

# CERTIFICATE ON CORPORATE GOVERNANCE

ANNEXURE - 1



**PODDER & ASSOCIATES**

Cost and Management Accountants

As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that the directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions and prerequisite set by BSEC in their letter.

## Compliance Certificate

On

### **CORPORATE GOVERNANCE**

To the Shareholders of

### **Summit Power Limited**

We have examined compliance to the BSEC guidelines on Corporate Governance by **Summit Power Limited** for the 18 months period of 1<sup>st</sup> January 2016 to 30<sup>th</sup> June 2017, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th 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 thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an expression of opinion or audit on the financial statements of the Company.

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.

**For Podder & Associates**

Jayanta Kumer Podder  
Cost and Management Accountant

Date: **14 SEP 2017**

Place: Dhaka, Bangladesh

# STATUS OF COMPLIANCE

WITH THE CORPORATE GOVERNANCE GUIDELINE (CGG)  
FOR THE PERIOD ENDED 30TH JUNE 2017

## ANNEXURE - 2

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

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
<b>1</b>	<b>Board of Directors</b>			
<b>1.1</b>	<b>Boards size</b>			
	The number of the board members of the Company shall not be less than 5 (five) and more than 20 (twenty).	√		The SPL Board is comprised of 14 Directors Including Managing Director.
<b>1.2</b>	<b>Independent Directors</b>			
(i)	At least one fifth (1/5) of the total number of directors in the Company's board shall be independent directors.	√		There are three Independent Directors in the SPL Board.
(ii)	<b>For the purpose of this clause 'Independent directors' means a director-</b>			
a)	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;	√		
b)	Who is not a sponsor of the Company and is not connected with the Company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the Company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the Company :	√		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the Company or its subsidiary/ associated Companies;	√		
d)	Who is not a member, director. or officer of any stock exchange;	√		
e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
f)	Who 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;	√		
g)	Who shall not be an independent director in more than 3 (three) listed Companies;	√		
h)	Who 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);	√		
i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
(iv)	The post of independent director(s) can not remain vacant for more than 90(ninety) days.	√		No vacancy occurred
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
(vi)	The 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.	√		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
(i)	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 business.	√		
(ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	√		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		No such incidence arose
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer</b>			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(i)	The position of the chairman of the Board and the Chief Executive Officer of the Companies shall be filled by different individuals. The chairman of the Company shall be elected from among the directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the chairman and the chief executive officer.	√		
<b>1.5</b>	<b>Directors Report to the Shareholders</b>			
(i)	Industry outlook and possible future developments in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.			No such incidence arose
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			No such incidence arose
(viii)	An explanation if the financial results deteriorate after the Company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO). Rights Offer, Direct Listing, etc.			No such matter to explain
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			No such matter to explain
(x)	Remuneration to directors including independent directors.	√		
(xi)	The financial statements prepared by the management of the issuer Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
(xii)	Proper books of account of the issuer Company have been maintained.	√		
(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standard (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer Company's ability to continue as a going concern. If the issuer Company is not considerer to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer Company shall be highlighted and the reasons thereof should be explained.			No such matter to explain
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	if the issuer Company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.	√		
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
(xxi)	The Pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:	√		
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		
(xxi) c)	Executives;	√		

# STATUS OF COMPLIANCE

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FOR THE PERIOD ENDED 30TH JUNE 2017

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the Company (name wise details).			No such matter to explain
(xxii)	<b>In case of the appointment/re-appointment of a director the Company shall disclose the following information to the shareholders:</b>			
(xxii) a)	A brief resume of the directors	√		
(xxii) b)	Nature of his/her expertise in specific functional areas;	√		
(xxii) c)	Names of Companies in which the person also holds the directorship and the membership of committees of the board.	√		
<b>2.0</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
2.1 Appointment	The Company shall Appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		
2.2 Requirement to attend the Board Meetings	The CFO and the Company Secretary of the Companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		
<b>3.0</b>	<b>Audit Committee</b>			
(i)	The Company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
(ii)	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.	√		
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	√		
3.1 Constitution of the Audit Committee				
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(ii)	The 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.	√		
(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience,	√		All the existing members of the Audit Committee are ' Financially literate' and they have 'related financial management experience' as per BSEC notification.
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until 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 of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.			There were no such situations during the period.
(v)	The Company secretary shall act as the secretary of the Committee.	√		
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
<b>3.2</b>	<b>Chairman of the Audit Committee</b>			
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
3.3	<b>Role of Audit Committee</b>			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors.	√		
(v)	Review along with the management, the annual financial, statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant 'related party transactions' submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		
(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the Company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		No money was raised through IPO, RPO, Rights issue, etc. during the year.
3.4	<b>Reporting of Audit Committee</b>			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	√		
3.4.1 (ii) a)	report on conflicts of interests;			There was no reportable case of conflict of interest.
b)	suspected or presumed fraud or irregularity or material defect in the internal control system;			No such situation arose during the year
c)	suspected infringement of laws, including securities related laws, rules and regulations;:			No such situation arose during the year
d)	any other matter which shall be disclosed to the Board of Directors immediately.			No such situation arose during the year
3.4.2 Reporting to the Authorities	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such reportable incidence arose
3.5	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer Company.	√		
4	<b>External/ Statutory Auditors</b>			
<b>The issuer Company should not engage its external/statutory auditors to perform the following services of the Company, namely:-</b>				
(i)	Appraisal or valuation services or fairness opinions.	√		
(ii)	Financial information system design and implementation	√		

# STATUS OF COMPLIANCE

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FOR THE PERIOD ENDED 30TH JUNE 2017

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(iii)	Book-keeping or other services related to the accounting records or financial statement	√		
(iv)	Broker –dealer services	√		
(v)	Actuarial services	√		
(vi)	Internal audit services	√		
(vii)	Any other services that the audit committee determines.	√		
(viii)	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.	√		
(ix)	Audit/ Certification services on compliance of corporate governance as required under clause (i) of condition No. 7	√		
<b>5</b>	<b>Subsidiary Company</b>			
(i)	Provisions relating to the 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.	√		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding Company shall be a director on the Board of Directors of the subsidiary Company.	√		
(iii)	The minutes of the Board meeting of the subsidiary Company shall be placed for review at the following Board meeting of the holding Company.	√		
(iv)	The minutes of the respective Board meeting of the holding Company shall state that they have reviewed the affairs of the subsidiary Company also.	√		
(v)	The Audit Committee of the holding Company shall also review the financial statements, in particular, the investments made by the subsidiary Company.	√		
<b>6.0</b>	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer(CFO)</b>			
<b>The CEO and CFO shall certify to the Board that:-</b>				
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
b)	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.	√		
(ii)	There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent illegal or violation of the Company's code of conduct.	√		
<b>7.0</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
(i)	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 Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Required certificate has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the period ended 30th June 2017.
(ii)	The directors of the Company shall state, in accordance with the Annexure attached, in the directors' report whether the Company has complied with these conditions.	√		Status of Compliance is published with the Directors' Report as required.