

## ANNEXURE-B



Solution... Begins

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



**Report to the Shareholders of  
GPH Ispat Limited  
On  
Compliance on the Corporate Governance Code  
For the year ended on 30 June 2019**

We have examined the compliance status to the Corporate Governance Code by **GPH Ispat Limited** for the year ended on 30 June 2019. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/admin/80**, dated **03 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 highly satisfactory.

Place: Chattogram  
Dated: 05 November 2019

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

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## ANNEXURE

### 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			
1(2)(a)	in the 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 any stock exchange;			
1(2)(b)(vi)	Who is not a shareholder, director excepting TREC holder of stock 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) compliance of this Code;			
1(2)(b)(viii)	listed companies;			

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Condition No.	Title	Compliance Status		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)	Who has not been convicted for a criminal offence involving 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 of 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 column)		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.			Not Applicable
1(4)(a)	The positions of the Chairperson of the Board and the Managing			
1(4)(b)	of a listed company shall not hold the same position in another listed company;			
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;			
1(4)(d)	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)				
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)	goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			
1(5)(ix)	Quarterly Financial performances and Annual Financial Statements;			

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<b>Condition No.</b>	<b>Title</b>	<b>Compliance Status</b>		<b>Remarks (if any)</b>
		<b>Complied</b>	<b>Not complied</b>	
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 and has been effectively implemented and monitored;			
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;			
1(5)(xvii)	company's ability to continue as a going concern, 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;			Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			
1(5)(xxii)	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);			Not Applicable
1(5)(xxiii)(b)	their 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 such changes;			Not Applicable
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 operation, i.e., actual position shall be explained to 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.			

## ANNEXURE

Condition No.	Title	Compliance Status (column)		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 Board, other board members and Chief Executive			
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.			
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;			Not Applicable
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;			Not Applicable
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;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also be made by the subsidiary company.			Not Applicable
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief 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)	responsibilities 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 company's affairs and are in compliance with existing 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)	disclosed in the Annual Report.			
4(i)	Audit Committee;			
4(ii)	Nomination and Remuneration Committee.			
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 of affairs of the company and in ensuring a good monitoring 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 years 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 column)		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 half 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		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 for effective audit and evaluate the performance of external auditors;			
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the 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 and results of operation and has discussed with the Board has been unreasonably ignored, the Audit Committee of such matters to the Board for three times or completion of the Board, whichever is earlier.			
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;			
6(1)(b)	The NRC shall assist the Board in formulation of the nomination 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;			