

FAMES & R

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Annexure-B

**[Certificate as per condition No. 1(5)(xxvii)]
Report to the Shareholders of Aziz Pipes Limited on compliance on the
Corporate Governance Code**

We have examined the compliance Status to the corporate governance code by Aziz Pipes Limited for the year ended June 30, 2019. This code relates to the Notification No BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission (BSEC)

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:

Dated : Dhaka
November 06, 2019




(FAMES & R)
Chartered Accountants

Annexure-C

As per condition No. 1(5)(xxvii)

Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission (BSEC) vid Notification No. SEC/CMRRC/2006-158/207/Admin/80, dated 3 June, 2018 issued under section 2CC of The Securities and Exchange Ordinance, 1969:

(Report under condition No.9.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.	Board of Directors:			
1(1)	Board's Size: Board members shall not be less than 5 and more than 20	✓		
1(2)	Independent Directors:			
1(2)(a)	At least 1/5 of the total members of directors in the company's board shall be independent directors.	✓		
1(2)(b)(i)	Independent Director does not hold any share or holds less than 1% share of the company.	✓		
1(2)(b)(ii)	Independent Director is not sponsor of the company.	✓		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2(Two) financial years;	✓		
1(2)(b)(iv)	Who does not have any pecuniary or otherwise relationship with the company.	✓		
1(2)(b)(v)	Independent Director is not a member, director or officer of any stock exchange.	✓		
1(2)(b)(vi)	Independent Director is not a shareholders, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1(2)(b)(vii)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	✓		
1(2)(b)(viii)	They are not the Independent directors in more than 5(Five) listed companies;	✓		
1(2)(b)(ix)	Independent director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-bank Financial Institution (NBFI).	✓		
1(2)(b)(x)	Independent director has not been convicted for a criminal offence involving moral turpitude.	✓		
1(2)(c)	Independent Directors shall be appointed by the board of directors and approved by the shareholders in the AGM.	✓		
1(2)(d)	The post of Independent director cannot remain vacant for more than 90 days	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which any be extended for 1 (one) term only.	✓		
1.3	Qualification of Independent Director (ID):			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or CEO			
1(4)(a)	The Positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CFO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CFO) 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)	The board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(5)	The Director's 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 of related party transactions-a statement of all related party transactions should be disclosed in the annual report.	✓		
1(5)(vii)	Utilization of proceeds from public issues, rights issues and / or through any other instruments.			N/A
1(5)(viii)	Explanations if the financial results deteriorate after the company goes for Initial Public Offering (IPO).			N/A
1(5)(ix)	Explanation if variance occurs between quarterly financial and Annual Financial Statements.	✓		
1(5)(x)	Remuneration to directors including independent directors.	✓		
1(5) (xi)	Fairness of Financial Statements.	✓		
1(5)(xii)	Maintenance of proper books of accounts.	✓		
1(5)(xiii)	Consistent application of Accounting Policies in preparation of Financial Statements.	✓		
1(5)(xiv)	Observance of Bangladesh Accounting Standards (BAS) /International Accounting Standards(IAS)/ Bangladesh Financial Reporting Standards (BFRS) and International	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		
1(5) (xvii)	Ability to continue as a going concern.	✓		
1(5)(xviii)	Significant deviations in operating results from last year.	✓		
1(5) (xix)	Key operating and financial data of at least last five years shall be summarized.	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxvi)	Declaration or certificate by the CEO & CFO	✓		CEO and CFO is the same person certified to the board during finalization of financial statement which is stated in the “Directors declaration as to Financial statements in the Directors Report”.
1(5)(xxvii)	The report as well as certificate shall be disclosed	✓		
1(6)	Meetings of the Board of Directors	✓		
1(7)	Code of conduct for the Chairperson	✓		
1(7)(a)	The board shall lay down a code of conduct of the company	✓		
1(7)(b)	The code of conduct and independency	✓		
2.	Subsidiary Company:			
2(a)	Composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the Subsidiary Company.			Not applicable
2(b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not applicable
2(c)	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)	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)	Audit committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not applicable
3.	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary:			
3(1)(a)	The board shall appoint MD or CEO, CFO, HIAC and CS.	✓		
3(1)(b)	The position of MD or CEO, CFO, HIAC and CS. shall be filled by different individuals;	✓		Mr. Nurul Absar holds two positions as Managing Director(CC) and CFO accordingly to board decision
3(1)(c)	The MD, CS, CFO & HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		

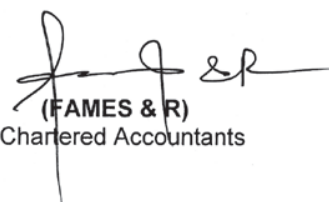
Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3(3)	Duties of MD or CEO & CFO:			
3(3)(a)	The MD & CFO shall certify to the board	✓		
3(3)(a)(i)	These statement do not contain any materially	✓		
3(3)(a)(ii)	These statement together present a true and fair	✓		
3(3)(b)	The MD & CFO shall also board or its member	✓		
3(3)(c)	The certification of the MD & CFO disclose	✓		
4.	Board of Directors Committee:			
4.(i)	Audit Committee	✓		
4.(ii)	Nomination & Remuneration Committee	✓		
5	Audit Committee:			
5(i)(a)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
5(i)(b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state 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 of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee:			
5(2)(a)	Audit Committee shall be composed of at least 3 (three) members.	✓		
5(2)(b)	Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) Independent Director.	✓		
5(2)(c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience.	✓		
5(2)(d)	Board of Directors shall appoint new committee members if any vacancies.	✓		
5(2)(e)	Company Secretary shall acts as 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)	Chairman of the Audit Committee:			
5(3)(a)	Chairman of the Audit Committee shall be an Independent director.	✓		
5(3)(c)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
5(4)	Meeting of the Audit Committee:			
5(4)(a)	The audit committee shall conduct at least its four meetings in a financial year:	✓		
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statement before submission to the board for approval or adoption;	✓		
5(5)(f)	Review along-with the management the annual the financial statements before submission to the board for approval.	✓		
5(5)(g)	Review quarterly and half yearly Financial Statements before submission to the board for approval.	✓		
5(5)(h)	Review the adequacy of internal audit function.	✓		
5(5)(i)	Review the management discussion and analysis before disclosing in the annual report;	✓		
5(5)(j)	Review significant related party transactions.			Not applicable
5(5)(k)	Review management letters/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; and	✓		
5(5)(m)	'Preparing statement of IPO funds utilized and submit to audit committee.			Not applicable
5(6)	Reporting of the on Audit Committee's:			
5(6)(a)	Reporting to the board of directors.			
5(6)(a)(i)	Audit committee shall report to the Board	✓		
5(6)(a)(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings if any;	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests.	✓		
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	✓		
5(6)(a)(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations.	✓		
5(6)(a)(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
5(6)(b)	Reporting to the Authorities	✓		
5(7)	Reporting to the Shareholders and General Investors	✓		
6.	Nomination & Remuneration Committee (NRC):			
6.(1)	Responsibility to the board of director.			
6.(1)(a)	The company shall have a nomination	✓		
6.(1)(b)	The NRC shall assist the board in formulation	✓		
6.(1)(c)	The terms of reference of the NRC	✓		
6.(2)	Constitution of the NRC.			
6.(2)(a)	The committee shall comprise	✓		
6.(2)(b)	All members of the committee shall be non-executive director	✓		
6.(2)(c)	Member of the committee shall be nominated	✓		
6.(2)(d)	The board shall have authority to remove and appoint any, member of the Committee;	✓		
6.(2)(e)	In case of death, resignation vacancy in the committee			Not applicable
6.(2)(f)	The chairperson of the committee may appoint	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.(4)	Meeting of the NRC :			
6.(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6.(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
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);	✓		
6.(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6.(5)	Role of the NRC:			
6.(5)(a)	NRC shall be independent and responsible	✓		
6.(5)(b)	NRC shall oversee	✓		
6.(5)(b)(i)	Formulating the criteria for determining	✓		
6.(5)(b)(i)(a)	The level and composition run the company successfully	✓		
6.(5)(b)(i)(b)	The relationship of remuneration	✓		
6.(5)(b)(i)(c)	Remuneration to director	✓		
6.(5)(b)(ii)	Devising a policy on board diversity	✓		
6.(5)(b)(iii)	Identifying person who are qualified	✓		
6.(5)(b)(iv)	Independent director of the board	✓		
6.(5)(b)(v)	Identifying the company need for employs	✓		
6.(5)(b)(vi)	Developing recommending and reviewing	✓		
6.(5)(c)	The company shall disclose the nomination	✓		
7.	External or Statutory Auditors:			
7.(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	Appraisal or valuation services or fairness opinions.	✓		
7(1)(ii)	Financial information system design and implementation.	✓		
7(1)(iii)	Book keeping or other services related to the accounting records or financial statements.	✓		
7(1)(iv)	Broker-dealer services.	✓		
7(1)(v)	Actuarial services.	✓		
7(1)(vi)	Internal audit services.	✓		
7(1)(vii)	Any other services that the audit committee determines.	✓		
7(1)(viii)	Auditor certification services on compliance	✓		
7(1)(ix)	Any other service that creates conflict of interest	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	✓		
7(3)	Representative of external or statutory auditors shall	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
9.	Reporting and Compliance of Corporate Governance:			
9(1)	The company shall obtain a certificate from a practicing professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of corporate governance code of the commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		Certificate has been obtained from FAMES & R, Chartered Accountants which has been published in the Annual Report as Annexure-B of Directors Report
9.(2)	The professional who will provide the certificate on compliance CGC shall be appointed by the shareholders in the AGM.	✓		
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.	✓		




(FAMES & R)
Chartered Accountants



Md. Rifat Hasan
Chairperson
Aziz Pipe Limited