

ANNEXURE-B



**Report to the Shareholders of
GPH Ispat Limited
On
Compliance on the Corporate Governance Code
For the year ended on 30 June 2018**

We have examined the compliance status to the Corporate Governance Code by **GPH Ispat Limited** ('The Company') for the year ended on **30 June 2018**. This Code relates to the Notification No. **BSEC/CMRRC/2006-158/207/admin/80**, dated **3 June 2018** of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Rahman Mostafa Alam & Co.
Rahman Mostafa Alam & Co.
Chartered Accountants

ANNEXURE-C

BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status column)		Remarks (if any)
		Complied	Not complied	
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less			
1(2)(a)	company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;			
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;			
1(2)(b)(iii)	Who has not been an executive of the company in			
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;			
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement			
1(2)(b)(vi)	Who is not a shareholder, director excepting independent exchange or an intermediary of the capital market;			
1(2)(b)(vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the special audit or professional certifying compliance of this Code;			
1(2)(b)(viii)	companies;			

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Condition No.	Title	Compliance Status (column)		Remarks (if any)
		Complied	Not complied	
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);			
1(2)(b)(x)	moral turpitude;			
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);			
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;			
1(2)(e)	period of 3 (three) years, which may be extended for 1 (one) tenure only;			
1(3)(a)	Independent director shall be a knowledgeable individual laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;			
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;			
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or			
1(3)(b)(iii)	regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or			
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant Management Accountant or Chartered Secretary or			

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Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of			
1(3)(d)	relaxed subject to prior approval of the Commission.			
1(4)(a)	The positions of the Chairperson of the Board and the Managing			
1(4)(b)	listed company shall not hold the same position in another listed company;			
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			
1(4)(d)	of the Chairperson and the Managing Director and/or Chief			
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			
1(5)(i)	An industry outlook and possible future developments in the industry;			
1(5)(ii)	The segment-wise or product-wise performance;			
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;			
1(5)(iv)	Margin, where applicable;			
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;			
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			
1(5)(viii)				
1(5)(ix)	Quarterly Financial performances and Annual Financial Statements;			

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Condition No.	Title	Compliance Status (column)		Remarks (if any)
		Complied	Not complied	
1(5)(x)	A statement of remuneration paid to the directors including independent directors;			
1(5)(xi)	management of the issuer company present fairly its state of equity;			
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;			
1(5)(xiii)	A statement that appropriate accounting policies have been and that the accounting estimates are based on reasonable and prudent judgment;			
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the adequately disclosed;			
1(5)(xv)	A statement that the system of internal control is sound in design			
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling means of redress;			
1(5)(xvii)	company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons thereof shall be disclosed;			
1(5)(xviii)	operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			
1(5)(xix)				
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			N/A
1(5)(xxi)	dividend has been or shall be declared as interim dividend;			N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			N/A
1(5)(xxiii)(b)	spouses and minor children (name-wise details);			

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Condition No.	Title	Compliance Status (column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxiii)(c)	Executives; and			
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);			
1(5)(xxiv)(a)	A brief resume of the director;			
1(5)(xxiv)(b)				
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of			
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly for such changes;			
1(5)(xxv)(c)				
1(5)(xxv)(d)				
1(5)(xxv)(e)	country and the globe;			
1(5)(xxv)(f)	explaining such risk and concerns mitigation plan of the company;			
1(5)(xxv)(g)	Future plan or projection or forecast for company's the shareholders in the next AGM;			
1(5)(xxvi)	Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;			
1(5)(xxvii)	conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.			
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the company;			Under process of Implementation
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			Under process of Implementation
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the			N/A
2(e)	The Audit Committee of the holding company shall also made by the subsidiary company.			N/A
3(1)(a)	The Board shall appoint a Managing Director (MD) or Compliance (HIAC);			
3(1)(b)	The positions of the Managing Director (MD) or Chief			
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;			
3(1)(d)	and duties of the CFO, the HIAC and the CS;			
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			

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Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;			
3(3)(a)(ii)	These statements together present a true and fair view of the accounting standards and applicable laws;			
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;			
3(3)(c)	in the Annual Report.			
4(i)	Audit Committee;			
4(ii)	Nomination and Remuneration Committee.			Under process of Implementation
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;			
5(1)(b)	The Audit Committee shall assist the Board in ensuring that system within the business;			
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;			
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;			
5(2)(c)	literate" and at least 1 (one) member shall have accounting or of such experience;			
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
5(2)(e)	The company secretary shall act as the secretary of the Committee;			
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;			
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).			
5(4)(a)	The Audit Committee shall conduct at least its four meetings			
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.			
5(5)(a)				
5(5)(b)	Monitor choice of accounting policies and principles;			
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;			
5(5)(d)	Oversee hiring and performance of external auditors;			
5(5)(e)	Hold meeting with the external or statutory auditors for to the Board for approval or adoption;			
5(5)(f)	statements before submission to the Board for approval;			
5(5)(g)	Review along with the management, the quarterly and Board for approval;			
5(5)(h)	Review the adequacy of internal audit function;			
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;			

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Condition No.	Title	Compliance Status (column)		Remarks (if any)
		Complied	Not complied	
5(5)(j)	Review statement of all related party transactions submitted by the management;			
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;			
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required external auditors;			
5(5)(m)	Oversee whether the proceeds raised through Initial Public Commission:			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.			
5(6)(a)(ii)(a)				
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material			
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			
5(6)(b)	If the Audit Committee has reported to the Board about condition and results of operation and has discussed with upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of			
5(7)	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;			Under process of Implementation
6(1)(b)	The NRC shall assist the Board in formulation of the positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;			Under process of Implementation

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Condition No.	Title	Compliance Status (column)		Remarks (if any)
		Complied	Not complied	
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).			Under process of Implementation
6(2)(a)	The Committee shall comprise of at least three members including an independent director;			Under process of Implementation
6(2)(b)	All members of the Committee shall be non-executive directors;			Under process of Implementation
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;			Under process of Implementation
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;			Under process of Implementation
6(2)(e)	any member of the Committee or in any other cases of hundred eighty) days of occurring such vacancy in the Committee;			Under process of Implementation
6(2)(f)	The Chairperson of the Committee may appoint or co-opt Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such or valuable for the Committee;			Under process of Implementation
6(2)(g)	The company secretary shall act as the secretary of the Committee;			Under process of Implementation
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;			Under process of Implementation
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.			Under process of Implementation
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;			Under process of Implementation
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			Under process of Implementation
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders:			Under process of Implementation
6(4)(a)	year;			Under process of Implementation

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Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;			Under process of Implementation
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);			Under process of Implementation
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be			Under process of Implementation
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			Under process of Implementation
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and to run the company successfully;			Under process of Implementation
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;			Under process of Implementation
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a and long-term performance objectives appropriate to the working of the company and its goals;			Under process of Implementation
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;			Under process of Implementation
6(5)(b)(iii)	and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;			Under process of Implementation
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;			Under process of Implementation
6(5)(b)(v)	Identifying the company's needs for employees at replacement and promotion criteria;			Under process of Implementation
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;			Under process of Implementation
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.			Under process of Implementation
7(1)(i)	Appraisal or valuation services or fairness opinions;			
7(1)(ii)	Financial information systems design and implementation;			

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not complied	
7(1)(iii)	Book-keeping or other services related to the accounting			
7(1)(iv)	Broker-dealer services;			
7(1)(v)	Actuarial services;			
7(1)(vi)	Internal audit services or special audit services;			
7(1)(vii)	Any service that the Audit Committee determines;			
7(1)(viii)	governance as required under condition No. 9(1);			
7(1)(ix)				
7(2)	possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:			
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.			
8(1)	the website of the stock exchange.			
8(2)	The company shall keep the website functional from the date of listing.			
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).			
9(1)	Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall			
9(2)	compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.			