



এস. এইচ. খান এণ্ড কোং
S. H. KHAN & CO.
CHARTERED ACCOUNTANTS

PARTNERS :
Md. Shahadat Hossain Khan FCA
Md. Mujibar Rahman FCA

**Certificate on Compliance of conditions of the Corporate Governance
Guidelines to the shareholders of Pharma Aids Limited**

We have reviewed examined the compliance of conditions of the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by Pharma Aids Ltd. as stipulated in clause 7(i) of the BSEC notification no SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012 for the year ended 30th June, 2015

The compliance of conditions of the Corporate Governance Guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's Management. Our review for the purpose of issuing this certificate was limited to the verification of procedures and implementations thereof adopted by the Company for ensuring the compliance of conditions of Corporate Governance Guidelines and proper reporting of compliance status on the attached statement on the basis of evidences obtained and representation received thereon from the management of the Company.

To the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance Guidelines as stipulated in the above mentioned Notification dated 7th August, 2012 of Bangladesh Securities and Exchange Commission.

S.H. Khan & CO.
Chartered Accountants

Place : Dhaka.

Date: November 24, 2015

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August, 2012, issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 on corporate governance (Report under Condition No.7)

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1	BOARD OF DIRECTORS (BOD)			
1.1	Board's Size : Board Members should not be less than 5 (five) and more than 20 (twenty)	√		
1.2	Independent Directors (ID)			
1.2 (I)	Number of Independent Director : at least 1/5	√		
1.2 (ii)a	Holding no share or holding less than 1% share.	√		
1.2 (ii)b	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more share.	√		
1.2 (ii)c	Not having any pecuniary or otherwise relationship with the company or its subsidiary/associated companies.	√		
1.2 (ii)d	Not being member/director/officer of any stock exchange.	√		
1.2 (ii)e	Not being shareholder/director/officer of any member of stock exchange or intermediary of capital market.	√		
1.2 (ii)f	Not being partner/executive at present or during the preceding 3years of the company's statutory audit firm.	√		
1.2 (ii)g	Not being ID in more than 3 listed companies.	√		
1.2 (ii)h	Not convicted as defaulter in any loan of a bank or (Non-Banking Financial Institution) NBFI.	√		
1.2 (ii)i	Not convicted for a criminal offence.	√		
1.2 (iii)	To be appointed by BOD and approved in the AGM	√		
1.2 (iv)	The post cannot remain vacant for more than 90 days	√		
1.2 (v)	Laying down of code of conduct of Board members and recording of annual compliance of the code	√		
1.2 (vi)	Tenure of Independent Director	√		
1.3	Qualification of Independent Director			
1.3 (i)	Being knowledgeable, having integrity, ability to ensure compliance with laws and make meaningful contribution.	√		
1.3 (ii)	Being a Business Leader/Corporate Leader/ Bureaucrat/University Teacher with (Economics/Business/Law)/CA/CMA/CS having 12(twelve) years of management/professional experiences.	√		
1.3 (iii)	Prior approval of the Commission in special cases		N/A	
1.4	Appointment of Chairman and CEO, defining their roles	√		
1.5	Inclusions in Director's Report to Shareholders.	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
1.5 (i)	Industry outlook and possible future developments.	√		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns		N/A	
1.5 (iv)	Discussion on Cost of Goods Sold, Gross Profit and Net Profit Margins	√		
1.5 (v)	Discussion on continuity of Extra-Ordinary gain or loss		N/A	
1.5 (vi)	Basis for and a statement of related party transactions		N/A	
1.5 (vii)	Utilization of proceeds from issuing instruments		N/A	
1.5 (viii)	Explanation, if the financial results deteriorate after going for IPI, RPO, Right Offer, Direct Listing, etc.		N/A	
1.5 (ix)	Explanation about significant variance between Quarterly Financial performance and Annual Financial Statements.		N/A	
1.5 (x)	Remuneration to directors including Independent Directors.	√		
1.5 (xi)	Fair presentation on financial statement.	√		
1.5 (xii)	Maintaining proper books of accounts.	√		
1.5 (xiii)	Consistent application of appropriate accounting policies, and accounting estimates being reasonable and prudent.	√		
1.5 (xiv)	Following applicable IAS/BAS/IFRS/BFRS, and adequate disclosure for any departure there-from, if any.	√		
1.5 (xv)	Soundness and monitoring of internal control system.	√		
1.5 (xvi)	Statement regarding ability to continue as going concern	√		
1.5 (xvii)	Significant deviations from last year's operating results.	√		
1.5 (xviii)	Summary of key operating/financial data of last 5 years.	√		
1.5 (xix)	Reason for non declaration of Dividend.		N/A	
1.5 (xx)	Number of Board meetings and attendance of directors.	√		
1.5 (xxi)	Pattern of shareholding (along with name wise details)			
1.5 (xxi)a	Parent/Subsidiary Associate Companies & related parties.	√		
1.5 (xxi)b	Directors, CEO, CS, CFO, HOIA, their spouses & children.	√		
1.5 (xxi)c	Executives (Top 5 salaried employees other than above)		N/A	
1.5 (xxi)d	Shareholders holding 10% or more voting interest	√		
1.5 (xxii)	Appointment/re-appointment of a director			
1.5 (xxii)a	A brief resume of the director		N/A	
1.5 (xxii)b	Nature of his/her expertise on specific functional areas		N/A	
1.5 (xxii)c	Names of companies in which he/she holds directorship and the membership of committees of the board.	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
2	CFO, Head of Internal Audit and CS			
2.1	Appointment of a CFO, a Head of Internal Audit and a CS and defining their roles, responsibilities & duties.	√		
2.2	Attendance of CFO and CS in the meetings of the Board	√		
3	Audit Committee			
3 (i)	Having Audit Committee as a sub-committee of the BOD	√		
3 (ii)	Audit Committee to assist the BOD in ensuring fairness of financial statements and a good monitoring system	√		
3 (iii)	Audit Committee being responsible to the BOD; duties of Audit Committee to be clearly set forth in writing.	√		
3.1	Constitution of the Audit Committee			
3.1 (i)	Audit Committee to be composed of at least 3 members	√		
3.1 (ii)	Audit Committee members to be appointed by BOD and at least one Independent Director to be included.	√		
3.1 (iii)	Audit Committee members to be “financially Literate” and at least one to have accounting/ financial experience.	√		
3.1 (iv)	Vacancy in Audit Committee making the number lower than 3 to be filled up immediately and within 1 month	√		
3.1 (v)	The CS to act as the secretary of the Audit Committee		N/A	
3.1 (vi)	No quorum in Audit Committee meeting without one Independent Director.	√		
3.2	Chairman of the Audit Committee			
3.2 (i)	Chairman to be an independent Director, selected by the BOD	√		
3.2 (ii)	Chairman of audit committee to remain present in AGM	√		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process	√		
3.3 (ii)	Monitor choice of accounting policies and principles	√		
3.3 (iii)	Monitor Internal Control Risk management process	√		
3.3 (iv)	Oversee hiring and performance of external auditors	√		
3.3 (v)	Review the annual financial statements	√		
3.3 (vi)	Review the quarterly and half yearly financial statements	√		
3.3 (vii)	Review the quarterly of internal audit function	√		
3.3 (viii)	Review statement of significant related party transactions	√		
3.3 (ix)	Review Letters issued by statutory auditors	√		
3.3 (x)	Review disclosures/statements/declarations about uses of funds raised through IPO/RPO/Rights Issue	√		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	Reporting on the activities of Audit Committee	√		
3.4.1 (ii) (a)	Reporting on conflicts of interests	√		
3.4.1 (ii) (b)	Reporting on suspected/presumed fraud or irregularity or material defect in the internal conflicts of interests	√		

Condition No	Title	Compliance Status		Explanation for non compliance with the condition
		Complied	Not Complied	
3.4.1 (ii) (c)	Reporting on suspected infringement of laws	√		
3.4.1 (ii) (d)	Reporting on any other matter to disclose immediately	√		
3.4.2	Reporting to BSEC	√		
3.5	Reporting to the Shareholders and General investors	√		
4	EXTERNAL / Statutory Auditors			
4.00 (i)	Non-engagement in appraisal/valuation/fairness opinions		N/A	
4.00 (ii)	Non-engagement in designing & implementation of FIS		N/A	
4.00 (iii)	Non-engagement in Book Keeping or accounting		N/A	
4.00 (iv)	Non-engagement in Broker-Dealer services		N/A	
4.00 (v)	Non-engagement in Actuarial services		N/A	
4.00 (vi)	Non-engagement in Internal Audit services		N/A	
4.00 (vii)	Non-engagement in services determined by Audit Committee		N/A	
4.00 (viii)	Possessing no share by any partner or employee of the external audit firm during the tenure of assignment		N/A	
5	Subsidiary Company			
5 (i)	Composition of BOD to be similar to holding company	√		
5 (ii)	One ID to be in both holding and subsidiary company	√		
5 (iii)	Minutes of Board meetings of subsidiary to be placed at following Board meeting of holding company	√		
5 (iv)	Minutes of respective Board meeting of holding company to state that affairs of subsidiary company be reviewed	√		
5 (v)	Audit Committee of holding company to review financial statements /investments of subsidiary company	√		
6	Duties of CEO and CFO			
6 (i) (a)	To certify that they have reviewed Financial Statements which contain no untrue or misleading statement or omit no material fact	√		
6 (i) (b)	To certify that the statements present a true and fair view of affairs and are in compliance with accounting standards and applicable laws	√		
6 (ii)	To certify that no transaction is fraudulent, illegal or violation of company's code of conduct	√		
7	Reporting and Compliance of Corporate Governance			
7 (i)	Obtaining certificate regarding compliance and sending it to shareholders along with the Annual Report	√		
7 (ii)	To state, in accordance with annexure, in directors' report whether the conditions has been complied with .	√		