

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) as adopted by the ICAB (The Institute of Chartered Accountants of Bangladesh), it is a pleasure of the Board of Directors to submit its report to the Shareholders for the year ended 30 June 2023 in the following paragraphs:

## A] Company Operations

### 1] Capacity/Production

Below table represents last five years production capacity and capacity utilization ratios:

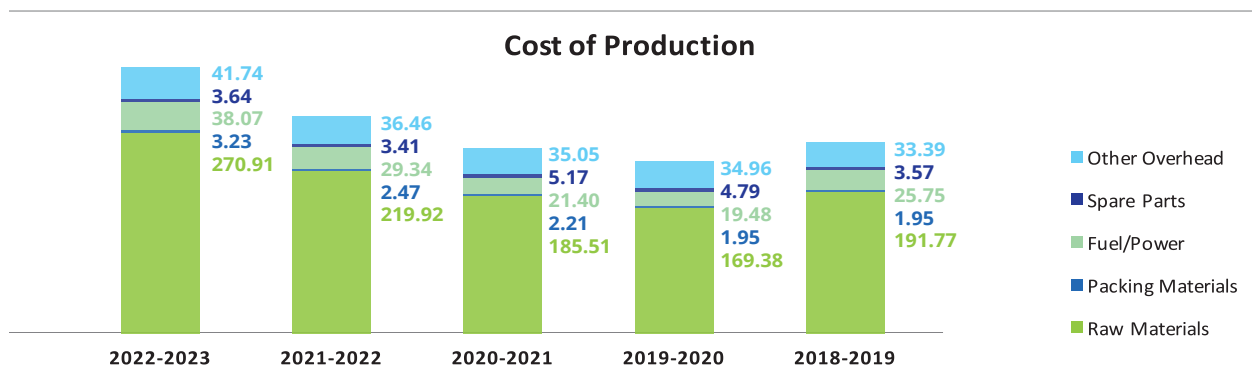
Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
<b>[1.1] Spindles</b>					
a) No. of Spindles installed	88,304	73,184	73,184	73,184	73,184
b) No. of Spindles in operation	77,761	69,248	65,900	66,394	69,484
<b>[1.2] Production Capacity ('000 Kg):</b>					
At Equivalent 28s Count (Ring Yarn)	21,919	18,185	18,257	17,225	18,286
<b>[1.3] Actual Production ('000 Kg):</b>					
At Equivalent 28s Count (Ring Yarn)	16,377	14,772	14,799	13,697	15,111
<b>[1.4] Capacity Utilization (%)</b>	74.72%	81.24%	81.06%	79.52%	82.64%

### 2] Cost of Production

The cost of production increased significantly comparing to the previous years due to dollar exchange rate, fuel price, raw material price, packing material cost, and spare parts consumption. Price fluctuation being an external factor was beyond the control of Management. The level of costs and their incidences for last five years are given below:

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
(a) Output of Yarn ('000 Kg)	17,421	15,956	16,049	14,589	15,229
(b) Cost of Major items ('000Tk):					
Raw Materials	4,719,538	3,509,106	2,977,226	2,471,115	2,920,514
Packing Materials	56,282	39,406	35,533	28,473	29,735
Fuel/Power	663,304	468,237	343,440	284,210	392,118
Spare Parts	63,369	54,448	82,945	69,810	54,298
Other Overhead	727,096	581,756	562,484	510,005	508,537
<b>Total Cost</b>	<b>6,229,588</b>	<b>4,652,953</b>	<b>4,001,627</b>	<b>3,363,613</b>	<b>3,905,203</b>

Unit Cost/Kg (TK)	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Raw Materials	270.91	219.92	185.51	169.38	191.77
Packing Materials	3.23	2.47	2.21	1.95	1.95
Fuel/Power	38.07	29.34	21.40	19.48	25.75
Spare Parts	3.64	3.41	5.17	4.79	3.57
Other Overhead	41.74	36.46	35.05	34.96	33.39
<b>Unit Cost</b>	<b>357.59</b>	<b>291.60</b>	<b>249.35</b>	<b>230.55</b>	<b>256.43</b>
<b>Raw Material Cost as % of Total</b>	<b>75.76%</b>	<b>75.42%</b>	<b>74.40%</b>	<b>73.47%</b>	<b>74.79%</b>



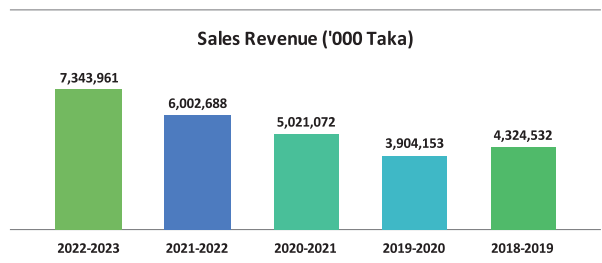
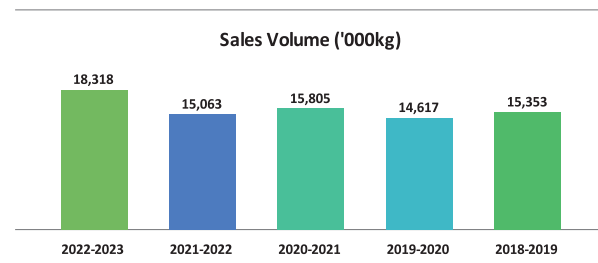
The above chart reveals that overall unit cost increased by 23% in 2022-2023 over 2021-2022. Raw Material, Packing Materials, Fuel/ Power, Spare Parts and other over head cost increased by 23%, 31, 30%, 7% and 14% respectively.

## B] Marketing Operations

### 1] Market Exposure

The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
(a) Sales Volume ('000 Kg)	18,318	15,063	15,805	14,617	15,353
(b) Sales Revenue ('000 Tk)	7,343,961	6,002,688	5,021,072	3,904,153	4,324,532



The above figures shows that both sales volume and revenue has been increased in 2022-2023 by 21.61% and 22.34% compared to prior year 2021-2022. Sales Volume increased due to production capacity increased by 10 MT per day through new special yarn unit compare to prior year.



## 2] Selling Prices

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Average Selling Prices (USD/Kg)	\$3.75	\$4.27	\$3.74	\$3.14	\$3.34
% Change - compare to prior year	-12% down	14% up	19% up	-6% down	2% up

It indicates that average selling price remain almost similar to the prior year though cost of production has been increased significantly. Moreover last few months of reporting period sales price was below the cost price due to significantly falling the yarn price.

## C] Development Activities

During the year 2022-23, the Company started to implement Production, Order, and Asset Maintenance Modules in Oracle ERP system. These modules would help to determine product costing faster and assessing inventory valuation on real-time basis.

## D] Capital Expenditures

Details of capital expenditure for development activities are shown below (figures in '000 Taka):

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
<b>Land</b>	-	12,546	-	-	7,922
<b>Civil construction</b>					
Cotton Unit	60,121	39,955	40,206	27,395	7,261
Mélange Project					
Synthetic Project					
Special Yarn Project	17,614	82,022	84,292		
<b>Plant and Machinery</b>					
Cotton Unit	238,327	114,319	49,603	179,028	272,839
Mélange Project	19,600	4,818	4,818		
Synthetic Project	40,946	17,898	17,898	31,701	37,125
Special Yarn Project	51,159	979,566	120,958		
Other Fixed Assets	5,108	4,676	4,676	99,489	4,161
<b>Total</b>	<b>432,875</b>	<b>1,255,799</b>	<b>322,451</b>	<b>337,614</b>	<b>329,307</b>

## E] Contribution

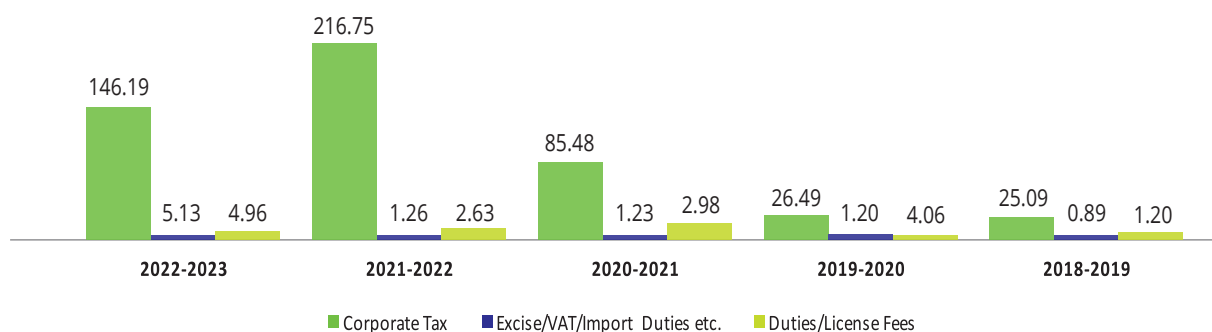
### 1] Contribution to National Exchequer

The Company contributed Tk. 156.28 million during 2022-2023 to the National Exchequer. Last five years comparative data are as follows (figures in million Taka):

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Corporate Tax	146.19	216.75	85.48	26.49	25.09
Excise/VAT/Import Duties etc.	5.13	1.26	1.23	1.20	0.89
Duties/License Fees	4.96	2.63	2.98	4.06	1.20
<b>Total</b>	<b>156.28</b>	<b>220.64</b>	<b>89.69</b>	<b>31.75</b>	<b>27.18</b>

## Contribution to National Exchequer

Figures in Million



## 2] Foreign Exchange Earned/Saved

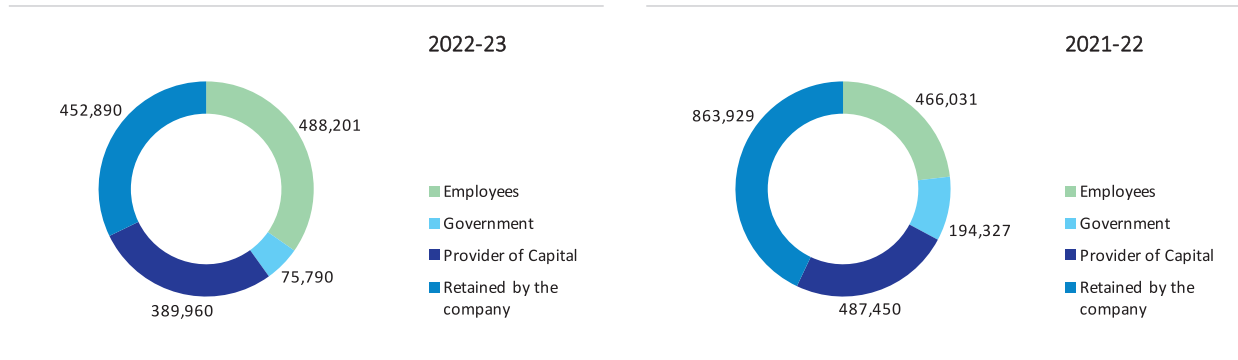
The Company contributed Tk.2,970 million to the Foreign Exchange Reserve of the country during the FY 2022-2023 through its export marketing operation. Last five years data are shown below (figures in million taka):

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Total Export Earnings	7,344	6,003	5,021	3,904	4,325
Less: Import Expenses					
Raw Cotton/Staple Fiber	(4,276)	(4,420)	(3,266)	(2,686)	(2,591)
Spare Parts	(97)	(78)	(51)	(62)	(61)
Net Foreign Exchange Earned	2,970	1,505	1,704	1,156	1,673

## 3] Value Added Statement (figures in '000 Taka)

Particulars	2022-2023	2021-2022
<b>Source of Funds</b>		
Net Turnover	7,343,961	6,002,688
Less: Purchased Materials and Services	(5,917,164)	(3,976,782)
Add: Other Income	(19,956)	(14,169)
<b>Value Added</b>	<b>1,406,841</b>	<b>2,011,737</b>
<b>Applied in the following ways</b>		
<b>Employees</b>	<b>488,201</b>	<b>466,031</b>
Salaries, Wages, Provident Fund & Other Benefits	462,568	403,790
Contribution to Workers' Profit Participation & Welfare Fund	25,634	62,242
<b>Government</b>	<b>75,790</b>	<b>194,327</b>
Corporate Tax	73,512	193,069
Other Government Dues	2,278	1,258
<b>Provider of Capital</b>	<b>389,960</b>	<b>487,450</b>
Dividend	389,960	487,450
<b>Retained by the company</b>	<b>452,890</b>	<b>863,929</b>
Depreciation	415,711	299,618
Retained Earnings	37,178	564,311
<b>Total Applied</b>	<b>1,406,841</b>	<b>2,011,737</b>

## Value Added Contribution



## F] Appropriation

The net profit after tax of BDT 42,71,17,641 earned during the year 2022-2023 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 40% (Tk. 4 per share for 2022-23, total BDT 38,99,60,000)

## G] Auditors

Hussain Farhad & Co., Chartered Accountants, have offered their willingness to be appointed as statutory auditors of the Company. The Board recommends their appointment as the statutory auditor of the Company for the year 2022-2023.

## H] Management Appreciation

The Board of Directors appreciate the performance of management, the officers, staff and workers whose efforts helped to maintain the desired level of productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing throughout the country. It is expected that employees and management will continue to improve the results in the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The Directors express their gratitude and acknowledge with keen interest the cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, CDBL, RJSC, National Board of Revenue and other agencies of the public and private sector.

For and on behalf of Board of Directors

**Abdul Wahed**  
Chairman

# ANNEXURE TO DIRECTORS' REPORT

Additional statements by the Board of Directors as per the Corporate Governance Code dated 3 June 2018 from the Bangladesh Securities and Exchange Commission:

## **(i) Industry Outlook and possible future developments in the industry.**

The Company is operating as a backward linkage industry to the RMG exporting Companies largely within DBL Group. Along with continuing growth of RMG sector in the Country DBL Group is also in the continuing process of expansion of its capacity of RMG. Keeping in view of future growth potential of RMG sector in the country the Company has increased production capacity through establishment of new production units in order to meet the requirement of RMG. Currently total production capacity of the Company is 61 tons of yarn in a day which covers less than 50% of DBL Group's total demand.

We are pleased to inform our valued stakeholders that MSMPCLC has successfully completed its Special Yarn Unit and started commercial production from 01 August 2022. The new unit capable of producing 10 tons of special yarn per day and our total production capacity increased to 61 tons per day from 51 tons. The demand for special yarn is on rise and the high value products should bring better revenue for the company.

## **(ii) Segment-wise or product-wise performance**

The Company is domiciled in Bangladesh. The Company does not have any non-current assets that are located outside Bangladesh. There are also no revenue arising from transactions with a single external customer that comprises 10% or more of the Group's revenue for the years ended 30 June 2023.

The Company is primarily engaged in the manufacturing and sale of single product of yarn in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the Chief Operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation. Reference to the IFRS 8, we are operating a single business and geographic segment as such no segment reporting is required. However, yarn type and export sales has been provided in Note 26.

## **(iii) Risk and Concerns**

The company as other spinning sector in the country is confronted with the supply/price risk of raw cotton and staple fiber which are entirely imported from abroad. Beside the company is facing severe irregular supply of Gas and Electricity. Price of gas is increasing continuously and price of diesel has already increased significantly. To augment low pressure and insufficient of Gas supply, the company maintains alternative power sources such as Diesel Generator, Rural Electrification Board, United Power Generation & Distribution Co. Ltd.

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific intervention, WTO Regulation and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.

## **(iv) Discussion on Cost of goods sold, Gross Profit Margin & Net Profit Margin.**

Cost of goods sold, compared to last year, Increased by 22.63% mainly because of Raw Material, Packing Materials, Fuel/ Power, Spare Parts and other over head cost increased by 23%, 31%, 30%, 7% and 14% respectively compared to last year. The selling price of yarn was almost remain same compare to the last year and last few months of the closing year yarn price was below cost. Both increased cost of goods sold, increased financial cost and less market price of yarn has effect the company's Gross Profit from 26.85% to 12.65% & Net profit margin 17.5% to 5.80% over the last year.

## **(v) Discussion on continuity of any Extraordinary gain or loss.**

There was no extraordinary gain or loss in the financial statements under report.



**(vi) Basis of related party transactions.**

Related party transactions are depicted in Note-42 in the notes to the Financial Statements.

**(vii) Current Status and Utilization of proceeds from Public Issue**

Not applicable

**(viii) Explanation if the financial results deteriorate after the company goes for IPO**

Not applicable

**ix) Explanation of significant variance occurs between Quarterly financial performance and Annual Financial Statements**

**Explanatory notes for the significant variations in the Financial Statements for the year ended 30 June 2023:**

**Issue-1: Significant Increase in Revenue**

It is reported that our total sales revenue has increased by 22.34% during the reporting period compared to last year due to started production from the newly opened special yarn unit from 01 August 2022. The capacity of the newly opened special yarn unit is 10 MT per day which has helped to significant increase of sales revenue over last year

**Issue-2: Significant Decrease in EPS**

EPS has been decreased significantly from BDT 10.79 to BDT 4.38 mainly increase in cost of goods sold @22.63% due to significant increase in raw material cost, power & fuel cost, finance cost as well as other cost and decrease in sales price 12.09% per kg over the last year. There was no other significant Extraordinary Transactions during this year.

**Issue-3: Decrease in Operating Cash flows**

MSMPLC sales proceeds collection has been increased over the reporting period against both site and deferred LC compared to the last year due to additional sales units from our newly opened special yarn unit. But paid to suppliers, employees and interest payment has been increased. In addition to the cash payment our receivable has been increased over the last year. Above are the major cases to remain our cash flow per share 4.97.

**Issue-4: Net Asset Value per Share**

Net Asset Value per share has been decreased from BDT 60.63 to BDT 60.04 due to decrease of profit margin explained above.

**(x) Remuneration to Directors including Independent Directors**

Remuneration of Directors has been shown in Note-39 in the notes to the financial statements. No such remuneration is given to the Independent Directors.

**(xi) Fairness of Financial Statement**

The financial statements prepared by the management of the Company present fairly its state of affairs, result of its operations, cash flows, and changes in equity.

**(xii) Maintenance of proper books of account**

Proper books of account of the Company have been maintained.

**(xiii) Adoption of appropriate accounting policies and estimates**

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

**(xiv) Compliance with IAS and IFRS in preparation of Financial Statements**

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.



**(xv) Soundness of Internal Control System**

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

**(xvi) Minority shareholder interest**

The interests of the minority shareholders are duly protected in the company.

**(xvii) Ability to continue as a going concern**

There are no significant doubts upon the Company's ability to continue as a going concern.

**(xviii) Significant deviations in Operating Results compared to last year**

Operating result showing in net profit after tax to Tk. 427.14 million during 2022-23 from Tk. 1,051 million for the year 2021-22 are mainly due to reducing of profit margin by 59% over the last year.

**(xix) Key operating and financial data of at least preceding 5 (five) years**

The Company's operating financial results as compared to the previous years are summarized below. Numbers presented in SL# 1-13 & 16 are in '000 taka.

SL	Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
1	Revenue	7,343,961	6,002,688	5,021,072	3,904,153	4,324,532
2	Cost of sales	(6,415,052)	(4,390,750)	(3,923,962)	(3,364,549)	(3,949,186)
3	Gross Profit	928,908	1,611,938	1,097,111	539,604	375,345
4	Operating Expenses	(239,209)	(246,816)	(269,232)	(228,524)	(227,902)
5	Finance Cost	(171,351)	(43,881)	(41,261)	(87,751)	(99,388)
6	Operating Income	518,348	1,321,241	786,617	223,329	48,055
7	Other Income	19,956	(14,169)	98,291	42,769	79,938
8	Net Profit before WPPF	538,304	1,307,072	884,909	266,099	127,993
9	Workers' profit participation	(25,634)	(62,242)	(42,139)	(12,671)	(6,095)
10	Net Profit before Tax	512,671	1,244,830	842,770	253,427	121,898
11	Income Tax	(65,914)	(192,832)	(222,197)	(44,925)	(17,788)
12	Deferred Tax	(19,618)	(237)	(5,094)	1,709	(9,762)
13	Net profit (loss) after tax	427,118	1,051,761	615,479	210,211	94,348
14	Gross Margin (%)	12.6%	26.9%	21.9%	13.8%	8.7%
15	Net Margin after tax (%)	5.8%	17.5%	12.3%	5.4%	2.2%
16	Outstanding Shares	97,490	97,490	97,490	97,490	97,490
17	Face Value per share (Taka)	10.00	10.00	10.00	10.00	10.00
18	Earnings per share	4.38	10.79	6.31	2.16	0.97
19	Return on Equity (ROE)	7.50	17.79	12.24	4.68	2.24

**(xx) Reasons for not declaring dividend**

Not Applicable.

**(xxi) Interim dividend**

No bonus or stock dividend was declared during the period under review as interim dividend.





**(xxii) Number of Board meetings held during the year and attendance**

This has been narrated in Note-38 in the notes to the Financial Statements.

**(xxiii) Shareholding Pattern**

Pattern of Shareholding as on 30 June 2023:

Name of the shareholders	Status	Shares held	%
<b>a) Parent/Subsidiary/Associated Companies and other related parties</b>			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77
Flamingo Fashions Limited	Associate Company	2,448,000	2.51
Jinnat Knitwears Limited	Associate Company	2,622,000	2.68
Thanbee Print World Limited	Associate Company	855,139	0.87
Hamza Textiles Limited	Associate Company	281,200	0.27
Jinnat Fashions Limited	Associate Company	227,850	0.23
<b>b) Director:</b>			
Abdul Wahed	Chairman	5,849,250	5.99
M. A. Rahim	Vice Chairman	5,849,250	5.99
M. A. Jabbar	Managing Director	5,849,250	5.99
M. A. Quader	Director	5,849,250	5.99
Selina Perveen	Director	2,130,000	2.18
Tanzeen Khurshid	Director	2,130,000	2.18
Taslima Brgum	Director	2,130,000	2.18
Md. Hassan Imam	Director	2,130,000	2.18
<b>c) Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit &amp; Compliance and their Spouses and Minor Children:</b>			
M. A. Jabbar	Managing Director and his spouse	7,979,250	8.18
Mohammad Emarot Hossain FCA, FCS	Chief Financial Officer	Nil	Nil
Md. Shah Alam Miah FCS	Company Secretary	Nil	Nil
Mohammad Monirul Hasan	Head of Internal Audit & Compliance	Nil	Nil
<b>d) Executives</b>			
Shamimul Haque	Chief Production Officer	Nil	Nil
Engr Md. Shafiqul Islam	GM-Utility	Nil	Nil
Azad Shahriar	Addl. GM-Maintenance	Nil	Nil
Golam Kibria	Addl. GM-Admin	Nil	Nil
ASM Iftekher Nur	DGM- Human Resource	Nil	Nil
<b>e) Shareholders Holding 10% or more voting interest in the Company</b>			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77

**(xxiv) Appointment/re-appointment of Directors**

The Directors retiring as per Article 100 of the Company's Articles of Association are Mr. Abdul Wahed, Mr. M.A. Quader, and Mrs. Tanzeen Khurshid being eligible to offer themselves for re-appointment. A brief resume of the directors has been provided in the "Brief Profile of Directors" section.

Mr. Md. Abdus Salam, FCA, FCS, Independent Directors completed his first terms of three years from 29th April 2020 to 28th April 2023. The Board of Directors re-appointed him for the second term of three years subject to approval by the shareholders in the 21st Annual General Meeting. A brief resume of the Independent directors has been provided in the "Brief Profile of Directors" section.

Directorship with other company and membership of committees of the Board:

SL	Entity	Abdul Wahed	M.A.Quader	Tanzeen Khurshid
1	Dulal Brothers Limited	√	√	-
2	Color City Limited	√	√	-
3	DBL Ceramic Ltd	√	√	-
4	DB Tex Ltd	√	√	-
5	Flamingo Fashions Ltd	√	√	-
6	Jinnat Fashions Ltd	√	√	-
7	Jinnat Apparels Ltd	√	√	-
8	Jinnat Knitwears Ltd	√	√	-
9	Hamza Textiles Ltd	√	√	-
10	Mymun Textiles Ltd	√	√	-
11	Parkway Packaging & Printing PLC	√	√	√
12	Mawna Fashions Ltd	√	√	-
13	Textile Testing Services Ltd	√	√	-
14	DBL Telecom Ltd	√	√	-
15	DBL Pharmaceutical Ltd	√	√	-
16	DBL Dredging Ltd	√	√	-
17	DBL Healthcare Ltd	√	√	-
18	DBL Distributions Ltd	√	√	-
19	DBL Lifestyle Ltd	√	√	-
20	DBL Industrial Park Ltd.	√	√	-
21	Jinnat Textiles Mills Ltd.	√	√	-
22	Audit Committee, MSMPLC	-	√	-
23	Nomination and Remuneration Committee, MSMPLC	-	√	-

**(xxv) Management Discussion and Analysis**

Management's discussion and analysis has been highlighted in the Managing Director's Statement and in Directors' Report.

**(xxvi) Declaration by the CEO and the CFO**

Declaration by the Managing Director and CFO has been given on page 74.

**(xxvii) Report on Compliance of the Corporate Governance Code**

MSMPLC adheres to appropriate good Corporate Governance practices, as described on pages 76 to 88 [Annexure-C]

The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in Annexure - B & C

Further in compliance with the BSEC notification dated June 3, 2018 Suraiya Parveen & Associates, Chartered Secretaries in practice issued the Corporate Governance Compliance Certificate which is shown on page 75 of this report.

**(xxviii) Directors' Compliance on Corporate Governance**

This has been narrated in Statement on Corporate Governance part of the Annual Report.



**Abdul Wahed**  
Chairman of the Board



**MATIN SPINNING MILLS PLC**  
**DECLARATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER**

DATE: 8 OCTOBER, 2023

**ANNEXURE-A**

**THE BOARD OF DIRECTORS**

Matin Spinning Mills PLC  
South Avenue Tower, 6th Floor, House 50, Road 03, Gulshan Avenue, Dhaka 1212.

Subject: **Declaration on Financial Statements for the year ended on 30 June, 2023**

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Matin Spinning Mills PLC for the year ended on 30 June 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- (i) We have reviewed the financial statements for the year ended on 30 June 2023 and that to the best of our 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 collectively present 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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**M. A. Jabbar**  
Managing Director



**Mohammad Emarot Hossain, FCA, FCS**  
Chief Financial Officer





# Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

## Report to the Shareholders of Matin Spinning Mills PLC., on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Matin Spinning Mills PLC., for the year ended on 30 June 2023. 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.

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:

- 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;
- 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;
- 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
- The Governance of the company is satisfactory.

Dhaka, Dated  
October 18, 2023



For Suraiya Parveen & Associates  
Chartered Secretaries

Suraiya Parveen, FCS  
Chief Executive Officer

Alim Sky Castle (2nd floor), Flat-B3, 3/8 Asad Avenue, Block-A, Mohammadpur, Dhaka-1207.  
Phone : 02 41023157 (Off), Mob : 01911 421998, 01713 110408  
Email : suraiyaparveenfcs@gmail.com, musfiquefcs@gmail.com

# STATUS REPORT ON COMPLIANCE WITH THE CONDITIONS IMPOSED BY THE BSEC

ANNEXURE-C

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

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/ CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under section 2CC of the Securities and Exchange Commission Ordinance, 1969:

(Report under condition No.9) is presented below:

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1.</b>	<b>BOARD OF DIRECTORS:</b>			
<b>1(1)</b>	<b>Board's Size:</b> The number of the board members of the Company shall not be less than 5 (five) and more than 20 (Twenty).	✓		
<b>1(2)</b>	<b>Independent Directors:</b>			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent director(s);	✓		
1(2)(b)(i)	Independent Director 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)	Non connectivity with the company's any sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship;	✓		
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 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 Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or 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) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate 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); and	✓		
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; and	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	✓		
<b>1(3)</b>	<b>Qualification of Independent Director:</b>			
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 business;	✓		
1(3)(b)(i)	Independent director should be a 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 than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head 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)	Former official of government or statutory or autonomous or 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;	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	✓		
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 or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			Not Applicable
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.</b>			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer 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(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.	✓		
<b>1(5)</b>	<b>The Directors' Report to Shareholders:</b>			
1(5)(i)	Industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	Segment wise or product wise performance;	✓		
1(5)(iii)	Risk and concerns;	✓		
1(5)(iv)	A Discussion on Cost of Goods Sold, Gross Profit Margin & Net Profit Margin;	✓		
1(5)(v)	Discussion on continuity of any Extra ordinary gain or loss			Not Applicable
1(5)(vi)	Basis for 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;	✓		
1(5)(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;			Not Applicable
1(5)(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements, the management shall explain about the variance on their Annual Report;	✓		
1(5)(x)	Remuneration to directors including Independent Directors;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(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;	✓		
1(5)(xii)	Proper books of account of the issuer company have been maintained	✓		
1(5)(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;	✓		
1(5)(xiv)	International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority share- holders 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)	There are no significant doubts upon the issuer 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 should be disclosed;	✓		
1(5)(xviii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained;	✓		
1(5)(xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized;	✓		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given			Not Applicable
1(5)(xxi)	Board statement to the effect that no bonus share or stock dividend has been declared as interim dividend	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
<b>1(5)(xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-</b>			
1(5)(xxiii)(a)	Parent/subsidiary/Associated Companies and other related parties (name wise details);	✓		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1(5)(xxiv)</b>	<b>In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-</b>			
1(5)(xxiv)(a)	A brief Resume of the Director;	✓		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	✓		
<b>1(5)(xxv)</b>	<b>A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:</b>			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e. actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b> 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 (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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 Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, Employees, customers and suppliers; and independency;	✓		
<b>2.</b>	<b>GOVERNANCE OF BOARD OF DIRECTORS OF SUBSIDIARY COMPANY</b>			
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 review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
<b>3.</b>	<b>MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO) HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS);</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
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)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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).	✓		
3(2)	<b>Requirement to attend Board of Directors' Meetings</b> The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
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)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4.	<b>BOARD OF DIRECTOR'S COMMITTEE</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
5.	<b>AUDIT COMMITTEE</b>			
5(1)(a)	The company shall have and Audit Committee as a sub-committee of the Board of Directors.	✓		
5(1)(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)	<b>Constitution of the Audit Committee</b>			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 appoint the new Committee member to filled up the vacancy 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;	✓		
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.	✓		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
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).	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	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;	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
	The Audit Committee shall:-			
5(5)(a)	oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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 review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the 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's Discussion and Analysis before disclosing in the Annual Report;	✓		
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:			Not Applicable
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)	The audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	Report on conflicts of interests;			Not Applicable
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Applicable
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			Not Applicable
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		

Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(6)(b)	<b>Report to the Authorities</b> Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			Not Applicable
5(7)	<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 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.	✓		
<b>6.</b>	<b>NOMINATION AND REMUNERATION COMMITTEE (NRC)</b>			
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 criteria or policy for determining qualifications, 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;	✓		
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).	✓		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
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, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/ or member(s) of staff shall be required or valuable for the Committee;	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
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.	✓		
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
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;	✓		
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;	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	✓		
<b>6(4)</b>	<b>Meeting of the NRC</b>			
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.	✓		
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	<b>NRC shall oversee, among others, the following matters and make report with recommendation to the Board:</b>			
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long- term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors 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;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
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.	✓		
<b>7.</b>	<b>EXTERNAL OR STATUTORY AUDITORS</b>			
7(1)(i)	Non-engagement of external/statutory auditors in appraisal or valuation services or fairness opinions;			Not Applicable
7(1)(ii)	Non-engagement of external/statutory auditors in financial system design and implementation;			Not Applicable
7(1)(iii)	Non-engagement of external/statutory auditors in Book-keeping or other services related to the accounting records or financial statements;			Not Applicable
7(1)(iv)	Non-engagement of external/statutory auditors in broker dealer services;			Not Applicable
7(1)(v)	Non-engagement of external/statutory auditors in actuarial service			Not Applicable
7(1)(vi)	Non-engagement of external/statutory auditors in internal audit services;			Not Applicable
7(1)(vii)	Non-engagement of external/statutory auditors in any other service that the Audit Committee determines;			Not Applicable
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);			Not Applicable
7(1)(ix)	Any other service that creates conflict of interest.			Not Applicable



Condition No.	Title	Compliance Status (Put ✓ in appropriate column)		Remarks (if any)
		Complied	Not Complied	
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; 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.	✓		
<b>8.</b>	<b>MAINTAINING A WEBSITE BY THE COMPANY</b>			
8(1)	The company shall have an official website linked with 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). Complied 9 Reporting and Compliance of Corporate Governance.	✓		
<b>9.</b>	<b>REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report;	✓		
9(2)	The professional who will provide the certificate on 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.	✓		

