

ANNEXURES TO THE DIRECTOR'S REPORT

Annexure I

Status of compliance with the conditions by Bangladesh Securities and Exchange Commission (BSEC), Notification on Corporate Governance (Annexure - I)

Sl. No.	Compliance Requirements	Compliance Status		Remarks
		Complied	Not Complied	
1	BOARD OF DIRECTORS			
1.1	Board's size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty):	√		The MBL Board is comprised of 7 Directors.
1.2	Independent directors			
1.2 (i)	At least one fifth (1/5)	√		There are three Independent Directors in the MBL Board: Mr. Masud Khan, Ms. Rokia Afzal Rahman & Mr. Barrister Ashraful Hadi
1.2 (ii) a)	Does not hold any or holds less than one percent (1%) shares	√		As declared by the Independent Directors
1.2 (ii) b)	Is not a sponsor of the company and not connected with any sponsor, director or shareholder who holds 1% or more shares	√		As declared by the Independent Directors
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		As declared by the Independent Directors
1.2 (ii) d)	Not a member, director or officer of any stock exchange	√		As declared by the Independent Directors
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		As declared by the Independent Directors
1.2 (ii) f)	Not a partner or executive or was not a partner or an executive during the preceding 3 years of any statutory audit firm	√		As declared by the Independent Directors
1.2 (ii) g)	Is not an independent director in more than 3 listed companies	√		"Mr Masud Khan is the Independent Director of: GlaxoSmithKline Bangladesh Limited, Berger Paints Bangladesh Limited & Marico Bangladesh Limited. Mr Rokia Afzal is the Independent Director of: Grameenphone Limited, Bangladesh Lamps Limited & Marico Bangladesh Limited. Mr. Barrister Ashraful Hadi is Independent Director of Marico Bangladesh Limited."
1.2 (ii) h)	Has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution	√		As declared by the Independent Directors

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		Complied	Not Complied	
1.2 (ii) i)	Has not been convicted for a criminal offence involving moral turpitude	√		As declared by the Independent Directors
1.2 (iii)	Nominated by the board of directors and approved by the shareholders in the AGM	√		Nominated and approved Mr. Masud Khan and Mrs. Rokia Afzal Rahman by the Board in the 84th BOD meeting on 23rd October, 2014. Approved by Shareholders in the 15th AGM dated August 13, 2015 and Nominated and approved Mr. Ashraf Hadi by the Board in the 91st BOD meeting on 25th April, 2016. Approved by Shareholders in the 16th AGM held on October 18, 2016
1.2 (iv)	The post cannot remain vacant for more than 90 (ninety) days	√		Not Applicable.
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		The Company has adopted the MBL Code of Conduct for all members in line with the Group Code of Conduct (CoC) which is applicable for the Directors as well.
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 term only	√		The Independent Directors (IDs) are in their first term of office.
1.3	Qualification of Independent Director (ID):			
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		The qualification and background of IDs will be stated in the Board of Directors' Profile.
1.3 (ii)	The person should be a Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	√		Board of Directors' Profile includes relevant details about ID.
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of Commission.	N/A		

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1.4	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		Chairman of the Board is Mr. Saugata Gupta and CEO is Mr Naveen Pandey. The roles and responsibilities of the Chairman of the Board and the CEO are defined in the Articles of the Association of the Company.
1.5	The Directors' Report to the Shareholders:			
1.5 (i)	Industry outlook and possible future developments in the industry	√		Discussed in Management Discussion and Analysis
1.5 (ii)	Segment-wise or product-wise performance	√		Discussed in Management Discussion and Analysis
1.5 (iii)	Risks and concerns	√		Discussed in Management Discussion and Analysis
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		Discussed in Management Discussion and Analysis
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	√		Discussed in Management Discussion and Analysis
1.5 (vi)	Basis for related party transactions	√		Discussed in Management Discussion and Analysis
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	N/A		Discussed in Management Discussion and Analysis
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	N/A		Discussed in in the Director's Report
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.	√		Disclosed in the Director's Report
1.5 (x)	Remuneration to directors including independent directors	√		Disclosed in the Director's Report
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.	√		Disclosed in the Director's Report
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√		Disclosed in the Director's Report
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.	√		Disclosed in the Director's Report

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1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	√		Disclosed in the Director's Report
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		Disclosed in the Director's Report
1.5 (xvi)	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.	√		Disclosed in the Director's Report
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		Disclosed in the Director's Report
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		Disclosed in the Director's Report
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	N/A		The Company Declared Interim Cash Dividend of 450% and the Board recommended a 50% final cash dividend, Total 500% cash dividend for the year ended on 31st March, 2017
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		Stated in Annexure of the Directors' report
1.5 (xxi)	The pattern of shareholding shall be reported to disclose aggregate number of shares (along with name wise details where stated below) held by:	√		Stated in Annexure of the Directors' report
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	N/A		The Company does not have any subsidiary Company
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	√		Disclosed in the Director's Report
1.5 (xxi) c)	Executives;	√		Disclosed in the Director's Report
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	√		Disclosed in the Director's Report

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1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1.5 (xxii) a)	a brief resume of the director ✓	√		Stated in the Profile of the Board
1.5 (xxii) b)	nature of his/her expertise in specific functional areas	√		Stated in the Profile of the Board
1.5 (xxii) c)	names of companies in which the person also holds the directorship and the membership of committees of the board	√		Stated in the Profile of the Board
2	CHIEF FINANCIAL OFFICER, HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY :			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	√		The CFO of the Company is Mohammad Iqbal Chowdhury; Company Secretary of the company is Ms. Christabel Randolph and Head of Internal Audit of the Company is Mr. Mohammed Ismail . The Board of Directors defined respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.
2.2	Requirement to attend the Board Meetings:			
	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		In Practice
3	AUDIT COMMITTEE:			
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		There is an Audit Committee
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		In Practice
3(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		Audit Committee Charter is approved by the Board.
3.1	Constitution of the Audit Committee			
3.1(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		The Audit Committee is comprised of 6 (Six) members.

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3.1(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		Members of the Audit Committee are appointed by the Board of Directors and 3 (three) Independent Director's are included in the Audit Committee.
3.1(iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience. Explanation: The term "financially literate" means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if he/ she possesses professional qualification or Accounting/ Finance graduate with at least 12 years of corporate management/professional experiences.	√		All the existing members of the Audit Committee are 'financially literate' as declared by them and them and have 'related financial management experience' as per BSEC notification.
3.1(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		There were no such situations during FY 2016-17
3.1(v)	The company secretary shall act as the secretary of the Committee.	√		In Practice
3.1(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		In Practice
3.2	Chairman of the Audit Committee			
3.2(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be the Chairman of the Audit Committee, who shall be an independent director.	√		Mr. Masud Khan has been appointed as the Chairman of the Audit Committee who is an Independent Director.
3.2(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		In Practice
3.3	Role of Audit Committee: Role of audit committee shall include the following:-			

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3.3(i)	Oversee the financial reporting process.	√		In practice
3.3(ii)	Monitor choice of accounting policies and principles.	√		In practice
3.3(iii)	Monitor Internal Control Risk management process.	√		In practice
3.3(iv)	Oversee hiring and performance of external auditors.	√		In practice
3.3(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		In practice
3.3(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		In practice
3.3(vii)	Review the adequacy of internal audit function.	√		In practice
3.3(viii)	Review statement of significant related party transactions submitted by the management.	√		In practice
3.3(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		In practice
3.3(x)	When money is raised through Initial Public Offering (IPO)/ Repeat Public Offering (RPO)/ Rights Issue, the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	N/A		No money was raised through IPO, RPO, Rights Issue during the year.
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors.			Audit Committee informs the Board periodically through its minutes which are placed at Board Meetings.
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1(ii) a)	Report on conflicts of interests	N/A		There was no reportable case of conflict of interest.
3.4.1(ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	N/A		No such situation arose during the year.
3.4.1(ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations	N/A		No such situation arose during the year.

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3.4.1(ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately	N/A		No such situation arose during the year.
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	N/A		No such incidents took place during the year
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	√		The Audit Committee report is disclosed in the Annual Report and signed by the Chairman of the AC.
4	EXTERNAL/STATUTORY AUDITORS: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-			
4 (i)	Appraisal or valuation services or fairness opinions.	√		As declared by the Auditor
4 (ii)	Financial information systems design and implementation.	√		As declared by the Auditor
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√		As declared by the Auditor
4 (iv)	Broker-dealer services.	√		As declared by the Auditor
4 (v)	Actuarial services.	√		As declared by the Auditor
4 (vi)	Internal audit services.	√		As declared by the Auditor
4 (vii)	Any other service that the Audit Committee determines.	√		As declared by the Auditor
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		As declared by the Auditor
5	SUBSIDIARY COMPANY:			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	N/A		Marico Bangladesh Limited does not have any subsidiary Company.

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5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	N/A		Marico Bangladesh Limited does not have any subsidiary Company.
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	N/A		Marico Bangladesh Limited does not have any subsidiary Company.
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	N/A		Marico Bangladesh Limited does not have any subsidiary Company.
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	N/A		Marico Bangladesh Limited does not have any subsidiary Company.
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO):			
6 (i)	The 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:			
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		As declared by the CEO and CFO of the company
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		As declared by the CEO and CFO of the company
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	√		As declared by the CEO and CFO of the company
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE:			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Required Certification has been obtained from M/S Al-Muqtadir and Associates
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		Status of Compliance is published with the Directors' Report as required.