

REPORT ON CORPORATE GOVERNANCE

Corporate governance is a reflection of the value system encompassing with culture, policies, and relationships with the stakeholders. Integrity and transparency are keys to the corporate governance practices to ensure the gain and retain the trust of all stakeholders at all times. At NHFIL, we 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.

We, at NHFIL, ensure that we evolve and follow the corporate governance guidelines and best practices. The company is fully alert to its legal, contractual, social and market oriented responsibilities and we consider it our inherent obligation to effect adequate and transparent disclosure of information reflecting our financials and performance as well as the leadership and governance of the Company.

VISION/MISSION AND STRATEGY

Vision/Mission approved by Directors

The Board of Directors has approved the vision and mission statements of National Housing and strictly maintains it and ensures every individual in the organization complies with them. There is strong belief about it within the organization. The Vision and Mission statements can be found on page 4 & 5.

Business objectives and areas of business focus

NHFIL's Board always sets business objectives and areas of concentration are set according to their own objectives and the market condition. The latest business objectives and areas of business focus can be found in the annual report on page 6.

Strategies to achieve the business objectives

A Strategic Plan is set up by NHFIL at the start of the financial year to align with the business objectives and strategies for the year. The Board always gives direction to the management of the NHFIL on how it is to be managed for the upcoming year. Strategies set to achieve the business objectives can be found in the annual report on page 06.

BOARD OF DIRECTORS, CHAIRMAN AND CEO

NHFIL's policy on appointment of Directors

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- Regularly reviewing the size and composition of the Board and the level of expertise, skills, experience and perspectives that are required to perform its activities;
- Appoint a new Director according to the required competencies of the Board;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM).
- Vacancies, if any, are filled by the Board in accordance to the Companies Act, 1994, and the Articles of Association of the Company;
- The CEO & Managing Director is appointed by the Board subject to approval of Bangladesh Bank;

The Chairman of the Board and the CEO of the Company are different individuals

The Chairman and the CEO & Managing Director are separate individuals. The role of the Chairman and the CEO & Managing Director are independent and separate.

Role and responsibilities of the Chairman as defined by the Board

The Chairman is taking care of the Board of Directors. The Chairman serves as the primary link between the Board and the management and works with the CEO and Company Secretary to set the agenda for the Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

Appraisal of performance of the Board

Both new and existing Directors are provided with the Code of Conduct for the Board members on general aspects of their Directorship and industry-specific matters. Moreover, the Board is immediately informed of any new rules, regulations and/ or changes in existing regulations. The Board is also always kept updated on any development and changes in the business environment, risk and industry outlook to assist them to carryout their duties as Directors. Evaluation of the

Board's performance is conducted by analysing the performance of the projects and proposals approved by it. A quarterly review of classified and non-performing loans is always reviewed by the Board to find out deviations and embrace course of corrections, if any.

Annual evaluation of the CEO & Managing Director by the Board

The Board of Directors evaluates the CEO & Managing Director based on the goals set for him considering the company vision and mission in each year. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

AUDIT COMMITTEE

Audit Committee Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee is a BSEC approved independent non executive Director who is not involved in the day to day operations of the Company. He is an experienced individual and qualified to be the Chairman of the Audit Committee. The Chairman of Audit Committee is an independent Director, ex-Vice Chancellor of the University of Liberal Arts Bangladesh (ULAB) and have twenty-nine years of teaching experience, including twenty-two years at the Institute of Business Administration (IBA), DU as a teacher. He has post-graduation from IBA, University of Dhaka and a B.Sc. in Economics from the London School of Economics and Political Science. The Chairman of the Audit Committee has huge experience in the area of investments, capital markets and corporate finance.

Composition of the Audit Committee:

As per BSEC notification no, SEC/CMRRC/2006-158/129/Admin/44 dated 7th August 2012 on Corporate Governance and Bangladesh Bank Guidelines. The Current Audit Committee consists of 5 members including 2 independent directors. Composition of Audit Committee has been shown in the Annual Report page no. 56.

Internal Audit activity investigation

The Audit Committee established terms of reference (ToR) so that it could function effectively and smoothly. These terms was created to define the roles and responsibilities of the Audit Committee. The committee is also empowered to investigate/question employees and retain external counsel when required.

All members suitably qualified

All members of the audit committee are qualified and have years of experience in banking and financial sector reforms. They are also very competent and come from a variety of educational backgrounds, which brings diversity in the committee. A member of the audit committee is a fellow cost and Chartered Management Accountant; hence he brings a high level of expertise in the areas of finance and accounting to the committee.

Head of Internal Audit's access in the Audit Committee

The Head of Internal Audit always has access to the audit committee and can raise his concerns whenever required.

□ Ensure effective coordination of external audit function

It is vital that there is open communication between the auditor and the audit committee to ensure the best utilization of their resources. This communication also helps in assessing the auditor's performance.

The Audit committee analyses the audited financial statements with management and the external auditors to ensure that the Company's financial statements are objectively presented in compliance with the relevant Bangladesh Financial Reporting Standards, International Financial Reporting Standards and Bangladesh Accounting Standards in all substantial aspects. Based on its review and consultations with management and external auditors. External Auditors are requested to attend the audit committee meeting where financial statements of National Housing is placed for review and recommendation. The Committee also implements an annual assessment of the efficiency of the Company's internal Audit functions and certifies that internal audit has sufficient resources to accomplish its duties.

The external auditors always maintain communication the audit committee based on the requirement of the key audit issues raised regarding accounting or auditing during the course of the audit, which gives rise to a greater risk of material misstatement of the financial statements and concerns regarding the audit committee.

The Audit Committee has quite a few roles regarding the external audit functions;

□ Ensure independence of external audit function

The auditor must be independent of National Housing Finance and Investment Limited. Audit committee is familiar with the statutory and regulatory independence requirements for auditors. It is important the auditor is technically competent and exercise a high level of objectivity and professional Skepticism. The Audit Committee's interactions with the auditor during the audit to evaluate whether the auditor demonstrated integrity, objectivity and professional skepticism as stated above.

□ **Review the external auditors' findings**

The Audit Committee extensively reviews all findings of the external auditors and ensures that management is informed and is taking action for resolving any discrepancies. Before the financial statements are signed, the audit committee reviews all the findings and ensures that they are satisfied with the actions that management has taken.

□ **Review and approve non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditor**

External auditors are not involved in any engagement that directly or indirectly threatens their independence. The Audit Committee must ensure this matter. If any work is being done by the external auditors, the Audit Committee must approve before the work commences. In short, the Audit Committee is responsible that the independence of the external auditors is not comprised under any circumstance.

□ **Recommend external auditor for appointment/reappointment**

The Audit Committee does an extensive review on the audit work done by the auditors after the audited financial statements have been signed. The Audit Committee evaluates the auditors on a very detailed level, and ensures that there were no threats to independence or any other issues with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment/ reappointment for the next year/AGM. In this appointment process, DFIM circular No 04, dated 30th April 2015 was strictly followed without any deviation.

Audit committee's involvement in the review of annual and interim financial reports

As per the Corporate Governance guideline of BSEC, the Audit Committee is expected to assess alongside with management, the interim and annual financial statements before proposing to the Board for consent. NHFIL's Audit Committee appraises the interim and annual financial releases whether audited or unaudited and places it before the Board for approval. The Audit Committee always ensures that the financial statements reflect a true and fair view of the company.

EXECUTIVE COMMITTEE

Roles of the 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. As per Bangladesh Bank Guideline, The Chairman of the Executive Committee is a Director who is not involved in the day to day operations of the Company. He is an experienced Business individual and qualified to be the Chairman of the Executive Committee. As per Bangladesh Bank Guideline, the Current Audit Committee consists of 5 members including 1 independent director. The Board review the performance of Executive Committee on Yearly Basis. Composition of Executive Committee has been shown in the Annual Report page no. 56.

INTERNAL CONTROL & RISK MANAGEMENT

Director's Responsibility to establish appropriate system of Internal Control

The Board of Directors has always been extremely active in establishing appropriate systems of internal control. The Board of Directors has no sympathy for any type of fraud in the FI, and always promotes a sound and strong internal control system inside the FI. The Board of Directors has always appreciated the internal controls that have been set up by management and have also given advice on any matters when required. The Board has always been very responsible and active in establishing an appropriate system of internal control.

The Company has taken sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis to ensure the establishment of appropriate system of internal control. The internal control and compliance department of the Company demeanours periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

Key features of the internal control system

The Company defines internal control as a process which is designed to provide equitable assurance regarding the achievements of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance with applicable laws and regulations.

The Company's internal control system consists of five interrelated components:

The control environment

The control environment refers to the orientation, awareness and actions of those in the governance and management roles with regards to the Company's internal control and its importance in the entity. Elements under NHFIL's control environment include:

NATIONAL HOUSING FINANCE AND INVESTMENTS LIMITED

- ❖ Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors and Audit Committee
- * The communication and fostering of an environment that consistently requires integrity and ethical behaviour as evidenced by regular communication and confirmation of its Code of Conduct and zero tolerance for illegal or unethical behaviour
- ❖ A formal well-defined organizational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company's business
- ◆ Human resource policies that demonstrate the Company's commitment towards recruiting employees who meet established standards of competence and ethical behaviour.

Risk assessment

Risk assessment refers to the process (es) with which the Company identifies and assesses risks in the achievement of its objectives. A changing external and internal environment means that risk assessment is a dynamic process and must occur at all levels of the organizational structure, ranging from branch and department level reviews of portfolios, functions and operations to MANCOM and ALCO meetings at the very top level of the management.

Control activities

Control activities are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

Information and communication

The information and communication component facilitates the functioning of the other components by providing information that is necessary for the attainment of Company objectives and by establishing a continuous process for collecting, sharing and disseminating necessary information from both within and outside the Company. In a more general sense, the NHFIL culture encourages sharing of information and opinions across the management hierarchy and among different businesses, functions and departments.

Monitoring

Monitoring ensures that controls are operating as intended and that they are appropriately modified in response to changing conditions. At NHFIL, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions. A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control frame employed at NHFIL.

Review of the adequacy of the system of internal controls by Directors

In almost every Audit Committee meeting the issue of adequacy of the system of internal controls is a factor that is taken into consideration. The Audit Committee is responsible to the Board of Directors to ensure that the system of internal controls is adequate to protect against any type of fraud. The Committee has reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee places all the compliance report before the Board of Directors and regulators on a timely basis and has performed all other oversight functions in relation to Internal Control System of the FI. In this way, the Directors review the adequacy of the system of internal controls.

Identification of key risks NHFIL is exposed to - both internally and externally

Risk is the element of uncertainty or the possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the vagaries of the complex business environment in which it operates. NHFIL also considers guidelines for managing core risks of financial institutions issued by Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated 24 January 2016. A well-structured and proactive risk management system is in place within the Company to address risks relating to:

- ❖ Credit risk
- ❖ Asset and Liability-Balance Sheet Risk
- ❖ Internal Control and Compliance Risk
- ❖ IT security Risk

The new Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage and to report in a more structured manner. The key among these are:

Strategic risk

Strategic risk has been defined as the risk of potential losses that might arise from adverse business decisions, sub-standard execution and failure to respond adequately to changes in the business environment. The guidelines set out the respective roles of the Board of Directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control. NHFIL has been managing strategic risks ever since its inception. The culmination of all these efforts are reflected in annual strategy and budget sessions, where the Company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

Compliance risk

Compliance risk is defined as the current or prospective risk of legal actions and / or material financial losses that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the Board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy. Historically, NHFIL has always fostered a compliance-oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the NHFIL Code of Conduct (requiring compliance with the laws and regulations) to ongoing communication from the senior management stressing the need to do business under the highest levels of compliance. In general, compliance risk management is embedded in the day-to-day management of business processes and practices of the Company. With the introduction of the Integrated Risk Management Guidelines, the overall management of compliance risk is reviewed and appropriately amended to ensure conformity with the guidelines.

Reputation risk

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks. NHFIL has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

Environmental and social risk

NHFIL is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening its credit appraisal process to be much more stringent from an environment and social (E&S) perspective, evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to sanctioning a loan. A detailed discussion of these risks and the strategies adopted to manage and mitigate these are given in the Statement of Risk Management. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.

Strategies adopted to manage and mitigate risks

NHFIL's Board of Directors acknowledges its overall responsibility for maintaining the adequacy and efficiency of the Group's system of internal controls. The Board is of the view that the internal control framework is designed to manage the Group's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the Group. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material misstatements of management and financial information or against financial losses and fraud.

In a nutshell, the National Housing adopted the following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing the balance sheet and the funding structure
- Determining general principles for measuring, managing, and reporting the FI's risks
- Developing risk policies for business units
- Determining the overall investment strategy

ETHICS AND COMPLIANCE

Ethics and values

National Housing has an 'Employee Code of Ethics' - a framework of ethical behavior for all the employees of the organization.

The leaders/managers are required to exemplify the highest standards of conduct and ethical behavior. The leaders/managers are expected to:

- Lead according to National Housing standards of ethical conduct, in both words and actions.
- Create and maintain an environment where employees feel comfortable asking questions or reporting concerns.
- Be diligent in enforcing the FI's ethical standards and taking appropriate action if violations occur.
- Contact the Human Resources Division when in need of assistance.

The code of employee ethical behavior gives focus on the followings:

- Protecting Privacy of Customers' and Confidential Company Information,
- Preventing Money Laundering and/or Fraud,
- Avoiding Drug/ Substance/ Alcohol Abuse in the Workplace
- Protecting FI's assets
- Avoiding any conflict of interest etc.

The Board of Directors of National Housing has approved the 'Employee Code of Ethics' with a commitment to setting high ethical standards so that customers' expectations and interests are protected in a compliant manner

The Board has a commitment to establish the highest levels of ethics and compliance. The NHFIL Group remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that covers, among other issues, the following areas:

- ◆ Their relationship with and responsibilities to NHFIL.
- ◆ Their relationship with and responsibilities to customers.
- ◆ Compliance with laws and regulations.
- ◆ Acting in a professional and ethical manner.
- ◆ Protection of business assets.
- ◆ Disclosure of conflicts of interest.
- ◆ Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading.

Dissemination of the statement of ethics and business practices

All NHFIL employees are required to sign a declaration form confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration, and ensures that all employees signed the declaration. The Internal Control and Compliance (ICC) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

Board's commitment to establish high levels of ethics and compliance within NHFIL

The NHFIL Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance. The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behaviour:

- ◆ Setting down standards of expected behaviour through the formulation and communication of a Code of Conduct.
- ◆ Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- ◆ Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- ◆ Establishing a clearly-defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.
- ◆ Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.
- ◆ Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behaviour.

Existence of effective anti-fraud programs and controls through whistle-blower mechanism

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. A whistleblower policy has already been formulated and placed before the senior management for review and approval. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Employees are encouraged to report any wrong-doing within the FI. The Head of Internal Control and Compliance and Human Resources Divisions are the primary channel to report any incident. The Reporting channels offer the employees the opportunity to report while maintain their identity confidential. However, from experience National Housing understands that an effective whistleblowing policy demands for a shift in the culture. The National Housing has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity

STRENGTHENING OF CREDIT RISK MANAGEMENT (CRM) FUNCTION

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason the Credit Risk Management committee is fully comprised of the members of the management of NHFIL. The Committee are comprise by the 5(five) members under headed by Deputy Managing Director.

The Committee is thoroughly reviewing the credit proposals in respect of credit risks for onward submission to Credit Approval Authority (Board/EC/Management) through the Managing Director. However, the decisions/recommendations of the Credit Committee shall be based on sound fundamentals, supported by a thorough financial and risk analysis.

REMUNERATION COMMITTEE

Roles of the Remuneration committee

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason the Remuneration committee is fully comprised of the members of the management of NHFIL. The Head of Human Resources functions as the Secretary to the Committee.

The Roles and responsibilities of the Committee are the followings;

- Review the effectiveness of remuneration policy to ensure that whether the Board's set objectives and expectations are being met
- Ensure that an effective remuneration policy, procedure and practice are in place, aligned with the organisation's strategy, and is applied consistently for all employee levels
- Ensure that the structure and mix of fixed and variable pay and other elements are in alignment with the overall business objectives
- Guide and give suggestion to HR team during preparation and review of any policy or process related to compensation and benefits
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified, appropriately valued and promoting the performance based reward & recognition etc.

Composition of the Remuneration Committee

Remuneration Committee of NHFIL consists of three members. The Remuneration Committee comprises of Managing Director, a vice president and Head of HR.

Work conducted and meetings performed by the Committee

Meeting regarding overseeing the remuneration related policy by the Committee was held on need basis at a regular interval throughout the year. So, if any remuneration related issue needs committee's attention, it is placed as agenda for necessary review. However, if required, the meeting is held on need basis to review and discuss any remuneration related issue exclusively.

In addition to the regular roles and responsibilities, the Committee assist in formulation of Remuneration related policies and practices in alignment of the National Housing's short and long-term business objectives.

Remuneration of Directors, Chairman, Chief Executive and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. For attending the Board Meeting, Audit Committee Meeting and Executive Committee Meeting, the Directors receive an honorarium of

Tk. 8000.00 each. During 2017, the expenditures incurred related to directors' remuneration were Tk.19.50 Lac and details of which is shown in the page no 62 Total remuneration to the Managing Director and CEO for the year 2017 is Tk. 60.04 Lac which is separately disclosed in the notes to the Financial Statements no 27 The total cost related to employee compensation is also shown in the notes no 24.02 of the financial statements.

HUMAN RESOURCE MANAGEMENT

Human Resource Development and Management

Employees are the key driving force of National Housing's continuous success. A group of motivated and engaged employees with diverse talents are the key asset of National Housing. National Housing is highly reputed in the market as an employer of choice. The FI has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive NHFIL considers its employees as the most precious capital of the organization that play the crucial role in materializing the mission, vision, goals and objectives of the Company.

To ensure long term sustainability, NHFIL has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

COMMUNICATION TO SHAREHOLDERS & STAKEHOLDERS

Communication with shareholders and other stakeholders

NHFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

Communication through quarterly reports

The Company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

Communication through AGM

All shareholders have the right to attend the Annual General Meeting where they can communicate with the directors and express views regarding the company's business.

Communication through website

The Company's website www.nationalhousingbd.com displays, inter-alia, the Annual Reports, half yearly reports, quarterly reports, monthly business reviews, product offerings, recent announcements, presentations and event updates.

Shareholder's participation in the AGM

All shareholders have the right to attend the Annual General Meeting where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Bangladesh Securities and Exchange Commission (BSEC), online newspapers and print media. The notice of the AGM is also made available on the company website.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Social and environmental responsibilities

At NHFIL, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. NHFIL's sustainability model is based on the 3P approach - People, Planet and Profit:

- ◆ People, our stakeholders with whom we engage for our business and the community where we live
- ◆ Planet, our surrounding environment and the planet
- ◆ Profit, our profit-generating capacity for long-term sustenance

Accordingly, NHFIL has aligned its CSR (corporate social responsibility) initiatives to deliver on this commitment and aid community empowerment and responsible environmental management in a sustainable manner. At NHFIL, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach.

Description of the Company's Policies and practices relating to social and environmental responsibility of National Housing:

In harmony with a natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety, National Housing is constantly working towards decreasing consumption of energy (especially electricity, water

and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. National Housing is moving forward and thinking about implementing it more through the branches.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and giving refinance to the solar energy, bio-gas and effluent treatment plant (ETP) sectors at eased interest rates. National Housing has always been committed to the environment and also been active in social activities throughout the year and will remain to do so in the future.

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 70 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. 18th AGM held on 11th May 2017

Details of the previous AGM are as follows:

Particulars	Date & Time	Venue
18th AGM	Thursday the 11th May 2017, at 11.00 a.m.	Eagle Hall, RAOWA Convention Hall, VIP Road, Mohakhali, Dhaka-1206

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

- Financial Statements for the year ended December 31, 2016;
- Dividend (Cash @ 18.00%);
- Election/re-election of Directors: Directors who were eligible for re-election and expressed their interest to be elected as Directors in the 18th AGM are: Mr. Latifur Rahman representing Bangladesh Lamps Ltd., Mr. Akhtar Ahmed representing Reliance Insurance Co. Ltd. and Mr. M. A. Sabur representing United Commercial Bank Ltd.
- Appointment of Auditors: M/s Syful Shamsul Alam & Co., Chartered Accountants as external auditor of the Company;

General Shareholders' Information for 19th AGM:

- **Date** : 03rd day of May 2018; Time 11.00 am
- **Venue**: Eagle Hall, RAOWA Convention Hall, Mohakhali DOHS, Dhaka-1206.
- **Financial Reporting Calendar** : 1st January 2017 to 31st December 2017
- **Dates of Book Closure/Record date** : 09th day of April 2018

Agenda to be discussed:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2017 together with reports of the Auditors;
 2. To declare dividend for the year ended 31st December, 2017;
 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 2018;
- **Dividend Payment Date**: The dividend if declared by the shareholders at the AGM shall be paid on or before 3rd June, 2018, i.e. within 30 days from the date of declaration.

VARIOUS COMMITTEES

Board Committee

Executive Committee

Name	Designation	Committee Status
Syed Ali Jowher Rizvi	Director	Chairman
Mr. M. Nurul Alam	Director	Member
Mr. Muminul Haque Chowdhury	Director	Member
Mr. Md. Kabir Reza, FCMA	Director	Member
Syed Tanveer Hussain	Independent Director	Member
Md. Khalilur Rahman	Managing Director	Ex-officio
Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Audit Committee

Name	Designation	Committee Status
Professor Imran Rahman	Independent Director	Chairman
Mr. Md. Kabir Reza, FCMA	Director	Member
Mr. Akhtar Ahmed	Director	Member
Mr. Azmal Hossain	Director	Member
Syed Tanveer Hussain	Independent Director	Member
Md. Khalilur Rahman	Managing Director	Ex-officio
Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Management Committee

Management Committee (MANCOM)

Name	Designation	Committee Status
Mr. Md. Khalilur Rahman	Managing Director	Chairman
Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
Mr. Shital Chandra Saha	Senior Vice President	Member
Mr. Saved Ahmed, FCMA	VP & Chief Financial Officer	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Md. Ruhul Amin	FAVP & Head of SME	Member
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member Secretary

Credit Risk Management

Name	Designation	Committee Status
Mr. S.M. Anisuzzaman	Deputy Managing Director	Chairman
Mr. Sayed Ahmed, FCMA	VP & CFO	Member
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Md. Ruhul Amin	FAVP & Head of SME	Member Secretary

Asset Liability Management Committee (ALCO)

Name	Designation	Committee Status
Mr. Md. Khalilur Rahman	Managing Director	Chairman
Mr. Shital Chandra Saha	Senior Vice President	Member
Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
Mr. Md. Nazrul Islam	Vice President	Member
Mr. Md. SarwarKamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Ismail Hossain Mazumder	Manager & Head of Treasury	Member
Mr. Md. Al Amin	Assistant Manager	Member Secretary

Information & Communication Technology (ICT) Committee

Name	Designation	Committee Status
Mr. Md. Khalilur Rahman	Managing Director	Chairman
Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
Mr. Md. SarwarKamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Md. Ziaul Karim	AVP & Head of IT	Member
Mr. A. S. M. Hosne Mubarak	Assistant Manager (IT)	Member Secretary

Procurement Committee

Name	Designation	Committee Status
Mr. Md. Khalilur Rahman	Managing Director	Chairman
Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
Mr. Md. SarwarKamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Md. Ziaul Karim	AVP & Head of IT	Member
Mr. Dilip Chandra Roy	Manager, HRD	Member Secretary

Tender Committee

Name	Designation	Committee Status
Mr. Md. Khalilur Rahman	Managing Director	Chairman
Mr. S. M. Anisuzzaman	Deputy Managing Director	Member
Mr. Shital Chandra Saha	Senior Vice President	Member
Mr. Md. Nazrul Islam	Vice President	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Prabir Shel	Deputy Manager & Head of ICCD	Member
Mr. Abdullah Al Kafi	Deputy Manager	Member
Mr. Md. Alimul Islam	Deputy Manager	Member Secretary

**NATIONAL HOUSING FINANCE
AND INVESTMENTS LIMITED**

CCU (Central Compliance Unit)

Name	Designation	Committee Status
Mr. Sayed Ahmed, FCMA	Chief Financial Officer & CAMLCO	Head of CCU
Mr. Md. Sarwar Kamal, FCS	Company Secretary & DCAMLCO	Member
Mr. Md. Ziaul Karim	Assistant Vice President	Member
Mr. Ismail Hossain Mozumder	Manager	Member
Mr. Syed Sharif Ahmed Sumon	Deputy Manager	Member
Ms. Runa Akter	Assistant Manager	Member
Mr. Md. Junayed Abedin	Deputy Manager	Member Secretary

Ethics Committee

Name	Designation	Committee Status
Mr. S. M. Anisuzzaman	Deputy Managing Director	Chairman
Mr. Md. Nazrul Islam	VP & Head of Recovery	Member
Mr. Md. Abdul Baten	VP & Head of Marketing	Member
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al Amin	AVP & Head of Operation	Member
Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Focal Point & Member Secretary
Mr. Md. Junayed Abedin	Deputy Manager	Fallback Person

Sustainable Finance Committee

Name	Designation	Committee Status
Mr. S.M. Anisuzzaman	Deputy Managing Director	Chairman
Mr. Nazrul Islam	VP & Head of Recovery	Member
Mr. Abdul Baten	VP & Head of Marketing	Member
Mr. Sayed Ahmed	VP & Chief Financial Officer	Member
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Ziaul Karim	AVP & Head of IT	Member
Mr. Prabir Shel	Deputy Manager (ICC)	Member
Mr. Md. Ruhul Amin	First Assistant Vice President	Member Secretary

Sustainable Finance Unit

Name	Designation	Committee Status
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Unit Head
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
Mr. Md. Ziaul Karim	AVP & Head of IT	Member
Mr. Md. Ruhul Amin	First Assistant Vice President	Member
Mr. Prabir Shel	Deputy Manager (ICC)	Member
Mr. Junayed Abedin	Deputy Manager	Focal Point official
Mr. Md. Al Amin	Assistant Manager	Fallback Person

Risk Management Forum (RMF)

Name	Designation	Committee Status
Mr. S. M. Anisuzzaman	Deputy Managing Director	Chief Risk Officer (CRO)
Mr. Sayed Ahmed, FCMA	VP & Chief Financial Officer	Member
Mr. Mahbubur Rashid Al-Amin	AVP & Head of Operation	Member
Mr. Md. Ziaul Karim	FAVP & Head of IT	Member
Mr. Md. Ruhul Amin	FAVP & Head of SME	Member
Mr. Ismail Hossain Mazumder	Manager & Head of Treasury	Member
Mr. Prabir Shel	Deputy Manager & Head of ICCD	Member

Risk Analysis Unit (RAU)

Name	Designation	Committee Status
Mr. Md. Nazrul Islam	Vice President	Member
Mr. Md. Sarwar Kamal, FCS	VP & Company Secretary	Member
Mr. Md. Mezanur Rahman	Manager	Member
Mr. Md. Al-Amin	Assistant Manager	Member Secretary

Customer Service and Complaints Management Cell

Name	Designation	Committee Status
Mr. Md. Nazrul Islam	Vice President	Head of Complaint Cell
Mr. Md. Ruhul Amin	FAVP & Head of SME	Member
Mr. Prabir Shel	Deputy Manager & Head of ICCD	Member
Mr. Rajesh Saha	Officer	Member
Ms. Homayra Ashrafi	Officer	Member
Ms. Umme Hamida Akter	Assistant Officer	Member

BOARD MEETING AND ATTENDANCE OF DIRECTORS

During the year 2017 the 12 meeting of the Board were held. Attendance of the Director is stated below:

Name of the Directors			Number of Meetings		Change During 2017
	Nominated by	Designation	Held	Attended	
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	12	11	
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	12	5	
Mr. Md. Manirul Islam	Pragati Insurance Co. Ltd.	Director	9	6	Resigned on 28.09.2017
Syed M. Altaf Hussain	Pragati Insurance Co. Ltd.	Director	3	2	Appointed on 28.09.2017
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	12	12	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	12	12	
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	12	12	
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	12	10	
Mr. A F M Shariful Islam	National Bank Ltd.	Director	5	0	Resigned on 11.05.2017
Mr. M. A. Sabur	United Commercial Bank Ltd.	Director	7	0	Appointed on 11.05.2017
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	12	11	
Syed Ali Jower Rizvi		Director	12	11	
Professor Imran Rahman		Independent Director	12	8	
Syed Tanveer Hussain		Independent Director	12	12	
Mr. Imtiaz Mahmood		Independent Director	12	1	
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio)	12	12	

EXECUTIVE COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2017 the 17 meeting of the EC were held. Attendance of the Director is stated below:

Name of the Directors	Designation	Committee Status	Number of Meetings		Change During 2017
			Held	Attended	
Syed Ali Jowher Rizvi	Director	Chairman	17	16	No change
Mr. M. Nurul Alam	Director	Member	17	15	
Mr. Muminul Haque Chowdhury	Director	Member	17	17	
Mr. Md. KabirReza, FCMA	Director	Member	17	16	
Syed Tanveer Hussain	Independent Director	Member	17	17	
Mr. Md. Khalilur Rahman	Managing Director	Ex-Officio Member	17	17	

AUDIT COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2017 the 4 meeting of the Audit Committee were held. Attendance of the Director is stated below:

Name of the Directors	Designation	Committee Status	Number of Meetings		Change During 2017
			Held	Attended	
Professor Imran Rahman	Director	Chairman	4	4	No change
Mr. Md. KabirReza, FCMA	Director	Member	4	4	
Mr. Akhtar Ahmed	Director	Member	4	3	
Mr. Azmal Hossain	Director	Member	4	3	
Syed Tanveer Hussain,	Independent Director	Member	4	4	
Mr. Md. Khalilur Rahman	Managing Director	Ex-Officio Member	4	4	

REMUNERATION PAID TO DIRECTORS INCLUDING INDEPENDENT DIRECTOR (INCLUDING AIT) DURING THE
YEAR 2017

Amount in Taka						
Name of the Directors	Nominated by	Designation	Board Meeting	Executive Committee	Audit Committee	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	88,000	-	-	88,000
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	40,000	-	-	40,000
Mr. Md. Maniml Islam	Pragati Insurance Co. Ltd.	Director	48,000	-	-	48,000
Syed M. Altaf Hussain	Pragati Insurance Co. Ltd.	Director	16,000	-	-	16,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	96,000	136,000	-	232,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd	Director	96,000	-	24,000	120,000
Mr. M. Numl Alam	Shaw Wallace Bangladesh Ltd.	Director	96,000	120,000	-	216,000
Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	80,000	-	24,000	104,000
Mr. A F M Shariful Islam	National Bank Ltd.	Director	-	-	-	-
Mr. M. A. Sabur	United Commercial Bank Ltd.	Director	-	-	-	-
Mr. Md. Kabir Reza, ECMA	Square Pharmaceuticals Ltd.	Director	88,000	128,000	32,000	248,000
Syed Ali Jower Rizvi		Director	88,000	128,000	-	216,000
Professor Imran Rahman		Independent Director	64,000	-	32,000	96,000
Syed Tanveer Hussain		Independent Director	96,000	136,000	32,000	264,000
Mr. Imtiaz Mahmood		Independent Director	8,000	-	-	8,000
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio)	Nil	Nil	Nil	Nil

PATTERN OF SHAREHOLDING AS ON 31ST DECEMBER 2017

On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	60	19,588,432	18.41
General Public	3191	11,213,947	10.54
Investor Account (Omnibus)	67	814,263	0.76
Mutual Fund	1	200,000	0.19
NRB (Non Residential)	44	12,607	0.01
Sponsor Share	16	74,490,451	70.02
Unite Fund	1	72,300	0.07
Total:	3,380	106,392,000	100.00

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

Shareholding Range	Number of Shareholders)	No. of Shares	Percentage (%)
1 -500	1,929	181,094	0.17
501 - 5000	1,150	2,003,698	1.88
5001 -10000	132	1,025,200	0.96
10001 -20000	56	804,157	0.76
20001 - 30000	21	563,023	0.53
30001 - 40000	10	343,887	0.32
40001 - 50000	9	426,182	0.40
50001 -100000	19	1,348,752	1.27
100001 -1000000	34	8,214,218	7.72
1000001 to above	20	91,481,789	85.99
Total:	3,380	106,392,000	100.00

On the basis of Related Parties

A. Parent/Subsidiary/Associated Companies and other related parties (name wise details)

Sl.	Name of Shareholder	Description	No. of Share(s) held	Percentage (%)
1.	Sadharan Bima Corporation	Sponsor	5,123,277	4.82
2.	Jibon Bima Corporation	Sponsor	4,808,100	4.52
3.	Eastland Insurance Co. Ltd	Sponsor	5,123,295	4.82
4.	Eastern Insurance Co. Ltd	Sponsor	5,123,295	4.82
5.	National Life Insurance Co. Ltd	Sponsor	5,123,295	4.82
6.	Reliance Insurance Co. Ltd	Sponsor	5,123,295	4.82
7.	Pragati Insurance Co. Ltd	Sponsor	4,840,420	4.55
8.	United Commercial Bank Ltd	Sponsor	5,123,295	4.82
9.	IFIC Bank Ltd	Sponsor	4,808,100	4.52
10.	National Bank Ltd	Sponsor	2,127,840	2.00
11.	Bangladesh Lamps Ltd	Sponsor	5,123,276	4.82
12.	Borak Travels (Pvt.) Ltd	Sponsor	5,123,276	4.82
13.	Square Pharmaceuticals Ltd	Sponsor	5,023,450	4.72
14.	Shaw Wallace Bangladesh Ltd	Sponsor	4,808,100	4.52
15.	HRC Bangladesh Ltd	Sponsor	4,203,277	3.95

**NATIONAL HOUSING FINANCE
AND INVESTMENTS LIMITED**

B. (i) Directors and their spouses and minor children (name wise details)

Sl.	Name of Director	Nominated by	Designation	No. of Share(s) held	Percentage (%)
1.	Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	Nil	Nil
2.	Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	Nil	Nil
3.	Syed M. Altaf Hussain	Pragati Insurance Co. Ltd.	Director	Nil	Nil
4.	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	Nil	Nil
5.	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	Nil	Nil
6.	Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	Nil	Nil
7.	Mr. Akhtar Ahmed	Reliance Insurance Co. Ltd.	Director	Nil	Nil
8.	Mr. M. A. Sabur	United Commercial Bank Ltd.	Director	Nil	Nil
9.	Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	Nil	Nil
10.	Syed Ali Jowher Rizvi		Director	2,884,860	2.71
11.	Professor Imran Rahman		Independent Director	Nil	Nil
12.	Syed Tanveer Hussain		Independent Director	Nil	Nil
13.	Mr. Imtiaz Mahmood		Independent Director	Nil	Nil
14.	Mr. Md. Khalilur Rahman		Managing Director (ex-officio)	Nil	Nil

B. (ii) Shareholding status of CFO, CS and Head of Internal Audit & their spouses & minor children (name wise details)

Sl.	Name of the Executive	Designation	No. of Share(s) held	Percentage (%)
1.	Mr. Sayed Ahmed FCMA	Chief Financial Officer	Nil	Nil
2.	Mr. Md. Sarwar Kamal FCS	Company Secretary	Nil	Nil
3.	Mr. PrabirShel	Head of Internal Audit	Nil	Nil

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

Sl.	Name of the Executive	Designation	No. of Share(s) held	Percentage (%)
1.	Mr. S. M. Anisuzzaman	Deputy Managing Director	Nil	Nil
2.	Mr. Shital Chandra Saha	SVP & Head of Principal Branch	Nil	Nil
3.	Mr. Md. Nazrul Islam	VP & Head of Motijheel Branch	Nil	Nil
4.	Mr. Md. Abdul Baten	VP & Head of Marketing	Nil	Nil
5.	Mr. Mahbubur Rashid Al-Amin	AVP & Head of operation	Nil	Nil
D. Shareholders holding ten percent (10%) or more voting interest in the company			Nil	Nil

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

[Report under Condition No. 7.00]

Annexure -B

Condition No.	Title	Compliance Status (" V " 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]	V		
1.2	Independent Directors			
1.2 (i)	Number of Independent Directors [at least one-fifth]	V		
1.2 (ii)	Independent Director (ID) means a director:			
1.2 (ii) (a)	Holding no share or holding less than 1 % shares	V		
1.2 (ii) (b)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1 % or more shares	V		
1.2 (ii) (c)	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies	V		
1.2 (ii) (d)	Not being member/director/officer of any stock exchange	V		
1.2 (ii) (e)	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market	V		
1.2 (ii) (f)	Not being partner/executive at present or during the preceding 3 years of the company's statutory audit firm	V		
1.2 (ii) (g)	Not being an ID in more than 3 listed companies	V		
1.2 (N) (h)	Not convicted as defaulter in any loan of a bank or NBFIs	V		
1.2 (ii) (i)	Not convicted for a criminal offence	V		
1.2 (iii)	To be appointed by BOD and approved in the AGM	V		
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	V		
1.2 (vi)	Tenure of ID : 3 years, may be extended for one term	V		
1.3	Qualification of Independent Director			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution	V		
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	V		
1.3 (iii)	Prior approval of the Commission in special cases			N/A
1.4	Appointment of Chairman and CEO, defining their roles	V		
1.5	The Director's Report to Shareholders shall include			
1.5 (i)	Industry outlook and possible future developments	V		
1.5 (ii)	Segment-wise or product-wise performance	V		
1.5 (iii)	Risks and concerns	V		
1.5 (iv)	Discussion on COGS, Gross Profit and Net Profit Margins	V		
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	V		
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 (" V " in appropriate column)		Remarks (If any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including IDs	V		
1.5 (xi)	Fair presentation in financial statements	V		
1.5 (xii)	Maintaining proper books of accounts	V		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent	V		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any	V		
1.5 (xv)	Soundness and monitoring of internal control system	V		
1.5 (xvi)	Statement regarding ability to continue as going concern	V		
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	V		
1.5 (xix)	Reason for non declaration of Dividend			N/A
1.5 (xx)	Number of Board meetings and attendance of directors	V		
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) (a)	Parent/Subsidiary/Associate Companies & related parties	V		
1.5 (xxi) (b)	Directors, CEO, CS, CFO, HOIA, their spouses & children	V		
1.5 (xxi) (c)	Executives (Top 5 salaried employees other than above)	V		
1.5 (xxi) (d)	Shareholders holding 10% or more voting interest	V		
1.5 (xxii)	In case of the appointment/re-appointment of a director,			
1.5 (xxii) (a)	A brief resume of the director	V		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas	V		
1.5 (xxii) (c)	Names of companies in which he/she holds directorship and the membership of committees of the board	V		
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	V		
2.2	Attendance of CFO and CS in the meetings of the Board	V		
3	AUDIT COMMITTEE:			
3 (i)	Having Audit Committee as a sub-committee of the BOD	V		
3 (N)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	V		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing	V		
3.1	Constitution of the Audit Committee			
3.1 (i)	Audit Committee to be composed of at least 3 members	V		
3.1 (ii)	Directors (at least one Independent Director), as Audit Committee Members, to be appointed by BOD	V		
3.1 (iii)	Audit Committee members to be "financially literate" and at least one to have accounting/financial experience	V		
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	V		
3.1 (vi)	No quorum in Audit Committee meeting without one ID	V		
3.2	Chairman of the Audit Committee			
3.2 (i)	Chairman to be Independent Director, selected by BOD	V		
3.2 (ii)	Chairman of audit committee to remain present in AGM	V		

Condition No.	Title	Compliance Status (" V " in appropriate column)		Remarks (If any)
		Complied	Not Complied	
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	V		
3.3 (ii)	Monitor choice of accounting policies and principles	V		
3.3 (iii)	Monitor Internal Control Risk management process	V		
3.3 (iv)	Oversee hiring and performance of external auditors	V		
3.3 (v)	Review the annual financial statements	V		
3.3 (vi)	Review the quarterly and half yearly financial statements	V		
3.3 (vii)	Review the adequacy of internal audit function	V		
3.3 (viii)	Review statement of significant related party transactions	V		
3.3 (ix)	Review Letters issued by statutory auditors	V		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	V		
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	V		
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	V		
4	EXTERNAL / STATUTORY AUDITORS			
4.00 (i)	Non-engagement in appraisal/ valuation/ fairness opinions	V		
4.00 (ii)	Non-engagement in designing & implementation of FIS	V		
4.00 (iii)	Non-engagement in Book Keeping or accounting	V		
4.00 (iv)	Non-engagement in Broker-Dealer services	V		
4.00 (v)	Non-engagement in Actuarial services	V		
4.00 (vi)	Non-engagement in Internal Audit services	V		
4.00 (vii)	Non-engagement in services determined by Audit Com.	V		
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment	V		
4.00 (ix)	Audit/Certification services on compliance of corporate governance as required under clause (i) of condition No.7	V		
5	SUBSIDIARY COMPANY			
5 (i)	Composition of BOD to be similar to holding company			N/A
5 (H)	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 (" V " 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	V		
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	V		
6(11)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	V		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7(1)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	V		
7(11)	To state, in accordance with annexure, in directors ' report whether the conditions has been complied with	V		