Lub-rref (Bangladesh) Ltd.

(An ISO 9001:2015, 14001:2015 & OHSAS 18001:2007 Management System Certified Company)

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Code of Conduct and Corporate Governance of Lub-rref(Bangladesh) Limited

(Annexure- A)

Code of Conduct for Directors

Purpose:

The Code of Conduct has been prepared to provide to guide as well as assist the Board and the Management to focus the roles and responsibilities of Board members and Management to facilitate the board's and management's accountability to the Company and shareholders as well as ensuring effective communication between the Board and Management.

The Board and the Management team are dedicated to implement strong compliance and transparent business ethics and integrity at all levels of internal and external business conducts.

Role of the Board:

The Board is responsible for ensuring that the business activities are soundly managed and effectively administered. The Directors keep themselves informed about the company's financial position and make sure that its activities, accounts and asset management are subject to appropriate control. The Board also ensures that company's Policies & Procedures and Codes of Conduct are practiced and maintained and the Company adheres to generally accepted principles for good governance. The Managing Director along with the Company Secretary conclude the agenda papers for the Board meeting in consultation with the chairman. The minutes of the proceedings of each Board meeting are maintained in terms of statutory provisions. Each Director has a legal obligation to act in the best interest of the Company. The Directors, mutually and individually, are aware of their responsibilities to shareholders and stakeholders of the Company. The Board sets the Company's values and standards and make certain that its obligations to its shareholders and stakeholders are acknowledged and met.

Responsibility of the Board

1. Assess and approve strategic business plans, financial objectives, major capital and operating budget and matters of policy presented by senior management.

2. Observe senior management's performance to implement the adopted strategies and give relevant direction and guidance where necessary to senior management to ensure the achievement of the Company's objectives.

3. Review and approving performance objectives for senior management team and monitor senior management's performance on a constant basis to ensure high standard performance.

4. Appoint Managing Director and ensure management team of the highest merit is in place to manage the Company.

5. Ensure, there is in place a succession planning strategy to replace senior management, when necessary.

6. Ensure that the Company is adequately capitalized to support the risks undertaken and to meet

regulatory requirements,

7. Review the fairness and integrity of the Company's internal control system on a regular basis.

8. Ensure that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance so that the Board and Management will receive relevant and reliable information on a timely basis avoiding any exposure to unmanaged financial and operational risks.

Roles and Responsibility of the Directors

(i) The members of the Board shall act sincerely, in good faith and in the best interests of the shareholders and the company.

(ii) The Board members will be obligated to be independent in judgment and actions and take all reasonable steps to be satisfied as to the soundness of decision taken by the board of directors.

(iii) Confidential information acquired by the members in the course of exercise of directorial duties shall remain the property of the company and it will be improper to disclose or allow it to be disclosed, unless that disclosure has been authorized by the company or legally mandated.

(iv) The members of the Board shall make every effort to attend all Board and Committee Meetings during their tenure. They will not absent themselves without good reasons or confirming leave of absence.

(v) Board members having interest of any nature in the agenda of the meeting, shall declare beforehand the nature of their interest and withdraw from the room, unless they have a dispensation to speak.

(vi) Training opportunities/orientation/workshops will be arranged for the members (especially for the newly inducted members) to make them acquainted with the international best practices, their fiduciary obligations, Code of Conduct etc.

(vii) Board Members shall always maintain **'Fit and Proper Test Criteria', clean CIB** status and other obligations declared by the Primary and other Regulators.

(viii) Conflict of Interest:

Directors must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Chairman of the Board or the Chairman of the Audit Committee.

A "conflict of interest" can occur when a director's personal interest is averse to – or may appear to be adverse to – the interests of the Company as a whole. Conflicts of interest also arise when a director, or a family member, receives improper personal benefits as a result of his or her position as a director of the Company.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which directors must refrain, however, are set out below;

Relationship of Company with third-parties: Directors may not engage in any conduct or activities that are inconsistent with the Company's best interests or that disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.

Compensation from non-Company sources: Directors may not accept compensation (in any form) for

services performed for the Company from any source other than the Company.

Gifts: Directors and members of their families may not accept gifts from persons or entities who deal with the Company in those cases where any such gift is being made in order to influence the directors' actions as a member of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest.

Personal use of Company assets: Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Audit Committee or as part of a compensation or expense reimbursement program available to all directors.

Compensation from non-Company sources: Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company.

9. Corporate Opportunities:

Directors are prohibited from: (a) taking for themselves personal opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; and/or (c) competing with the Company for business opportunities, provided, however, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may do so.

10. Compliance with laws, rules and regulations as well as fair dealings with others.

Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company, including insider trading laws. The Directors will follow the rules and regulations of Dhaka/Chittagong Stock Exchanges and that of Bangladesh Securities and Exchange Commission for dealing in the securities of the Company. Directors shall oversee fair dealing by employees and officers with the Company's customers, suppliers, competitors and employees.

11. Encouraging the reporting of any illegal or unethical behavior.

Directors should promote ethical behavior and take steps to ensure the Company: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the Company's HR Policies including Code of Conduct to appropriate personnel; and (c) informs employees that the Company will not allow retaliation for reports made in good faith.

12. Compliance procedures; waivers.

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.

13. Indemnity

The Directors except all Independent and Nominated Directors will be indemnified against any liability incurred by them in defending any civil or criminal proceedings in which judgment is given in their favor or in which they are acquitted. Indemnification is also permitted where the court grants relief because the Director acted honestly and reasonably and ought fairly to be excused.

14. Interpretation and Amendment to the Code

Any question on interpretation of any clause in this Code or an amendment to any provision of this Code shall be handled only by the Board of Directors.

15. Annual Disclosure

All Directors shall issue an annual declaration confirming compliance with this Code. The Annual Report of the Company shall carry a certificate to this effect duly signed by the concerned.

(Annexure - B)

Responsibilities of the Chairman of the Board of Directors

The Chairman is appointed by the Board with primary regard to his / her skills, expertise and experience relevant to the role and in accordance with the Memorandum and Articles of Association of the company. The Chairman provides leadership to the Board in matters relating to the effective execution of all Board responsibilities. He or she is expected to spend whatever time necessary to fulfill his or her duties. The Chairman presides over Board and General Meetings of the Company. He or she is expected to ensure that the Board is well informed and effective; that member, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company. Additionally, the Chairman must ensure that General Meetings too are conducted efficiently and that shareholders have adequate opportunity to air their views and obtain answers to their queries.

In addition to the above, the responsibilities of the Chairman are to;

1. Provide effective leadership in formulating the strategic direction for the Company and the Board. He or she has overall responsibilities in the execution of the strategic, financial and operating plans and policies and the annual and long-term business and financial results of the Company.

2. Monitor workings of the Board especially the conduct of Board meeting. This includes work with the Company Secretary to schedule Board and Board Committee meetings, liaise with the MD/CEO and the Company Secretary on the agenda, ensure that all relevant issues for the effective running of the Company's business are on the agenda and ensure that Directors receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide sensible advice to achieve the Company's objectives.

3. Work with the Board in establishing appropriate Board Committee structures including the assignment of Directors to Board Committees and the appointment of Chairman of each Board Committee and Code of Conduct. The Code of Conduct should set out matters relating to the authority (in particular whether the Board Committee has the authority to act on behalf of the Board or simply has the authority to examine a particular issue and report back to the Board with a recommendation), functions, membership, operations and responsibilities of such Board Committees, and other matters that the Board may consider appropriate.

4. Ensure the independence of the Board in discharging its duties. This includes encouraging Non-Executive Directors of the Board to meet regularly to deliberate on matters of concern and ensuring that the Board may engage independent advisors as required (subject to the proper approval process).

5. Ensure that the Board and individual Directors fully exercise their responsibilities and fully comply with applicable policies, laws, regulations, rules, directives and guidelines.

6. Consider and address the development needs of individual directors and the Board as a whole; maintain the necessary depth and breadth of knowledge and skills to enhance the effectiveness of the Board as a team.

7. Work with the Board in establishing the performance criteria and evaluation for the Board, the various Board Committees, individual Directors, the Managing Director and the senior management team. Within

the evaluation framework, the Chairman shall encourage regular Board discussions and assessments of the Managing Director and the senior management team's performance.

8. Promote effective relationships and open communication between the Board and senior management team, in relation to corporate governance matters and corporate performance.

9. Represent the Company and the collective views of the Board externally and overseeing the public relations, including relations with key clients, government officials, other public organizations and the public generally. In addition, the Chairman is encouraged to use his or her best endeavors to promote the Company's business in Bangladesh and overseas. Besides, the Chairman may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the company.

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(Annexure- C)

Roles & Responsibilities of Managing Director

The primary function of the Managing Director is to direct and supervise the business and affairs of the Company. In terms of the financial, business and administrative authorities vested upon him by the board, the Managing Director shall discharge his own responsibilities. He shall remain accountable for achievement of financial and other business targets by means of business plan, efficient implementation thereof and prudent administrative and financial management. The appointment of the Managing Director is a matter for the Board approval as a whole and his/her removal is also a decision of the board.

The specific duties and responsibilities of the Managing Director are as follows;

Develop the long-term vision for the Company:

1. Guide strategic planning process to develop and recommend strategic plans to the Board to ensure the Company's profitable growth and achievement of its business objective and secure Board's approval for the business plan annually.

2. Take full accountability for the setting and achievement of the Company's objectives and one-year budgetary targets for all key performance indicators. Successfully implement the business and operational plans of the Company including ensuring that resource allocation is correct, day-to-day operations run effectively and that financial monitors and controls are in place to measure progress towards stated efficiency and productivity goals.

3. Review and report regularly to the Board on the overall progress and results against operating and financial objectives and initiate courses of action for improvement.

4. Continuously collect and analyze information on the current business and economic climate and trends, and on conditions in markets, technologies, products and people which may present risk or opportunity to the Company. Ensure that this intelligence is communicated appropriately and influences the Company short-term behavior and long-term directions. Foster a culture which enables the Company to respond to new developments.

5. Ensure that processes and systems are in place to enable the Managing Director to keep the Board fully informed on all material undertakings and activities of the Company and any material external factors emanating from industry, financial markets, governments and regulators.

6. Act as a liaison between Management and the Board. Work closely with the Chairman to ensure that Board and Board Committee meetings are focused on the right issues, and that information provided to the Board is timely and complete in order to enable them to discharge their responsibilities. Participate in Board discussions as a director of the Company.

7. Authorize commitment of corporate resources in the ordinary course of business in order to pursue the approved strategic plans and objectives of the Company provided that major commitments, exposures and risks will be reported to the Board on a regular and timely basis.

8. Ensure effective disclosure policy, internal controls and risk management systems are in place.

9. Manage and oversee the required disclosure and other communications between the Company, shareholders, stakeholders and the public.

10. Act as the principal spokesperson for the Company for the financial and investment community and shareholders.

11. Ensure effective communications and appropriate relationships are maintained with all stakeholders, including shareholders, the Board, management, employees, customers, suppliers, regulators and public bodies.

12. Establish and regularly review with the Board a plan for senior management

13. Development and succession to provide the continuity of leadership required by the Company in future.

14. Create a positive work climate that is conducive to attract, retain and motivate.

15. Top-quality employees at all levels and foster a culture of personal accountability in balance with an acceptance of the importance of teamwork.

16. Together with the Management team, identify strategic opportunities for the company, including strategic collaboration, alliances, mergers, acquisitions and

17. Dispositions and pursue and negotiate the same.

Besides, the Managing Director may/shall assume any other responsibility if the Board assigns within the purview of the Rules, Regulations, Acts and Articles of the Company with aligning to DSE, CSE and BSEC.

(Annexure- D)

Responsibilities of the Chief Financial Officer (CFO)

The CFO of the company has to be MBA/M. Com (Accounting/ Finance) from any Public or First categories Private University or from a recognized university or equivalent Academic Degree along with Professional Degree like CMA/ACMA/FCMA/ ACA/ FCA or CFA from local or foreign affiliate Professional Body, having at least 5 years' practical experience as CFO in handling financial and corporate affairs of a listed company and member of recognized body of professional accountants. The appointment of the Chief Financial Officer (CFO) is a matter for the Board approval as a whole and his/her removal is also a decision of the board.

CFO is responsible to prepare financial statements, budgets, operational reporting and interpreting, evaluating operating results, establishing internal control procedures to safe-guard company's assets.

CFO presents the financial position relating to the period which has been over, and the period which has to come that is the financial position attained and the financial projection i.e. where the company will be. Therefore, CFO plays a very important role as he controls the reflection of performance, which is reported to different authorities and the organization is assessed by them, and he must perform his job with professional competency and integrity, so that the financial statements give credible information to its users. The code of corporate governance provides the guidelines and opportunity to do this.

Chief Financial Officer is required to furnish necessary and classified information to the board of directors along with his analysis and suggestions as the **Chief Financial Officer** attends the board meetings, any issue with financial implications is being discussed, the person likely to be most in command of these implication is on the spot and immediately available for questions.

In order to strengthen and formalize corporate decision-making process, significant issues are required to be placed for the information, consideration and decision of the boards of directors by the CFO. These are:

1. Annual business planes, cash flow projection, forecasts and long-term planes.

2. Budgets include capital, manpower and overhead budgets along with variance analyses.

3. Quarterly operating results of the company as a whole and in terms of its operating divisions or business segments.

4. Details of joint ventures or collaboration agreements or agreements with distributors, agents, etc.

5. Default in payment of principal and/or interest, including penalties on late payments and other dues, to a creditor, bank or financial institution, or default in payment of public deposit.

6. Failure to recover material amounts of loans, advances, and deposits made by the company, including trade debts and inter-corporate finances.

7. Significant public or product liability claims likely to be made against the company, including any adverse judgment or order made on the conduct of the company.

Responsibilities towards Shareholders;

1. The Chief Financial Officer is required to provide all the necessary data to be presented in the Director's Report. For this purpose, Chief Financial Officer must ensure the following:

* The financial statement, prepared by the management of company, present fairly its states of affairs, the

results of its operation, cash flows and changes in equities.

* Proper books of accounts of the company have been maintained.

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

* International accounting standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

* The system of internal control is sound in design and has been effectively implemented and monitored.

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

* There has been no material departure from the best practice of corporate governance as detailed in the listing regulations.

2. Internal and External Reporting

Chief Financial Officer has extensive responsibilities for internal and external reporting. All the information required for decision-making by the Board of Directors and Managing Director is processed and furnished by the Chief Financial Officer. Apart from this, external reporting requirement is fulfilled by Chief Financial Officer, the accounts and financial statements are signed by the Chief Financial Officer before they are sent to concerned authorities.

(Annexure- E)

Responsibilities of Head of Internal Audit & Control Compliance

Head of Internal Audit & Control Compliance must be professionally qualified i.e. ACA/FCA/ACMA/FCMA/CIA/ACCA and suitably experienced more than 5 years as same position in any publicly listed company and member of recognized body of professional accountants Head of Internal Audit is widely responsible to examine and evaluate company's financial and internal control systems, management procedures to ensure that records are accurate and controls are adequate to protect against fraud and waste. He plays an important role to appraise company operations, evaluating its efficiency, effectiveness, and compliance with corporate policies and procedures, laws, and government regulations. He is also responsible to submit reports to management on how well accounting policies are working and where changes should be made. The appointment of the Head of Internal Audit & Control Compliance is a matter for the Board approval as a whole and his/her removal is also a decision of the board.

1. The main responsibilities of the Head of internal Audit and Control is to carry out an independent appraisal of the effectiveness of the policies, procedures and standards by which the Company's financial, physical and information resources are managed. Ensure an independent audit mechanism to monitor the effectiveness of the organizational and procedural controls. Examine and evaluate the financial system of the Company to ensure that it is being run efficiently and economically.

2. Examine and evaluate the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure and the quality of performance to achieve the company goals and objectives.

3. Reviewing the reliability and integrity of financial and operating information and the means to identify measure, classify and report such information.

4. Review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports and whether the company is in compliance.

5. Review specific operations at the request of the Audit Committee or management, as appropriate.

6. Monitor and evaluate the effectiveness of the organization's risk management system.

7. Reviewing the quality of performance of external auditors and the degree of co-ordination with internal audit.

8. Review the internal control statement by the senior management used by the external auditor for audit planning.

9. Prepare the audit plan on annual basis to cover all key functions based on risk rating subject to approval by Audit Committee, Leading the comprehensive and risk-based teams to perform audit checks across different sections and conduct physical audit based on the audit plan. Prepare reports through compilation of findings and recommendations thereon and advising management of appropriate remedial action.

10. Responsible for monitoring/reviews and surveillance, identifying the corrective course of action to

management. The significant deficiencies identified by the audit team should be reported to the board on a periodic basis. The Audit Committee of the board should be the cell to whom such report should be forwarded for review. Contribute to the overall work of the Internal Audit department with respect to implementation of policies and procedures.

11. The deficiencies identified during the audits should be notified to the appropriate level and significant audit findings should be reported to the Managing Director level. At the end of the year there should be a summary report on the audit findings and corrective actions taken which should be forwarded to the Audit Committee of the board and the Managing Director.

12. Monitoring and evaluating the effectiveness of the organization's risk management system.

13. Reviewing the quality of performance of external auditors and the degree of co-ordination with internal audit, assumes any other responsibilities when deemed necessary and/or advised by the competent authority. Also accountable for adherence to Company policies and procedures.

(Annexure-F)

Responsibilities of the Company Secretary

The Company Secretary is responsible for ensuring the compliance of the company in relation to financial and legal practices, as well as issues of Corporate Governance. S/he acts as a point of communication between the management, Board of Directors, Company shareholders, reporting in a timely and accurate manner on company procedures and developments. The appointment of the Company Secretary is a matter for the Board approval as a whole and his/her removal is also a decision of the board.

The Company Secretary is responsible for:

1. Performs as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions.

2. Acts as a quality assurance representative in all information streams towards the Shareholders/Board.

3. Is responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters.

Acts as the Disclosure Officer of the Company and monitors the compliance of the Acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders;

1. Support the chairperson in the smooth functioning of the Board. Receive agenda items from other Directors/staff and ensure appropriate agenda items are tabled at Board meetings. This is done in consultation with the Managing Director and the Chair who is responsible for preparing Board meeting agendas.

2. The company secretary is closely involved in preparing the schedule of board and committee meetings for the year. The company secretary prepares the agendas for these meetings in conjunction with the chairperson and key executives. The company secretary should ensure that information is dispatched timorously to all directors to enable them to prepare adequately for these meetings. The company secretary takes the minutes of these meetings and should ensure that they are distributed as soon as possible thereafter to aid directors in implementing the decisions. He/ She confirms that Annual General Meetings (AGMs) and Extraordinary General Meetings (EGMs) are run effectively. This includes checking that a quorum is present. Also make sure that agendas and minutes of AGMs and EGMs are circulated timely.

3. The company secretary must ensure that the directors and management operate within an authority framework approved by the board and reviewed and updated from time to time.

4. Maintain strict confidentially of information, manage situations like conflict of interest, identify problems and implement or recommend solutions.

5. Maintain liaise with various corporate bodies Chambers/other bodies, Regulators.

(Annexure- G)

Role of Audit Committee of the Board of Directors

Audit Committee of the Board of a company can play an effective role in providing a bridge between the board and management, shareholders and stake-holders and help in ensuring efficient, safe and sound business practices. Role of the audit committee is also important in evolving an effective procedure for financial reporting disclosure, developing a suitable internal control system and maintaining liaison with internal and external auditors to minimize various business risks.

In line with the guidelines given by the Regulators, LRBDL's Audit Committee formulated following Charter:

1. Overall purpose/ objectives:

The principal objective of establishing Audit Committee, a sub-committee of the Board of Director, is to create efficiency in the operations and to add value to the organization. The Audit Committee is appointed by the Board of Director to assist the Board in discharging its oversight responsibilities by reviewing:

1.1 The financial reporting process to ensure transparency and integrity of published Financial Information.

1.2 The effectiveness of the Company's Internal Financial Control and Risk Management System.

1.3 The effectiveness of the Internal & External Audit function.

1.4 The independent audit process including recommending the appointment and assessing the performance of the External Auditors.

In performing its duties, the Committee will maintain effective working relationship with the Board of Directors, Management and the External & Internal Auditors. The Audit Committee should be responsible to the Board of Directors according to the duties and responsibilities assigned by the Board of Directors. To perform his/her role effectively, each Committee member will need to develop and maintain his/her skills and knowledge, including an understanding of the Committee's responsibilities and of the Committee's business, operations and risks.

2. Authority:

The board authorizes the Audit Committee, within the scope of its responsibilities to:

- Perform activities within the scope of its charter.
- Engage independent counsel and other advisors as it deems necessary and with prior approval of the Board, to carry out its duties.
- Ensure the attendance of Company Officers at meetings as appropriate.
- Have unrestricted access to members of Management, Employees and relevant information.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding Accounting, Internal Controls and/or Audit matters.
- Recommend to the Board for the appointment and compensation as well as oversight the work of the External auditor.

3. Membership of the Audit Committee:

3.1 The Board of Directors shall appoint the Audit Committee members who shall be directors of the company and shall include at least 1 (one) independent director.

3.2 The Audit Committee will comprise of at least three members and one of the members must be independent Director.

3.3 The Board shall appoint the new Committee member(s) to fill up the vacancy immediately or not later than one month from the date of vacancy of the committee when the terms of services of the Committee members expires or there are any circumstances causing any committee members to be unable to hold office until expiration of the terms of service, thus making the number of the Committee members to be lower than the prescribed numbers of three persons.

3.4 A quorum of any meeting will be two members. However, the quorum shall not constitute without at least 1 (one) independent director.

3.5 The Company Secretary will act as Secretary of the Audit Committee.

4. Chairman:

4.1 The Board of Directors shall select 1 (One) member of the Audit Committee to be the Chairman of the committee, who shall be an independent director.

4.2 Audit Committee Chairman shall be present in the Annual General Meeting (AGM).

5. Meetings:

5.1 Meeting shall be held at least once in every quarter and should correspond with the Company's Financial Reporting Cycle. Special meetings may also be convened as required,

5.2 The Audit Committee may invite such other persons, including, but not restricted to, CFO, relevant Executive Director/s, Head of Internal Audit and External Audit engagement partners to its meetings, as deemed necessary.

5.3 The Secretary shall circulate the agenda and supporting documentation to the Audit Committee Members a reasonable period in advance of each meeting.

5.4 The Secretary of the Committee shall circulate the minutes of the meetings to Members of the Board, Members of the Committee and to the Head of Internal Audit.

5.5 As a minimum, the Chairman of the Committee [or another Member of the Committee] shall attend the Board meeting at which the Financial Statements are approved.

5.6 Members of the audit Committee are expected to attend every meeting of the Committee.

5.7 Members of the Audit Committee and the invitees shall be entitled to a fee equivalent to Board meeting fee for attending a meeting of the Committee.

5.8 The Audit Committee will meet the External Auditors [at least once a year] where presence of the CFO is mandatory.

6. Roles and Responsibilities:

6.1 Internal Control

6.1.1. Evaluate whether Management is setting the appropriate **"control culture"** by communicating the importance of Internal Control and Management of Risk.

6.1.2. Understand the Internal Control System implemented by Management for the approval of transactions as well as for recording and processing of financial data.

6.1.3. Understand the control processes implemented by Management to ensure that the Financial Statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate management review.

6.1.4. Evaluate the overall effectiveness of the Internal Control and risk management frameworks and consider whether recommendations made by the Internal and External Auditors have been implemented by management.

6.1.5. Consider how management is held to account for the security of computer system and applications, and the contingency plans for processing financial information in the event of a system breakdown or to protect against computer fraud and misuse.

6.2 Financial Reporting:

6.2.1 Gain an understanding of the current areas of greatest financial risk and how these are being managed.

6.2.2 Review significant Accounting and Reporting Issues, including recent professional and regulatory pronouncements, and understand their impact on Financial Reports.

6.2.3 Oversee the periodic Financial Reporting process implemented by Management and review the Interim Financial Statements, Annual Financial Statements and preliminary announcements prior to submission to the Board for approval.

6.2.4 Review Management's process for ensuring that information contained in any briefings and press announcement is consistent with Published Financial Information, balanced and transparent.

6.2.5 Meeting with Management and the External Auditors to review the Financial Statements, the key Accounting Policies and judgments and its corresponding effect on the audited financial statements.

6.2.6 Ensure that significant adjustments, unadjusted differences, disagreements with Management and critical Accounting Policies and Practices are discussed with the External Auditor.

6.2.7 Review significant related party transactions and. any conflict-of-interest situation that may arise within the Company.

6.2.8 Review Management Letter of internal control weaknesses issued by external/statutory auditor.

6.2.9 Review the utilization of funds by major category (capital expenditure, sales & marketing expenses, working capital etc.) where fund is raised through IPO/RPO/Right Issue.

6.2.10 Review the other sections of the Annual Report before its release and consider whether the information is understandable and consistent with Members' knowledge about the Company and its operations.

6.3 Compliance with laws and regulations

6.3.1 Review the effectiveness of the system for monitoring compliance with Laws and Regulations and the results of Management's investigation and follow up (including disciplinary action) of any fraudulent acts or noncompliance.

6.3.2 Obtain regular updates from Management and Company's legal counsel regarding compliance matters that may have a material impact on the Company's Financial Statements or Compliance Policies.

6.3.4 Be satisfied that all regulatory compliance matters, related to business of the Company, have been considered in the preparation of the Financial Statements.

6.3.5 Review the findings of any examinations by regulatory agencies.

6.4 External Auditors:

6.4.1 Review the professional qualification of Auditors (including background and experience of partner and auditing personnel).

6.4.2 Consider the independence of the External Auditor and any potential conflicts of interest.

6.4.3 Review on an annual basis the performance of the External Auditors and make recommendation to the Board for the appointment, reappointment or termination of the external auditors.

6.4.4 Review the External Auditors' proposed Audit Scope and approach for the current year in the light of the Company's present circumstances and changes in regulatory and other requirements.

6.4.5 Discuss with the External Auditor any audit problems encountered in the normal course of Audit work, including any restriction on Audit Scope or access to information.

6.4.6 Ensure that significant findings and recommendation made by the External Auditors and Management's proposed response are received, discussed and appropriately acted on.

6.4.7 Ensure the Auditors have access to the Chairman of the Audit Committee, when required, to discuss matters the Auditors would like to discuss.

6.5 Internal Audit

6.5.1 Review the activities, resources and organizational structure of the Internal Audit function and ensure no unjustified restrictions or limitations are made.

6.5.2 Participate in the appointment, promotion or dismissal of the Internal Audit Head.

6.5.3 Review the effectiveness of the Internal Audit function and ensure that it has appropriate standing within the Company.

6.5.4 Meet separately with the Head of Internal Audit to discuss any matters that the Committee or Internal Auditors believe should be discussed.

6.5.5 Ensure that significant findings and recommendations made by the Internal Auditors and Management's proposed response are received, discussed and appropriately acted on.

6.5.6 Review the proposed Internal Audit Plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate coordination with the External Auditors.

6.6 Reporting Responsibilities:

6.6.1 Regularly update the Board about Committee activities and make appropriate recommendations.

6.6.2 Ensure the Board is aware of matters that may significantly impact on the Financial Condition or Affairs of the Business.

6.6.3 Prepare any report required by Law or Listing Rules or requested by the Board, for example a report on the Audit Committee's activities and duties, to be included in the section on corporate governance of the Annual Report.

6.6.4 The Audit Committee shall immediately report to the Board of Directors on the following findings:

(a) Conflict of interest

(b) Suspected or presumed fraud or irregularity or material defect in the internal control system
(c) Suspected infringement of laws, including securities related laws, rules and regulations
(d) Any other matter which shall be disclosed to the Board of Directors immediately

7. Evaluating Performance:
Assess the achievement of the duties specified in the charter and report the findings to the Board.
8. Review of the Committee Charter:
8.1 Review the Audit Committee Charter annually or as and when required to align with necessary pronouncement of regulatory bodies (if any) and discuss any required changes with the Board.
8.2 Ensure that the Charter, with changes as and when made, is approved by the Board.

(Annexure- H)

Role of NRC Committee of the Board of Directors

Constitution and Roles of NRC directed by the Corporate Governance Code of BSEC are as follows:

- NRC committee will be formed having members of the Board at least 3 (three) non- executive directors as members including an independent director.
- The members of the Committee shall be nominated and appointed by the Board and the Board shall have authority to remove or appoint any member of the Committee.
- The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee who shall be an independent director The Board will appoint committee members
- The company secretary shall act as the secretary of the Committee
- No members 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
- The NRC shall conduct at least one meeting in a financial year
- The Committee shall be independent and responsible or accountable to the Board and to the shareholders
- 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);
- NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

(i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the Remuneration of the directors, top level executive as directed in the notification;

(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;

(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;

(iv) formulating the criteria for evaluation of performance of independent directors and the Board;

(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and

(vi) developing, recommending and reviewing annually the company's human resources and training policies;

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.