



MAZUMDAR SIKDER AND ASSOCIATES

Cost & Management Accountants

CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

To The Members of Shahjibazar Power Co. Ltd. and its subsidiary

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Shahjibazar Power Co. Ltd.** and its subsidiary for the year ended 30 June 2015. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination was limited to the procedures and implementation there of as adopted by the management in ensuring compliance to the conditions of Corporate Governance.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC.

Place -Dhaka.
Date- January 18, 2016

Mazumdar Sikder and Associates
Cost & Management Accountants

STATUS REPORT ON COMPLIANCE WITH THE CONDITIONS IMPOSED BY BSEC

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

Condition No.	Title	Compliance Status		Remark (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	One fifth (1/5) of the total number of directors	✓		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	✓		
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship	✓		
1.2(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies.	✓		
1.2(ii) d)	Not a member, director or officer of any stock exchange.	✓		
1.2(ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years Of any statutory audit firm.	✓		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.	✓		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBF.	✓		
1.2(ii) i)	Been Not convicted for a criminal offence involving moral turpitude.	✓		
1.2(iii)	Nominated b the board of directors and approved by the shareholders in the AGM.	✓		
1.2(iv)	Not remain vacant for more than 90 (ninety) days.	✓		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	✓		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID):			
1.3(i)	Knowledge of Independent Directors.	✓		
1.3(ii)	Background of Independent Directors.	✓		
1.3(iii)	Special cases for qualifications.			N / A
1.4	Individual chairman of the Board and CEO.	✓		
1.5	The Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	✓		
1.5(ii)	Segment-wise or product-wise performance.	✓		
1.5(iii)	Risks and concerns.	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	✓		
1.5(vi)	Basis for related party transactions.	✓		

1.5(vii)	Utilization of proceeds from public issues, right issues and /or through any others.	✓		
1.5(viii)	Explanation of the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing			N / A
1.5(ix)	Explanation of the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, and Direct Listing	✓		
1.5(x)	Remuneration to directors including independent directors.	✓		
1.5(xi)	Fairness of financial Statement.	✓		
1.5(xii)	Maintenance of proper books of accounts.	✓		
1.5(xiii)	Adoption of appropriate accounting policies and estimates.	✓		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	✓		
1.5(xv)	Soundness of internal control system.	✓		
1.5(xvi)	Ability to continue as a going concern.	✓		
1.5(xvii)	Significant deviations from the last year's.	✓		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) year.	✓		
1.5(xix)	Reasons for not declared dividend.			N / A
1.5(xx)	Number of board meeting held during the year and attendance.	✓		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a)	Parent\Subsidiary/Associated Companies and other related parties.	✓		
1.5(xxi)b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	✓		
1.5(xxi)c)	Executives.	✓		
1.5(xxi)d)	10% or more voting interest.	✓		
1.5(xxii)	Appointment/re-appointment of director:			
1.5(xxii)a)	Resume of the director	✓		
1.5(xxii)b)	Expertise in specific functional areas.	✓		
1.5(xxii)c)	Holding of directorship and membership of committees of the board other than this company.	✓		
2.	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	✓		
2.2	Attendance of CFO and CS at the meeting of the Board of Director.	✓		
3.	Audit Committee:			
3(i)	Constitution of Audit Committee	✓		
3(ii)	Assistance of the Audit Committee to Board of Directors.	✓		
3.(iii)	Responsibility of the Audit Committee.	✓		
3.1	Constitution of the Audit Committee:			
3.1 (i)	At least 3 (three) members.	✓		
3.1 (ii)	Appointment of members of the Audit Committee.	✓		
3.1 (iii)	Qualification of Audit committee members.	✓		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within one month			N / A
3.1 (v)	Secretary of the Audit Committee.	✓		
3.2(vi)	Quorum of the Audit Committee.	✓		
3.2	Chairman of the Audit Committee:			
3.2(i)	Board of Director shall select the Chairman.	✓		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM.	✓		

3.3	Role of Audit committee.			
3.3(i)	Oversee the financial reporting process.	✓		
3.3(ii)	Monitor choice of accounting policies and principles.	✓		
3.3(iii)	Monitor Internal Control Risk management process.	✓		
3.3(iv)	Oversee hiring and performance of external auditors.	✓		
3.3(v)	Review the annual financial statements before submission to the board for approval	✓		
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3(vii)	Review the adequacy of internal audit function.	✓		
3.3(viii)	Review statement of significant related party transactions.	✓		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3(x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.	✓		
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.			
3.4.1(i)	Activities of Audit Committee.	✓		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the Following findings, if any			
3.4.1(ii)a	Conflicts of interests.			N / A
3.4.1(ii)b	Material defect in the internal control system.			N / A
3.4.1(ii)c	Infringement of laws, rules and regulations.			N / A
3.4.1(ii)d	Any other matter.			N / A
3.4.2	Reporting to the Authorities.			N / A
3.5	Reporting to the Shareholders and General Investors.	✓		
4	Engagement of External/Statutory Auditors:			
4(i)	Non-engagement in appraisal or valuation services or Fairness opinions.	✓		
4(ii)	Non-engagement in designing and implementing of financial Information Systems.	✓		
4(iii)	Non-engagement in Book-Keeping or accounting	✓		
4(iv)	Non-engagement in Broker-Dealer services.	✓		
4(v)	Non-engagement in Actuarial services	✓		
4(vi)	Non-engagement in Internal Audit services.	✓		
4(vii)	Non-engagement in services that the audit committee determines	✓		
4(viii)	Possessing on share by any partner or employee of the external audit firm during the tenure of their audit assignment of that company	✓		
5	Subsidiary Company:			
5(i)	Composition of the Board of Directors.	✓		
5(ii)	At least 1 (one) independent director to the subsidiary company.	✓		
5(iii)	Submission of Minutes to the holding company.	✓		
5(iv)	Review of Minutes by the holding company.	✓		
5(v)	Review of Financial Statement by the holding company.	✓		
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i)a	Reviewed the materially untrue of the financial statement.	✓		
6(i)b	Reviewed about compliance of the accounting standard.	✓		
6(ii)	Reviewed about fraudulent, illegal or violation of the Company's code of conduct.	✓		
7	Reporting and Compliance of Corporate Governance:			
7(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	✓		
7(ii)	Annexure attached in the directors' report.	✓		

COMMITTEES

Audit Committee

Mr. Mohammad Liaquat Ali (Independent Director)	-Chair
Mr. Anis Salahuddin Ahmad (Director)	-Member
Mr. AKM Badiul Alam (Director)	-Member
Mr. Yeasin Ahmed (Company Secretary)	-Secretary

Operation & Maintenance Committee

Engr. Md. Hafizur Rahman (Executive Director)	-Chair
Engr. Shariful Islam (General Manager)	-Member
Engr. Md. TamizUddin (AGM)	-Member

Purchase Committee

Mr. Rezakul Haider (Chairman)	-Chair
Mr. Feroz Alam (Managing Director)	-Member
Mr. Md. Engr. Hafizur Rahman (Executive Director)	-Member
Mr. Bhulon Bhowmik (CFO)	-Member

