminating advices and directives of the board, ensuring that instructions and decisions of the Board are followed, assisting the Chairman in relation to corporate governance matters and ensuring compliance by the Company with its legal and regulatory requirements. He is also responsible for ensuring proper information flow to and from the Board and its Committees and between the management and the non-executive directors. He also serves as a bridge between the regulators/stakeholders and the Company.

Role of the Head of Internal Control and Compliance

The head of Internal Control and Compliance is responsible for reporting to the Board Audit Committee regarding deviations from accounting and internal control systems. He is also leads the internal audit team of the Company.

Chairman and Managing Director of the Company are different persons

The Chairman of the board and the Managing Director of the Company are different persons with different roles and responsibilities as defined by the board. This prevents unregulated powers of decision making in a single hand. The Chairman is a non-executive Director while the Managing Director is an Executive Director.

Accounting Standards

The Company has complied with the applicable Accounting Standards. The financial statements present fairly, in all material respects and comply with the Financial Institution Act 1993, the

Companies Act 1994, the Securities and Exchange Rules 1987 & other applicable laws and regulations.

Auditors Certificate on Corporate Governance

The Company has complied with all mandatory requirements of Corporate Governance Guidelines as enumerated in the Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, 2012 and its subsequent amendments by Bangladesh Securities and Exchange Commission. Mr. S. Abdur Rashid FCS, Chartered Secretary in Practice has certified that the Company has complied with the conditions of Corporate Governance as stipulated under the Corporate Governance Guidelines which is annexed in the page no. 60.

Remuneration paid to Directors including Independent Directors

The members of board get only fees for attending board/committee meetings and they are not allowed other remunerations or incentives. According to the ceiling fixed by the Bangladesh Bank, the directors get a remuneration of Tk.8,000.00 per meeting. The total remuneration paid to the directors for meetings of the Board of Directors, Audit Committee and the Executive Committee during 2016 is shown at page 57 of this Annual Report.

Board Committees

There are two committees constituted by the members of the board to assist the Board in discharging its responsibilities, namely, the Audit Committee and the Executive Committee. The board fixes the terms of reference for each Committee and also delegates powers from time to time. Various recommendations of the Committees are submitted to the board for approval.

Audit Committee

The primary role of the Audit Committee is to oversee the financial reporting process and disclosure of financial information, review the financial statements before submission to the board, review adequacy of internal control systems, as well as findings of internal investigations, besides recommending appointment/ removal of statutory auditors and fixing their remuneration. The Committee holds discussions with the statutory auditors to review the annual financial statements before submission to the board with special emphasis on accounting policies, compliance of accounting standards and other legal requirements relating to financial statements. The Committee reviews all issues which are required to be reviewed by the Audit Committee pursuant to guidelines issued by the BSEC, as well as those recommended by the board, if any.

The Audit Committee was reconstituted on 22nd May 2016 and the members are:

- Professor Imran Rahman, Independent Director as the Chairman
- Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.

- Mr. Akhtar Ahmed representing Reliance Insurance Ltd.
- Mr. Azmal Hossain representing Eastern Insurance Co. Ltd.
- Syed Tanveer Hussain, Independent Director.

Mr. Md. Khalilur Rahman, Managing Director acts as its ex-officio member, while Mr. Md. Sarwar Kamal, FCS, Company Secretary, acts as Secretary of the Committee. During the year 2016, 4 (four) meetings of the Audit Committee were held.

Executive Committee

The Executive Committee is authorized to review and approve the proposals of loans and advances within prescribed limits set by the board. The EC reviews all other proposals relating to loans and advances above the limits, as well as other matters for board's approval.

The EC was reconstituted on 22nd May 2016 and the members are:

- Mr. Syed Ali Jowher Rizvi as the Chairman.
- Mr. M. Nurul Alam representing Shaw Wallace Bangladesh Ltd.
- Mr. Muminul Haque Chowdhury representing Borak Travels (Pvt.) Ltd.
- Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.
- Syed Tanveer Hussain, Independent Director

Mr. Md. Khalilur Rahman, Managing Director acts as its ex-officio member, while Mr. Md. Sarwar Kamal, FCS, Company Secretary, acts as Secretary of the Committee. During the year 2016, 17 (seventeen) meetings of the Executive Committee were held.

Related Party Transactions

Transactions with related parties are made on arm's length basis and are in the ordinary course of business. Detailed transactions with related parties are described at notes: 54 of the Financial Statements at the page no. 106 of this Annual Report.

Statement of Managing Director/CEO and CFO regarding Financial Statements

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given at page 64 of this report.

Key operating and financial data of at least last preceding 5 (five) years

Key operating and financial data of last preceding 5 (five) years are shown under the heading of Operational Highlights and Financial Highlights at page 23 of this Annual Report.

Corporate and Financial Reporting Framework

The members of the board, in accordance with the Securities and Exchange Commission's Notification no. SEC/CMRRCD/2006-158/Admin/129/43, dated 07 August, 2012, confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the Management of NHFIL present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the issuer company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment;
- 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 thereof has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the issuer company's ability to continue as a going concern.

Going Concern

The financial statements of the Company have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Board of Directors of NHFIL has made annual assessment as to whether there exists any material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern, including review of budget and internal and external uncertainties that may pose threats to the interests of the Company in future.

Based on the different indications, directors feel it appropriate to adopt going concern assumptions and no material uncertainty exists in preparing the financial statements.

Shareholding Pattern

Shareholding patterns of the Company as at the end of the year 2016 is shown at page 58 of this report.

Annual General Meeting (AGM)

NHFIL holds Annual General Meetings (AGM) in due time and ensures effective interaction with the shareholders at the AGMs. The directors pay special attention to explaining and satisfying the various queries raised by the shareholders at the AGMs.

The Company's operational outcomes and official news releases are displayed on the Company's website and on the websites of the Dhaka and Chittagong Stock Exchanges. The Company also publishes the news required to be published in national daily newspapers. Resolutions passed at the previous AGM, i.e. 17th AGM held on 22nd May 2016

Details of the previous AGM are as follows:

Particulars	Date & Time Venue	Venue
17th AGM	Sunday the 22 nd May 2016, at 11.00 a.m.	Lakeshore Hotel, Road: 41, House: 46, Gulshan 2, Dhaka.

The matters approved of by the shareholders in the last AGM are as follows:

- Financial Statements for the year ended December 31, 2015;
- Dividend (Cash @ 17.00%);
- **Election/re-election of Directors:** Directors who were eligible for re-election and expressed their interest to be elected as Directors in the 17th AGM are: Mr. A F M Shariful Islam representing National Bank Ltd., Mr. Mahbubur Rahman representing Eastland Insurance Co. Ltd., Mr. M. Nurul Alam representing Shaw Wallace Bangladesh Ltd. and Mr. Md. Kabir Reza representing Square Pharmaceuticals Ltd.;
- **Appointment of Auditors:** M/s Howladar, Yunus & Co., Chartered Accountants as external auditor of the Company;
- **Appointment of Independent Directors:** The Board of Directors re-appointed Syed Tanveer Hussain and Mr. Imtiaz Mahmood as Independent Director of the Company for a further period of 3 (three) years

General Shareholders' Information for 18th AGM:

- **Date :** 11th day of May 2017; Time 11.00 am
- **Venue:** Eagle Hall, RAOVA Convention Hall, VIP Road, Mohakhali, Dhaka-1206.
- **Financial Reporting Calendar :** 1st January 2016 to 31st December 2016
- **Dates of Book Closure/Record date :** 25th day of April 2017

Agenda to be discussed:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December, 2016 together with reports of the Auditors;
 2. To declare dividend for the year ended 31 December, 2016;
 3. To elect directors in accordance with the relevant provisions of the Articles of Association of the Company;
 4. To appoint Auditors and fix their remuneration for the year 2017;
- **Dividend Payment Date:** The dividend if declared by the shareholders at the AGM shall be paid on or before 10 June, 2017, i.e. within 30 days from the date of declaration.

Listing on Stock Exchanges:

The securities of the Company are listed with Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

Board Meeting and attendance of Directors

During the year 2016 the 13 meeting of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2016
			Held	Attended	
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	13	12	
Mr. Akhtar Ahmed	Reliance Insurance Limited	Director	13	11	
Mr. Md. Manirul Islam	Pragati Insurance Ltd.	Director	13	13	
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	13	13	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	13	13	
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Director	2	-	Resigned on 31.01.2016
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	11	10	Appointed on 06.03.2016
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	13	11	
Mr. A F M Shariful Islam	National Bank Ltd.	Director	9	1	Appointed on 22.05.2016
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Director	13	12	
Mr. Syed Ali Jowher Rizvi		Director	13	13	
Syed Tanveer Hussain		Independent Director	13	13	
Professor Imran Rahman		Independent Director	13	9	
Mr. Imtiaz Mahmood		Independent Director	13	11	

Executive Committee Meeting and attendance of Directors

During the year 2016 the 17 meeting of the Executive Committee were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2016
			Held	Attended	
Mr. Syed Ali Jowher Rizvi		Chairman	17	17	
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Member	2	-	Resigned on 31.01.2016
Mr. M Nurul Alam	Shaw Wallace Bangladesh Ltd.	Member	9	8	Appointed on 22.05.2016
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	17	17	
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Member	17	17	
Syed Tanveer Hussain	Independent Director	Member	17	17	

Audit Committee Meeting and attendance of Directors

During the year 2016 the 4 meeting of the Audit Committee were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2016
			Held	Attended	
Professor Imran Rahman,	Independent Director	Chairman	4	4	
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	4	4	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Member	4	3	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	4	3	
Syed Tanveer Hussain	Independent Director	Member	4	4	

Remuneration paid to Directors including Independent Director (excluding VAT) during the year 2016

Amount in Taka

Name of the Directors	Nominated by	Designation	Board Meeting	Executive Committee	Audit Committee	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	96,000	-	-	96,000
Mr. Akhtar Ahmed	Reliance Insurance Limited	Director	88,000	-	24,000	112,000
Mr. Md. Manirul Islam	Pragati Insurance Ltd.	Director	104,000	-	-	104,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	104,000	136,000	-	240,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	104,000	-	24,000	128,000
Mr. Mizanur Rahman	Shaw Wallace Bangladesh Ltd.	Director	-	-	-	-
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	80,000	64,000	-	144,000
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	88,000	-	-	88,000
Mr. A F M Shariful Islam	National Bank Ltd.	Director	8,000	-	-	8,000
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	96,000	136, 000	32,000	264,000
Mr. Syed Ali Jowher Rizvi		Director	104,000	136,000	-	240,000
Syed Tanveer Hussain		Independent Director	104,000	136,000	32,000	272,000
Professor Imran Rahman		Independent Director	72,000	-	32,000	104,000
Mr. Imtiaz Mahmood		Independent Director	88,000	-	-	88,000

Pattern of Shareholding

Shareholding Pattern of the Company as on 31st December 2016 On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	95	11,805,447	11.10%
General Public	3,185	7,049,024	6.63%
Investor Account (Omnibus)	51	326,051	0.31%
Mutual Fund	1	200,000	0.19%
NRB (Non Residential)	53	23,380	0.02%
Sponsor Share	34	86,857,557	81.64%
Unit Fund	2	130,541	0.12%
Total :	3,421	106, 392,000	100.00%

Distribution schedule of each class of equity security setting out of the number of shareholders and percentage:

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1 - 500	2115	166,879	0.16%
501 - 5000	1029	1,642,510	1.54%
5001 - 10000	117	859,165	0.81%
10001 - 20000	45	688,920	0.65%
20001 - 30000	20	503,524	0.47%
30001 - 40000	13	451,302	0.42%
40001 - 50000	7	323,583	0.30%
50001 - 100000	20	1,474,228	1.39%
100001 - 1000000	28	7,066,271	6.64%
1000001 to above	27	93,215,618	87.62%
Total :	3,421	106, 392,000	100.00

Shareholding status of Parent/Subsidiary/Associated Companies and other related parties, Directors* and CEO & their spouses & minor children

Name of Director/ Shareholder	Nominated by	Designation	No. of Share(s) held	Percent (%)
Parent/Subsidiary/Associated Companies and other related parties			Nil	Nil
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	5,123,276	4.82
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	5,123,295	4.82
Mr. Md. Manirul Islam	Pragati Insurance Ltd.	Director	4,840,420	4.55
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	5,123,295	4.82
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	5,123,295	4.82
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	4,808,100	4.52
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	5,123,295	4.82
Mr. A F M Shariful Islam	National Bank Ltd.	Director	5,123,295	4.82
Mr. Md. Kabir Reza	Square Pharmaceuticals Ltd.	Director	5,023,450	4.72
Mr. Syed Ali Jowher Rizvi		Director	2,884,860	2.71
Syed Tanveer Hussain		Independent Director	Nil	Nil
Professor Imran Rahman		Independent Director	Nil	Nil
Mr. Imtiaz Mahmood		Independent Director	Nil	Nil
Mr. Md. Khalilur Rahman		Managing Director	Nil	Nil
Shareholders holding ten percent (10%) or more voting interest in the company			Nil	Nil

* All the Directors except Mr. Syed Ali Jowher Rizvi and Independent Directors are Directors' nominated by institutions and they do not hold any share in their personal names.

Shareholding status of CFO, CS and Head of Internal Audit & their spouses & minor children

Name of the Executive	Designation	No. of Share(s) held	Percent (%)
Mr. Sayed Ahmed FCMA	CFO	Nil	Nil
Mr. Md. Sarwar Kamal FCS	Company Secretary	Nil	Nil
Mr. Prabir Shel	Head of Internal Audit	Nil	Nil

Executive (Top five salaried persons other than CEO, CFO, CS & HIA)

Name of the Executive	Designation	No. of Share(s) held	Percent (%)
Mr. S. M. Anisuzzaman	Deputy Managing Director	Nil	Nil
Mr. Shital Chandra Saha	SVP & Head of Principal Branch	Nil	Nil
Mr. Md. Nazrul Islam	VP & Head of Recovery	Nil	Nil
Mr. Md. Abdul Baten	VP & Head of Marketing	Nil	Nil
Mr. Abu Naser Md. Ahad Sarker	VP & Head of Bogra Branch	Nil	Nil

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2005-158/134/Admin/44 dated 07 August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

[Report under Condition No. 7.00]

Condition No.	Title	Compliance Status ("✓" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1.1	Board's Size [number of Board members to be 5 – 20]	✓		
1.2	Independent Directors			
1.2(i)	Number of Independent Directors [at least one-fifth]	✓		
1.2 (ii)	Independent Director (ID) means a director:			
1.2 (ii) (a)	Holding no share or holding less than 1% shares	✓		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	✓		
1.2(ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	✓		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	✓		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	✓		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	✓		
1.2 (ii) (h)	Not convicted as defaulter in any loan of a bank or NBFIs	✓		
1.2 (ii) (i)	Not convicted for a criminal offence	✓		
1.2 (iii)	To be appointed by BOD and approved in the AGM	✓		
1.2 (iv)	The post cannot remain vacant for more than 90 days			N/A
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	✓		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	✓		
1.3	Qualification of Independent Director			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	✓		
1.3 (ii)	Being a Business Leader/ Corporate Leader/ Bureaucrat/ University Teacher(Economics/Business/Law)/CA/CMA/CS having 12 years of management/professional experience	✓		
1.3 (iii)	Prior approval of the Commission in special cases			N/A
1.4	Appointment of Chairman and CEO, defining their roles	✓		
1.5	The Director's Report to Shareholders shall include			
1.5 (i)	Industry outlook and possible future developments	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	✓		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for and a statement of related party transactions	✓		
1.5 (vii)	Utilization of proceeds from issuing instruments			N/A
1.5(viii)	Explanation, if the financial results deteriorate after going for IPO, RPO, Right Offer, Direct Listing, etc			N/A
1.5 (ix)	Explanation about significant variance between quarterly Financial performance and Annual Financial Statements			N/A

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including IDs	√		
1.5 (xi)	Fair presentation in financial statements	√		
1.5 (xii)	Maintaining proper books of accounts	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	√		
1.5 (xv)	Soundness and monitoring of internal control system	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results			N/A
1.5 (xviii)	Summary of key operating/financial data of last 5 years	√		
1.5 (xix)	Reason for non declaration of Dividend			N/A
1.5 (xx)	Number of Board meetings and attendance of directors	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	√		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	√		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	√		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	√		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	√		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	√		
2	CFO, HEAD OF INTERNAL AUDIT AND CS:			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
3	AUDIT COMMITTEE:			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	√		
3.1	Constitution of the Audit Committee			
3.1(i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Directors (at least one Independent Director), as Audit Committee Members, to be appointed by BOD	√		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month			N/A
3.1 (v)	The CS to act as the secretary of the Audit Committee	√		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	√		

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.2	Chairman of the Audit Committee			
3.2 (i)	Chairman to be Independent Director, selected by BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the adequacy of Internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	√		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests			N/A
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal control system			N/A
3.4.1 (ii) (c)	Reporting on suspected infringement of laws			N/A
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately			N/A
3.4.2	Reporting to BSEC			N/A
3.5	Reporting to the Shareholders and General Investors	√		
4	EXTERNAL / STATUTORY AUDITORS			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions	√		
4.00 (ii)	Non-engagement in designing & implementation of FIS	√		
4.00 (iii)	Non-engagement in Book Keeping or accounting	√		
4.00 (iv)	Non-engagement in Broker-Dealer services	√		
4.00 (v)	Non-engagement in Actuarial services	√		
4.00 (vi)	Non-engagement in Internal Audit services	√		
4.00 (vii)	Non-engagement in services determined by Audit Com.	√		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	√		
5	SUBSIDIARY COMPANY			
5 (i)	Composition of BOD to be similar to holding company			N/A
5 (ii)	One ID to be in both holding and subsidiary company			N/A
5 (iii)	Minutes of Board meetings of subsidiary company to be placed at following Board meeting of holding company			N/A
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed			N/A
5 (v)	Audit Committee of holding company to review financial statements / investments of subsidiary company			N/A

Condition No.	Title	Compliance Status ("√" in appropriate column)		Remarks (If any)
		Complied	Not Complied	
6	DUTIES OF CEO AND CFO:			
6 (i) (a)	To certify that they've reviewed FSs which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with	√		