

# Corporate Governance Statement: 2019-2020

The Board Directors are collectively responsible to shareholders of the Company for its performance and for the organization's governance frameworks, its value system and its strategies. The Company believes in adopting the best practices in the area of Corporate Governance and follows the principles of transparency and accountability, thereby protecting the interests of its shareholders. Corporate Governance is a system by which companies are directed and controlled. The principal characteristics of corporate governance are transparency, independence, responsibility, fairness and responsibility for the society.

Esquire Knit Composite Ltd. is always conscious about the corporate governance which ultimately helps to catch stakeholders' faith.

The good governance process provides transparency of corporate policies, strategies and the decision-making process. It is also strengthening internal control systems and helps in building relationships with all stakeholders. The Board ensures the integrity and commitment of its employees, supported by a comprehensive framework of policies, guidelines and internal controls. In this Statement of Corporate Governance, we believe to provide insights to the shareholders, investors and other stakeholders on the corporate governance initiatives in the Company.

## **BOARD GOVERNANCE**

The Company is managed and operated under the direction of the Board of Directors. The Board of Directors of Esquire Knit Composite Ltd. being the supreme authority in the Company, believes in ensuring the highest standards of Corporate Governance as it will serve to reinforce the Company's sustainability, organizational effectiveness and foster a high-performance culture within the organization. The Board also includes Independent Directors, who are enlightened members of the society. The Board of Directors of the Company remains committed to high standards of governance in harnessing a responsible organization, that adopts and practices in accordance with the principles and recommendations of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) and the Company's own governing Principles. The Board recognizes that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholders' value. The corporate governance is essential for the long-term performance and sustainability of our Company, and to protect and enhance the interests of our shareholders and other stakeholders.

Our governance framework plays an integral role in supporting our businesses and helping us to deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It includes a clear framework for decision making and accountability across our business and provides guidance on the standards of behavior we expect from our people. The Company is dedicated and committed to managing its business responsibly amongst a challenging environment for the textile and clothing industry.



## CORPORATE GOVERNANCE FRAMEWORKS

Esquire Knit Composite Ltd. Corporate Governance Frameworks has been developed and enhanced based on the basic principles and best practices outlined in the following:

- » Bangladesh Securities and Exchange Commission (BSEC) Notification on Corporate Governance;
- » The Companies Act 1994 and other applicable regulations of Bangladesh;
- » Dhaka and Chittagong Stock Exchanges Listing Regulations
- » Laws of the land;
- » Factory Rules and Regulation
- » Fire and Safety Policy;
- » Environmental Policy;
- » Labour Law;
- » Risk Management Internal Control of the Company;
- » Delegated Authorities of the Company; and
- » Quality compliance policy.

The Board also continuously reviews its corporate governance frameworks to ensure its relevance, effectiveness and sustain ability in addressing future business challenges.

The corporate governance framework of Esquire Knit Composite Ltd. is directed towards achieving the Company's business objectives in a responsible manner. Therefore, in order to comply with the laws, rules, regulations, corporate governance codes, articles of association, policies and procedures, the Company constantly exercises good Board practices, effective control processes, transparent disclosures and Board commitments.

## BUSINESS COMPLIANCE

The Board of Esquire Knit Composite Ltd. believes that good governance is essential in pursuing its business objectives. The fundamentals of good governance are corporate compliance to the various laws, rules and regulations. Compliance helps build trust among the Board Members, Shareholders, Customers and other stakeholders including the regulators. As leaders of a compliant company, the Management Team of Esquire Knit Composite Ltd. adopted strategies that assure compliance with all relevant legal and regulatory requirements. This ensures that good governance cascades right throughout the company. Esquire Knit Composite Ltd. is subject to close monitoring process of regulatory bodies that focus on transparency and require that Esquire Knit Composite Ltd. provides accurate and periodic reporting of issues/events and certification where necessary. In this context, the Company regularly provides a complete set of financial statements and relevant documents to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd., Chittagong Stock Exchange Ltd., National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC) and all other relevant bodies and authorities. The Company also takes various initiatives to conduct awareness sessions on existing and proposed laws to ensure compliance throughout the company. Overall, Esquire Knit Composite Ltd. has always tried to remain a fully compliant company accommodating every possible way and strategy to ensure the same.

## STRUCTURE OF THE BOARD

The Board of Directors of the Company consists of 7 (Seven) Directors. Out of 7 (Seven) Directors, four are sponsor namely, Md. Mofazzal Hossain, Md. Ehsanul Habib, Arifur Rahman, and Md. Muddasar Hossain, 01(One) Director namely, Mrs. Peara Begum, and 02(two) Independent Director namely, Swapan Kumar Sarkar and Placid Gomes,FCA.

## PRACTICES OF THE BOARD

The responsibilities of the Board of Directors are mainly related to evaluation and development of strategy. The Board is Responsible to the shareholders for overall success of the Company for its strategic directions, its values and its governance. It provides the leadership necessary for the Company to meet its business objectives within the framework of its internal controls, while also discharging the Company's obligations to its shareholders. The Board shall determine the vision, mission of the Company and also determine the strategy and work planning for enhancement of effectiveness and efficiency. The composition of the Board complies with the requirements outlined in the BSEC Guidelines on Corporate Code, the Listing Regulations and those of the generally applied codes of the best practices.

## POLICY ON APPOINTMENT OF DIRECTORS

The Company always complies with the regulations of the regulatory authorities regarding appointment of directors. BSEC notifications and Companies Act are strictly followed in this regard. Esquire Knit Composite Ltd. does not have its own and separate policy on appointment of Directors, except for the very first Board. As per the Companies Act, 1994, Directors are subject to retirement. At least one-third of the

Directors shall retire by rotation in every AGM. The term of an Independent Director is three years and may be extended by another three years. The Company shall follow all relevant rules and regulations of the respective regulatory bodies in case of nomination, removal and casual vacancy of the directors.

#### **APPOINTMENT OF CFO, CS & HIAC**

The management of the Company has adopted appointment strategies that ensures the compliance with all relevant legal and regulatory requirements. In compliance with Corporate Governance Code, the Board of the Company appointed separate individuals for the post of CFO, CS & HIAC. They are not engaged with any other companies.

#### **CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER**

The positions of the Chairman of the Board and the Chief Executive Officer or Managing Director of Esquire Knit Composite Ltd. were filled by different individuals. The Chairman was elected from among the directors of the Company. The Managing Director and CEO was also appointed by the Board which was done at the of formation of the Company. The Board of Directors has clearly defined respective roles and responsibilities of the Chairman and Managing Director & Chief Executive Officer.

#### **CHAIRMAN OF THE BOARD**

The Chairman of the company shall be elected by the Board of Directors from among the directors of the company and the Board considers the Chairman being independent.

#### **ROLES AND RESPONSIBILITIES OF THE CHAIRMAN**

- The Chairman's responsibility is defined by the Board as directed by BSEC's notification on Corporate Governance Code.
- The Chairman presides over meetings of the Board and Company (AGM) and ensures good Corporate Governance in the conducts of the Board and Company.





- » As Chairman of the Board of Directors (or Chairman of any Committee formed by the Board), does not personally possess the jurisdiction to apply policy making or executive authority, he does not participate in or interfere into the administration or operational and routine affairs of the Company.
- » The Chairman ensures that the Board is functioning in accordance with the Memorandum and Articles of Association of the Company as well as other applicable laws.
- » The Chairman maintains relations with the relevant stakeholders in consultation with the Board as well as the Managing Director, representing the Company as a good/responsible corporate citizen.
- » The Chairman may assume any responsibility if the Board assigns within the purview of the relevant Rules, Regulations, Acts and Articles.

### PRIMARY ROLES AND REPOSSIBILITIES OF THE MANAGING DIRECTOR

The position of a Managing Director in a company is crucial as this position will involve the most senior level responsibilities of the organization. Managing directors are the head of the business group and they are the decision-making body of the company. He has the responsibility of running the entire organization and also taking all important decisions for the company. Hence the managing director of a company should be experienced, confident and skilled professional who has good leadership qualities.

- » A managing director strives to chart blueprint policies for the company and implements them for the betterment of the employees and the company.
- » The Managing Director is responsible for driving business operations, leading the development and execution of the Company's long-term strategies with a view to creating shareholder value.
- » The Managing Director's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short-term plans.
- » The Managing Director acts as a direct liaison between the Board and Management of the Company and communicates to the Board on behalf of the Management.
- » The Managing Director also communicates on behalf of the Company to the shareholders, employees, Government authorities, other stakeholders and the public.
- » Develop strategies to boost sales and profits of the company and plan the future prospects of the company.

### INDEPENDENT DIRECTOR

Mr. Swapan Kumar Sarkar and Mr. Placid Gomes, FCA has re-appointed by the Board of Directors as Independent Directors. The re-appointment of Mr. Swapan Kumar Sarkar and Mr. Placid Gomes, FCA, Independent Director confirmed and approved by the shareholders in the 19th Annual General Meeting 2019.

### BOARD RESPONSIBILITIES AND AUTHORITIES

The Board of Directors is appointed to act on behalf of the shareholders to run the day to day affairs of the business. The board are directly accountable to the shareholders and each year the company will hold an annual general meeting (AGM) at which the directors must provide a report to shareholders on the performance of the company, what its future plans and strategies are and also submit themselves for re-election to the board.

- » Determine the company's vision and mission to guide and set the pace for its current operations and future development.
- » Formulating the long-term strategies of the Company and setting the goals and direction for the Company.
- » Review and evaluate present and future opportunities, threats and risks in the external environment and current and future strengths, weaknesses and risks relating to the company
- » Reviewing and approving the audited quarterly financial statements.
- » Reviewing Company's risk assessment and ensures implementation of appropriate systems to manage those risks.
- » Overseeing the conduct and performance of the Company.
- » Providing the leadership necessary to ensure that the business objectives set out by the Board are met within the framework of internal controls, as described in this Statement.
- » Other key duties for the Board includes approving financial statements, appropriation of profit, reviewing the adequacy and

integrity of the Company's internal control systems and ensuring compliance with applicable laws, rules, regulations, directives and guidelines of various regulators.

- » Ensure that communications both to and from shareholders and relevant stakeholders are effective.
- » Understand and take into account the interests of shareholders and relevant stakeholders.
- » Monitor relations with shareholders and relevant stakeholders by gathering and evaluation of appropriate information.
- » Promote the goodwill and support of shareholders and relevant stakeholders.

In discharging its responsibilities, the Board is guided by the regulations contained in the Memorandum and Articles of Association of the Company, the Companies Act, 1994 ;relevant applicable regulations, BSEC Codes of Corporate Governance, Listing Regulations, Company's Standards of Business Conduct Business Principles, Statement of Delegated Authorities, and other generally accepted corporate best practices.

### **BOARD COMMITTEES**

The Board has also constituted a few Committees for quicker and efficient flow of information and thereby exercising effective governance and has delegated certain responsibilities to the Committees to assist the Board in discharging of its responsibilities. There are four such Committees, to which the Board has delegated certain responsibilities. These are:

01. Board Audit Committee and
02. Board Nomination and Remuneration Committee.

Each of the above-mentioned committee strictly adheres to a set of Terms of Reference (TOR) approved by the Board. Their roles, operating procedures and authorities are clearly defined in the TOR which is regularly reviewed by the Board. There is an evaluation process regarding performance of Audit and CSR committees which facilitates in achieving certain governance objectives.

# Certificate Of Compliance

চৌধুরী ভট্টাচার্য্য এন্ড কোং  
CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

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**Esquire Knit Composite Limited**  
**Certificate of Compliance**  
Under Condition # 1(5) (xxvii) of CGC

## **Report to the Shareholders' of Esquire Knit Composite Limited on compliance on the Corporate Governance Code**

We have examined the compliance status to the Corporate Governance Code by **Esquire Knit Composite Limited** for the year ended on 30<sup>th</sup> June, 2020. 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 except condition no: 1(4)(c), 1(7)(a), 1(7)(b), 5(2) (b) and 6(2)(b) 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.

Place: Dhaka  
Dated: 29 November, 2020

  
Saptam Biswas, FCA  
Chartered Accountants  
Partner  
Chowdhury Bhattacharjee & Co.



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# Status of Compliance

( Under condition No. 1(5)(xxvii) of CGC)

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors</b>			
1.1	Board Size (minimum - 5 and maximum - 20)	√		Board of Directors comprises of 7 Directors including 02 Independent Directors
<b>1.2</b>	<b>Independent Directors</b>			
1.2 (a)	1/5th of total as Independent Director (ID)	√		
1.2 (b) (i)	Does not hold any share of less than 1% shares in the Company	√		Does not hold any share of the Company.
1.2 (b) (ii)	Not a Sponsor of the Company	√		Independent Directors have declared their compliances.
1.2 (b) (iii)	Who has not been an executive of the company	√		
1.2 (b) (iv)	Does not have other relationship	√		
1.2 (b) (v)	Not a Member or TREC, Director or Officer of any Stock Exchange	√		
1.2 (b) (vi)	Not a Shareholder/Director/Officer of any Member/TREC holder of Stock Exch.	√		
1.2 (b) (vii)	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)	Not an Independent Director in more than five listed Companies.	√		
1.2 (b)(ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution.	√		
1.2 (b)(x)	Not convicted for a Criminal Offence	√		
1.2 (c)	Appointed by the Board and approved by the shareholders in AGM.	√		
1.2 (d)	Post cannot remain vacant more than 90 days.	√		
1.2 (e)	Tenure of the Independent Director.	√		
1.3	Qualification of Independent Director			
1.3(a)	Independent Director shall be a knowledgeable individual.	√		
1.3(b)(i)	Business Leader who is or was a promoter or director of an unlisted company.			N/A
1.3(b)(ii)	Should be a Corporate Leader/Business Leader.			N/A
1.3(b)(iii)	Former official of government.	√		
1.3(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law.			N/A
1.3(b)(v)	Professional Chartered Accountant/ Secretary or equivalent qualification.	√		
1 (3) (c)	The independent director shall have at least 10(ten) years of experiences.	√		
1 (3) (d)	Relaxation in special cases.			No such deviation occurred.
<b>1.4</b>	<b>Quality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1(4)(a)	The posts of Chairperson of the board and CEO are different individuals.	√		
1(4)(b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company.	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(4)(c)	The Chairperson shall be elected from among the non-executive directors.		√	The Board elected the Chairperson from among the non-executive directors on 112th Board meetings dated 29 July 2020.
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO.	√		
1(4)(e)	In absence of Chairperson of the Board etc.	√		
<b>1.5 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)	Risks and concerns including internal and external risk factor.	√		
1(5)(iv)	Discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.	√		
1(5)(v)	Discussion on continuity of any extraordinary activities and implications.			No such event arose.
1(5)(vi)	Detailed discussion and statement on related party transactions.	√		
1(5)(vii)	Utilization of proceeds from public/rights issues and/or through any others.	√		
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			N/A
1(5)(ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.			No such event arose.
1(5)(x)	Remuneration to Directors including Independent Director.	√		
1(5)(xi)	Statement that financial statements prepared by the management of the issuer 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 to the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1(5)(xiv)	International Accounting Statement (IAS) or International Financial Reporting standard (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 shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√		
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.			No such event arose.
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 there of shall be given.			Company has declared 15% Cash Dividend.
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend paid as interim dividend.	√		



## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details).	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√		
1(5)(xxiii)(c)0	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or reappointment.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas.	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and the memberships of committees of the board.	√		
<b>1(5)(xxv)</b>	<b>Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes.			N/A
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons.	√		
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 globe.	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements.	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation 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(30) 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.	√		
<b>1(6)</b>	<b>Meeting of the Board of Directors</b>			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)		√	
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...		√	
<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.			N/A
2(b)	Independent Director of holding company also in the subsidiary company.			N/A
2(c)	Minutes of subsidiary to be placed in the meeting of holding company.			N/A
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.			N/A

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary</b>			
<b>3.1</b>	<b>Appointment</b>			
3(1)(a)	Board shall appoint a MD or CEO, Company Secretary, CFO, and HIAC.	√		
3(1)(b)	The positions of the MD, CEO, CS, CFO & 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.			
3(1)(e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and exchange.	√		
<b>3.2</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
3 (2)	MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board.	√		
<b>3.3</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3(3)(a)(ii)	The statements together present a true and fair view of the company's affairs and are in compliance.	√		
3(3)(b)	The MD or CEO and CFO to certify on due diligence in the Report.	√		
3(3) (c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
<b>4</b>	<b>Board of Directors' Committee</b>			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee	√		
<b>5</b>	<b>Audit Committee</b>			
<b>5.1</b>	<b>Responsibility to the Board of Directors</b>			
5(1) (a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1) (b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company.	√		
5(1) (c)	Audit Committee shall report on its activities to the Board of Directors.	√		
<b>5.2</b>	<b>Constitution of the Audit committee</b>			
5(2) (a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2) (b)	Board shall appoint members of the Audit Committee who shall be non-executive director.		√	The Board reformed the audit committee by the non-executive directors on 112th Board meetings dated 29 July 2020.
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.	√		
5(2) (d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold ....	√		
5(2) (e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5(2)(f)	Quorum of Audit Committee meeting, at least One independent director.	√		



## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
<b>5.3</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select Chairperson of the Audit Committee who will be ID.	√		
5(3)(b)	Absence of the Chairperson of the Audit Committee members to elect one.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		
<b>5.4</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	√		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher.	√		
<b>5.5</b>	<b>Role of the Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process.	√		
5(5)(b)	Monitor choice of accounting policies and principles.	√		
5(5)(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5(5)(d)	Performance of external auditors.	√		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5(5)(f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5(5)(g)	Review with the management, the Quarterly and half yearly financial statements before submission to the Board for approval.	√		
5(5)(h)	The review 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 Mgt.	√		
5(5)(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee determination of audit fees based on scope and magnitude.	√		
5(5)(m)	Oversee whether IPO proceeds utilized as per the published Prospectus.	√		
<b>5.6</b>	<b>Reporting of the Audit Committee</b>			
<b>5.6 (a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests.			No such incidence arose.
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			No such incidence arose.
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.			No such incidence arose.
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.			No such incidence arose.
<b>5.6 (b)</b>	<b>Reporting to the Authorities</b>			
<b>5.7</b>	<b>Reporting to the Shareholders and General Investors</b>			
5(7)	Reporting to the Shareholders and General Investors	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6.1</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	√		
6(1)(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications	√		

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
<b>6.2</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an ID.	√		
6(2)(b)	All members of the Committee shall be non-executive directors.		√	The Board reformed the NRC committee by the non-executive directors on 112th Board meetings dated 29 July 2020.
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		
6(2)(d)	Board have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.	√		
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external expert.	√		
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 any remuneration/advisory, other than Director's fees or honorarium from the company.	√		
<b>6.3</b>	<b>Chairperson of the NRC</b>			
6(3)(a)	Board shall select 1 member of the NRC to be Chairperson of the Committee	√		
6(3)(b)	Absence of chairperson, the remaining members may elect one of them.	√		
6(3)(c)	Chairperson of the NRC shall attend the AGM.	√		
<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.			To be complied if necessary.
6(4)(c)	Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher.	√		
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.	√		
<b>6.5</b>	<b>Role of NRC</b>			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders.	√		
6(5)(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	√		
6(5)(b)(i)(b)	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.	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.	√		
6(5)(b)(iii)	Identifying persons who are qualified the criteria laid down and recommend their appointment and removal to the Board.	√		



## Status of Compliance

Condition No.	Title	Compliance Status		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	√		
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement.	√		
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 at a glance in its annual report.	√		
<b>7 External or Statutory Auditors</b>				
7(1)	Issuer company shall not engage its external auditors to perform the following:	√		
7(1)(i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and implementation.	√		
7(1)(iii)	Book keeping or other service related to the account ion records.	√		
7(1)(iv)	Broker-dealer services	√		
7(1)(v)	Actuarial services	√		
7(1)(vi)	Internal/special audit services.	√		
7(1)(vii)	Any services that the Audit Committee may determine.	√		
7(1)(viii)	Certification services on compliance of corporate governance as required under condition No 9(1).	√		
7(1)(ix)	Any other service that may create conflict of interest.	√		
7(2)	No partner or employees of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7(3)	Representative of External Auditors shall remain present in the AGM.	√		
<b>8 Maintaining a website by the company</b>				
8(1)	The company shall have an official website linked with that 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 exchanges.	√		
<b>9 Reporting and Compliance of Corporate Governance</b>				
9(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance and such certificate shall be disclosed in the Annual Report	√		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance 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.	√		