**Corporate Governance Practice of Enlisted Companies of Food Industries- Bangladesh Perspective**

**UNITED INTERNATIONAL UNIVERSITY**

**SUBJECT: Project**

**SUBJECT CODE: AIS 4441**

**SECTION: A**

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**Submission Date: 9th October, 2018**

# Letter of Transmittal

9th October, 2018

Dr. James Bakul Sarkar

Associate Professor

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United International University,

Dhaka, Bangladesh.

**Subject: Project on “Corporate Governance Practice of Enlisted Companies of Food Industries- Bangladesh Perspective”.**

Dear Sir,

With due respect, I am M. Mahdee Rafsanjani Akash (114142011) and my project work is on “Corporate Governance Practice of Enlisted Companies of Food Industries- Bangladesh Perspective”. It is a prerequisite for completing my BBA in AIS.

Though that project, I have the opportunity to get vast knowledge and have seen how important it can be for a company. I have gained a substantial experience on how corporate governance practice has been done by the Food industry of Bangladesh.

I, therefore look forward to you that my effort will be able to achieve your approval.

Thank You.

Yours truly

M. Mahdee Rafsanjani Akash

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# Executive Summary

Corporate governance is the process compiled with guidelines, rules and regulations by which a firm’s actions is monitored and controlled. Corporate governance evolves to ensure the interest of the different stakeholders such as shareholders, customers, suppliers etc. If we want to see how corporate governance evolves, we need to go through the empirical event happened in the past. There are many corporate collapses happened around the world for example Worldcom, Enron, Ansett, One Tel etc. To ensure the interest of the investors, the study of corporate governance practice has been started and corporate governance practice, now-a-days, is the most important study to be considered for the investors.

In my study, I want to address the corporate governance practice in the food industry to know the current situation of the food industry. The objective of the study is whether or not the companies of food industry of Bangladesh have practiced the corporate governance of Bangladesh. And secondary objective of the study is to know the level of risk at which the investors of the food industry have invested their capital.

Before evaluating the food industry of Bangladesh whether or not the companies, enlisted in the food industry, have complied the corporate governance practice of Bangladesh, I have established a checklist to evaluate those companies.

In the year of 2016-17, The 7 companies of food industry have been adopted the corporate governance practice properly. Other than Agricultural marketing Co. Ltd (Pran), all companies have been almost fairly complied with the Corporate Governance. However, there are many issues of corporate governance checklist have not been applicable and many issues of corporate governance checklist have not been available. One checklist “An Independent Director’s cannot be appointed more than two term” that has not been available in any of the companies that have been selected as a sample.

In 2016-17, it can be said that the food industry has been complied with the corporate governance practice properly though there are some issues which are needed to be considered, however, there are only 2 companies having non-compliance of corporate governance of one checklist each among the 80 checklists. On the other hand, each company has failed to display one checklist “An Independent Director’s cannot be appointed more than two term” which is also acceptable

If I consider the definition of the corporate governance and apply to the food industry, I should conclude the study with affirmative statement that, in 2016-17, the companies of food industry have proper practice of corporate governance in their corporate reporting.

# Introduction

## Incidentals of Authorization and Submittal:

The report on “Corporate Governance Practice of Enlisted Companies of Food Industries- Bangladesh Perspective” is submitted to Dr. James Bakul Sarkar, Associate Professor, School of Business and Economics, UIU on 9th October, 2018. The report has been prepared by M. Mahdee Rafsanjani Akash.

## Background and Logic:

The report has shown the information about corporate governance practice by the listed companies of food industry of Bangladesh. Through the study, I want to display the degree of corporate governance practice by the listed of companies of food industries of Bangladesh. According to the study, the analysis may bring, the potentiality that the food industry has, into light.

## Scopes and Limitations:

The study has been mainly based on the corporate governance practice by the listed of companies of food industries of Bangladesh. To make it happen, I have the information related to their practice and reporting in the form of annual report. The study has some limitations since I have not had proper access of information and I have not had enough time.

## Methodology:

Methodology has covered some certain things about the study. Those are,

1. It has been a descriptive report.
2. Primary data has been used in the study.
3. The sample size of the report has been 7.
4. In this study, non-probability convenience sampling technique has been used.
5. Data has been collected through annual report.
6. Data has been analyzed.
7. Data has presented in a soft copy.

## 

## A Preview of the Report:

In the following pages, the information and analysis appeared on the basis of collected information of companies of food industries. Firstly, I have established a corporate governance checklist. Secondly, I have compared the compliance of that checklist by the companies of food industries. At last, I have analyzed and reached to the conclusion.

# Background of Corporate Governance

Corporate governance is the process compiled with guidelines, rules and regulations by which a firm’s actions is monitored and controlled. Corporate governance evolves to ensure the interest of the different stakeholders such as shareholders, customers, suppliers etc. Corporate governance involves in every component of management, internal control and performance of firms since corporate governance provides the outlines through which a company attains its objectives. Proper corporate governance ensures that there is a transparent and fair business environment existed in the company and top management is held accountable for its actions to the respective stakeholders. On the other hand, improper corporate governance results fraudulent and wasteful activities. Corporate governance has been practiced by the companies; however, corporate governance is as important as for the other forms of businesses.

If we want to see how corporate governance evolves, we need to go through the empirical event happened in the past. There are many corporate collapses happened around the world for example Worldcom, Enron, Ansett, One Tel etc. to ensure the interest of the investors, the study of corporate governance has been started and corporate governance, now-a-days, is the most important study to be considered for the investors. Following those events, corporate governance has been introduced in 2006 and has been revised in 2012. In addition, further revision will be introduced very soon. However, the developing country like Bangladesh has not given optimum importance to the Practice of the corporate governance yet as like the Developed countries all over the world. In this study I am going to evaluate the food industry of Bangladesh in respect to corporate governance practices.

# Objective of the Study

Since we are living in the advance era, every element of the society has been modified eliminated or upgraded to ensure the welfare of the society. In the corporate world, same thing has happened. There is a shield for the investor named as corporate governance that ensures the safeguard of the interest of the investors of the corporations.

In my study, I want to address the corporate governance practice in the food industry to know the current situation of the food industry. The objective of the study is;

Primary Objective: Primary objective of the study is whether or not the companies of food industry of Bangladesh have practiced the corporate governance of Bangladesh.

Secondary Objective: Secondary objective of the study is to know the level of risk at which the investors of the food industry have invested their capital.

# Corporate Governance Checklist

Before evaluating the food industry of Bangladesh whether or not the companies, enlisted in the food industry, have complied the corporate governance practice of Bangladesh, I have established a checklist to evaluate those companies. The checklist is needed to be discussed before being dealt with those. So, the checklist has been discussed below;

1. **Board Size:** In the corporate governance, there is guideline for having at least 5 and at max 20 number of director in the board of directors. Each company needs to comply with this guideline.
2. **Independent Directors:** There are some specific guidelines regarding the independent directors in the corporate governance of Bangladesh. Those guidelines have been stated below;
   1. **One Fifth of Directors:** In accordance with the corporate governance of Bangladesh, there is a guideline for having one fifth of directors as the independent directors. For instant, if there are 20 directors in the board, at least 4 directors are appointed as the independent directors.
   2. **An Independent Director holds less than 1% share of the total paid-up capital:** Each of the independent directors should not have more than 1% of the total amount of paid-up capital. The main purpose behind the guideline is to make the independent directors focus on the interest of the all types of shareholders rather than focus on the own interest.
   3. **No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares:** anyone having family relationship with the sponsor or director or shareholder of the company who holds 1% or more shares can never be an independent director of the company.
   4. **No relationship with company’s subsidiary or holding company:** Anyone having relationship with company’s subsidiary or holding company can never be an independent director of the company.
   5. **Cannot be a member, director or officer of stock exchange:** A person who is a member, director or officer of stock exchange cannot be appointed as independent director of any company.
   6. **Cannot be an intermediary of the capital market:** A person who is an intermediary of the capital market cannot be appointed as independent director of any company.
   7. **Not be a partner or an executive of the company’s audit firm during preceding 3 years:** A person who is a partner or an executive of the company’s audit firm during preceding 3 years cannot be appointed as independent director of any company.
   8. **Cannot be an Independent Director in more than 3 listed companies:** An independent director cannot be appointed an Independent Director in more than 3 listed companies.
   9. **No loan default records:** If a person who wants to be an independent director of a particular company should not have any default records meaning that the person returns his or her loan if he has taken from any one or there has not been a file recorded in the court for loan default against him or her.
   10. **Appointment of Independent Director must be approved by the shareholders at AGM:** If any independent director has been selected and recruited by the board of directors, Appointment of that Independent Director must be approved by the shareholders at AGM.
   11. **The post of Independent Director cannot be vacant for more than 90 days:** If any of the independent directors has been resigned or the period of being an independent director has been expired, the post of Independent Director cannot be vacant for more than 90 days.
   12. **Independent Director’s tenure period cannot exceed 3 years:** Independent Director’s tenure period cannot exceed 3 years means an independent director cannot be in his or her post more than 3 years at stretch.
   13. **An Independent Director’s cannot be appointed more than two terms**: An Independent Director’s cannot be appointed more than two terms means an independent director cannot be reappointed more than twice.
3. **Independent Director’s Qualification**
   1. **Having knowledge of financial, regulatory and corporate laws:** An Independent director must have deep and profound knowledge of financial, regulatory and corporate laws.
   2. **Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries:** An Independent directormust be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries
   3. **Having at least 12 (twelve) years of experience as corporate management or professional:** An Independent director Must have at least 12 (twelve) years of experience as corporate management or professional.
4. **No Duality**: Duality means when one person holds more than one position in the board of directors, for example, if the post of chairmen and the post of CEO are held by the same person in the board. According to corporate governance, there should not be any duality in board of directors.
5. **The Contents of the Directors’ Report to shareholders:** Directors’ report should provide many information related to industry, production pricing remuneration of directors, true and fair view of financial statements, and assurance about internal control system, conformity of BAS and BFRS etc. the contents of director’s report have been stated below,
   1. **Industry prospective**
   2. **Performance of individual product wise or segment wise**
   3. **Potential risks**
   4. **Details of COGS, profit margin and net profit margin has been stated**
   5. **Proper details of Extra-Ordinary gain or loss**
   6. **Proper related parties’ transection details**
   7. **Analysis of variances between quarterly financial statements and annual financial statements**
   8. **Directors’ remuneration including independent directors**
   9. **True and fair view of financial statements**
   10. **Proper books of account have been maintained**
   11. **Appropriate accounting policies and estimates have been applied**
   12. **Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied**
   13. **Internal control system Efficiency**
   14. **Going concern Status**
   15. **Details of Deviations in Operating Results**
   16. **Key Financial and operational data have been stated**
   17. **Reasons for non-declaration of dividend have been stated**
   18. **Total number of Board Meetings held and attendance**
6. **Pattern of shareholding:** Pattern of shareholding must be stated in the annual report in category wise, those categories are;
   1. **Corporate**
   2. **Directors and Top management**
   3. **Executives**
   4. **Shareholders having more than ten percent of voting rights with names**
7. **Resume of appointed or reappointed Director:** Resume of appointed or reappointed Director must be stated in the report to provide the appointment or reappointment related information to the stake holders and regulatory authority.
8. **Resume of existed the director:** Resume of existed Director must be stated in the report to provide the appointment or reappointment related information to the stake holders and regulatory authority.
9. **Directors’ expertise in specific functional areas:** The expertise of the directors in specific functional area must be stated in the report and their details about their experiences on that functional area.
10. **Total directorship of each director in different companies**: Total number of directorship in different companies of each director must be stated in their details of the report to know the link of the directors of the company.
11. **Details of appointment of CFO, HIA and CS:** Details of appointment of CFO, HIA, CS must be revealed through the annual report and must be an announcement at the AGM in front of the shareholders.
12. **Responsibilities of CFO, HIA and CS:** Responsibilities of the CFO, HIA and CS must be stated and in what extent those responsibilities are maintained in the annual report.
13. **CFO and CS presence in the Board meeting:** In the board meeting, the presence of the CFO and CS is obligatory. The presence of the CFO and CS in the board meeting must be reported.
14. **Assurance provided by the board of directors related of true and fair view of financial statements:** One of the major concerns related to ensure the interest of the shareholders or stakeholders to get assurance provided by the board of directors related of true and fair view of financial statements. So, assurance provided by the board of directors related of true and fair view of financial statements must be stated in the director report signed by Board representative in the annual report.
15. **Audit Committee:**
    1. **Audit Committee duties:** Each company must have audit committee considered as sub-committee of the Board of Directors. Duties of the audit committee must be clearly stated.
    2. **Number of members in Audit Committee:** Audit Committee should be constituted of at least 3 members.
    3. **Number of independent Director:** There should be at least one independent director in the audit committee.
    4. **Professional knowledge of committee members:** The member of the audit committee must have financial literacy.
    5. **Audit Committee terms:** Terms of service of the audit committee such as minimum prescribed number for continuation must be stated.
    6. **Audit committee Secretary:** There must be an audit committee secretary in the audit committee and should be involved to serve the purpose.
    7. **Audit Committee Meeting Quorum:** To fulfill the audit committee meeting quorum, there must be an independent director present in the meeting.
    8. **Audit Committee Chairmen:** Audit committee chairmen must be the independent director of the board of directors.
    9. **Audit Committee Chairman Presence in the AGM:** Chairmen of the audit committee must be present in the Annual general meeting.
16. **Audit Committee Role:**
    1. **Monitoring financial reporting process**
    2. **Monitoring accounting policies and principles selection**
    3. **Monitoring internal control**
    4. **Monitoring external auditor’s appointment**
    5. **Reviewing annual financial statements before submitting to the board**
    6. **Reviewing quarterly or semiannually financial statements before submitting to the board**
    7. **Reviewing internal audit function adequacy**
    8. **Reviewing related party transactions**
    9. **Reviewing the utilization of funds**
    10. **Providing report to the audit committee**
    11. **Reporting Conflict of Interest**
    12. **Reporting drawbacks of the Internal Control System to the Board of Directors**
    13. **Finding Infringement of Laws**
17. **CEO and CFO Certification on financial statements are free from untrue and biased statement:** One of the major concerns related to ensure the interest of the shareholders or stakeholders to get assurance provided by CEO and CFO related of true and fair view of financial statements. So, certification provided by CEO and CFO related of true and fair view of financial statements must be stated in the director report signed by CEO and CFO in the annual report.
18. **Reporting and Compliance of Corporate Governance:** Proper reporting arrangement of the reporting and compliance of the corporate governance.
19. **Corporate Governance Guideline compliance provided by BSEC:** Compliance related information of corporate governance guideline compliance provided by BSEC must be stated.
20. **Directors' report on Corporate Governance Guideline compliance:** There must be directors’ report on corporate governance guideline compliance stated in the published report.

# Finding and Analysis

In this study, I want to see the application of corporate governance in the companies of food industry of Bangladesh in the year of 2016-17. To do so, I have selected a sample of companies from food industry to find the above mentioned corporate governance checklists whether or not those checklist have been applied by the selected companies. Those companies are;

1. Agriculture Marketing Co. Ltd (Pran)
2. Apex Food Limited
3. Bangas Limited
4. Fine Foods Limited
5. Gemini Sea Food Limited
6. Rahima Food Corporation LTD
7. National Tea company Limited

## Agricultural Marketing CO. LTD (Pran):

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Not Applicable |
| f.       Proper related parties’ transection details | Not Applicable |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Not Applicable |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Not Applicable |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Not Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Not Available |
| b.      Monitoring accounting policies and principles selection | Not Available |
| c.      Monitoring internal control | Not Available |
| d.      Monitoring external auditor’s appointment | Not Available |
| e.      Reviewing annual financial statements before submitting to the board | Not Available |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Not Available |
| g.      Reviewing internal audit function adequacy | Not Available |
| h.      Reviewing related party transactions | Not Available |
| i.       Reviewing the utilization of funds | Not Available |
| j.       Providing report to the audit committee | Not Available |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Agricultural Marketing CO. LTD (Pran) has been maintained the corporate governance practice quite well except some of the major areas where the information is not available. Moreover, some of the corporate governance is not applicable for this company and one of all checklists is applied by the companies**.**

The information that has not been available;

1. Audit Committee Role:
   1. Monitoring financial reporting process
   2. Monitoring accounting policies and principles selection
   3. Monitoring internal control
   4. Monitoring external auditor’s appointment
   5. Reviewing annual financial statements before submitting to the board
   6. Reviewing quarterly or semiannually financial statements before submitting to the board
   7. Reviewing internal audit function adequacy
   8. Reviewing related party transactions
   9. Reviewing the utilization of funds
   10. Providing report to the audit committee
2. An Independent Director’s cannot be appointed more than two term

The checklists have not been applicable;

1. Details of Deviations in Operating Results
2. Reasons for non-declaration of dividend have been stated
3. Proper details of Extra-Ordinary gain or loss
4. Proper related parties’ transection details
5. Analysis of variances between quarterly financial statements and annual financial statements

CFO and CS presence in the Board meeting is not complied since CFO and CS have not being present in the board meeting.

Recommendation: Agricultural Marketing CO. LTD (Pran) did not display information related to the compliance of the audit committee role which is very essential to make the audit committee more accountable towards their functional activities. Moreover, The CFO and CS did not present in board meeting which is a violation of the corporate governance. In those areas, Agricultural Marketing CO. LTD (Pran) needs to work more to comply with the corporate governance.

## Apex Food Limited:

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Not Applicable |
| f.       Proper related parties’ transection details | Not Applicable |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Applied |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Apex Food Limited has been maintained the corporate governance practice quite well. There is one area where information is not available which is An Independent Director’s cannot be appointed more than two term. The checklists that have not been applicable;

1. Proper details of Extra-Ordinary gain or loss
2. Proper related parties’ transection details
3. Reasons for non-declaration of dividend have been stated

Recommendation: Apex Food Limited needs to work on the information that has not been available which is “An Independent Director’s cannot be appointed more than two terms”.

## Bangas Limited

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Applied |
| f.       Proper related parties’ transection details | Applied |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Not Applicable |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Applied |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Bangas Limited has been maintained the corporate governance practice quite well. There is no area where information has not been complied. There are a little information is not applicable. That information is;

1. Directors’ remuneration including independent directors
2. Reasons for non-declaration of dividend have been stated

Recommendation: Bangas Limited needs to work on the information that has not been available which is "An Independent Director’s cannot be appointed more than two terms”.

## Fine Foods Limited:

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Not Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Not Applicable |
| f.       Proper related parties’ transection details | Applied |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Not Applicable |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Applied |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Fine Foods Limited has been maintained the corporate governance practice properly except it did not comply with Independent Director’s tenure period cannot exceed 3 years. There are a little information is not applicable. That information is;

1. Proper details of Extra-Ordinary gain or loss
2. Reasons for non-declaration of dividend have been stated
3. Share holding pattern of Executives

Recommendation: Fine Foods Limited needs to work on the information that has not been complied which is Independent Director’s tenure period cannot exceed 3 years and the information related to the checklist “An Independent Director’s cannot be appointed more than two terms” has not available.

## Gemini Sea Food Limited

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Not Applicable |
| f.       Proper related parties’ transection details | Applied |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Not Applicable |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Not Applicable |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Not Applicable |
| m.     Finding Infringement of Laws | Not Applicable |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Gemini Sea food Limited has been maintained the corporate governance practice properly. There are a little information is not applicable. That information is;

1. Proper details of Extra-Ordinary gain or loss
2. Reasons for non-declaration of dividend have been stated
3. Reviewing internal audit function adequacy
4. Reporting drawbacks of the Internal Control System to the Board of Directors
5. Finding Infringement of Laws
6. Reporting Conflict of Interest

Recommendation: Gemini Sea food Limited needs to work on the information that has not been available which is “An Independent Director’s cannot be appointed more than two terms”.

## Rahima Food Corporation LTD

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Applied |
| f.       Proper related parties’ transection details | Applied |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Not Applicable |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Not Applicable |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Applied |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: Rahima Food Corporation LTD has been maintained the corporate governance practice properly. There is a little information which is not applicable. That information is;

1. Reasons for non-declaration of dividend have been stated
2. Audit Committee Chairman Presence in the AGM

Recommendation: Rahima Food Corporation LTD need to work on the information that has not been available which is “An Independent Director’s cannot be appointed more than two terms”.

## National Tea Company Limited

### Compliance of the Corporate Governance Checklists:

|  |  |
| --- | --- |
| **Corporate Governance** | **Application** |
| 1.      Board Size | Applied |
| 2.      Independent Directors: | |
| a.      One fifth of Directors | Applied |
| b.      An Independent Director holds less than 1% share of the total paid-up capital | Applied |
| c.      No family relationship with sponsor or director or shareholder of the company who holds 1% or more shares | Applied |
| d.      No relationship with company’s subsidiary or holding company. | Applied |
| e.      Cannot be a member, director or officer stock exchange | Applied |
| f.       Cannot be an intermediary of the capital market | Applied |
| g.      Not be a partner or an executive of the company’s audit firm during preceding 3 years | Applied |
| h.      Cannot be an Independent Director in more than 3 listed companies | Applied |
| i.       No loan default records | Applied |
| j.       Appointment of Independent Director must be approved by the shareholders at AGM | Applied |
| k.      The post of Independent Director cannot be vacant for more than 90 days | Applied |
| l.       Independent Director’s tenure period cannot exceed 3 years | Applied |
| m.    An Independent Director’s cannot be appointed more than two term | Not Available |
| 3.      Independent Director’s Qualification: | |
| a.      Having knowledge of financial, regulatory and corporate laws | Applied |
| b.      Must be a Professional like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries | Applied |
| c.      Having at least 12 (twelve) years of experience as corporate management or professional | Applied |
| 4.      No Duality | Applied |
| 5.      The Contents of the Directors’ Report to shareholders: | |
| a.      Industry prospective | Applied |
| b.      Performance of individual product wise or segment wise | Applied |
| c.      Potential risks | Applied |
| d.      Details of COGS, profit margin and net profit margin has been stated | Applied |
| e.      Proper details of Extra-Ordinary gain or loss | Not Applicable |
| f.       Proper related parties’ transection details | Applied |
| g.      Analysis of variances between quarterly financial statements and annual financial statements | Applied |
| h.      Directors’ remuneration including independent directors | Applied |
| i.       True and fair view of financial statements | Applied |
| j.       Proper books of account have been maintained | Applied |
| k.      Appropriate accounting policies and estimates have been applied | Applied |
| l.       Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) have been applied | Applied |
| m.     Internal control system Efficiency | Applied |
| n.      Going concern Status | Applied |
| o.      Details of Deviations in Operating Results | Applied |
| p.      Key Financial and operational data have been stated | Applied |
| q.      Reasons for non-declaration of dividend have been stated | Applied |
| r.       Total number of Board Meetings held and attendance | Applied |
| 6.      Pattern of shareholding: | |
| a.      Corporate | Applied |
| b.      Directors and Top management | Applied |
| c.      Executives | Applied |
| d.      Shareholders having more than ten percent of voting rights with names | Applied |
| 7.      Resume of appointed or reappointed Director | Applied |
| 8.      Resume of existed the director | Applied |
| 9.      Directors’ expertise in specific functional areas | Applied |
| 10.    Total directorship of each director in different companies | Applied |
| 11.    Details of appointment of CFO, HIA and CS | Applied |
| 12.    Responsibilities of CFO, HIA and CS | Applied |
| 13.    CFO and CS presence in the Board meeting | Applied |
| 14.    Assurance provided by the board of directors related of true and fair view of financial statements | Applied |
| 15.    Audit Committee: | |
| a.      Audit Committee duties | Applied |
| b.      Audit Committee selection | Applied |
| c.      Number of members in Audit Committee | Applied |
| d.      Number of independent Director | Applied |
| e.      Professional knowledge of committee members | Applied |
| f.       Audit Committee terms | Applied |
| g.      Audit committee Secretary | Applied |
| h.      Audit Committee meeting Quorum | Applied |
| i.       Audit Committee Chairmen | Applied |
| j.       Whether the chairmen was Independent Director | Applied |
| k.      Audit Committee Chairman Presence in the AGM | Applied |
| 16.    Audit Committee Role: | |
| a.      Monitoring financial reporting process | Applied |
| b.      Monitoring accounting policies and principles selection | Applied |
| c.      Monitoring internal control | Applied |
| d.      Monitoring external auditor’s appointment | Applied |
| e.      Reviewing annual financial statements before submitting to the board | Applied |
| f.       Reviewing quarterly or semiannually financial statements before submitting to the board | Applied |
| g.      Reviewing internal audit function adequacy | Applied |
| h.      Reviewing related party transactions | Applied |
| i.       Reviewing the utilization of funds | Applied |
| j.       Providing report to the audit committee | Applied |
| k.      Reporting Conflict of Interest | Applied |
| l.       Reporting drawbacks of the Internal Control System to the Board of Directors | Applied |
| m.     Finding Infringement of Laws | Applied |
| 17.    CEO and CFO Certification on financial statements are free from untrue and biased statement | Applied |
| 18.    Reporting and Compliance of Corporate Governance | Applied |
| 19.    Corporate Governance Guideline compliance | Applied |
| 20.    Directors' report on Corporate Governance Guideline compliance | Applied |

Analysis: National tea Company Limited has been maintained the corporate governance practice properly. There is a little information which is not applicable. That information is;

1. Reasons for non-declaration of dividend have been stated
2. Proper details of Extra-Ordinary gain or loss

Recommendation: National tea Company Limited need to work on the information that has not been available which is “An Independent Director’s cannot be appointed more than two terms”.

# Overall View

In the year of 2016-17, The 7 companies of food industry have been adopted the corporate governance practice properly. Other than Agricultural marketing Co. Ltd (Pran), all companies have been almost fairly complied with the Corporate Governance. However, there are many issues of corporate governance checklist have not been applicable and many issues of corporate governance checklist have not been available. One checklist “An Independent Director’s cannot be appointed more than two term” that has not been available in any of the companies that have been selected as a sample. The overall situation the companies;

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Companies** | **Not Complied** | **Not Applicable** | **Not Available** |
| Agriculture Marketing Co. Ltd (Pran) | 1 | 5 | 11 |
| Apex Food Limited |  | 3 | 1 |
| Bangas Limited |  | 2 | 1 |
| Fine Foods Limited | 1 | 3 | 1 |
| Gemini Sea Food Limted |  | 6 | 1 |
| Rahima Food Corporation LTD |  | 2 | 1 |
| National Tea company Limited |  | 2 | 1 |

From the above table, in 2016-17, it can be said that the food industry has been complied with the corporate governance properly though there are some issues which are needed to be considered, however, there are only 2 companies having non-compliance of corporate governance of one checklist each among the 80 checklists. On the other hand, each company has failed to display one checklist “An Independent Director’s cannot be appointed more than two term” which is also acceptable.

# Conclusion

“Corporate governance is the process compiled with guidelines, rules and regulations by which a firm’s actions is monitored and controlled”. If I consider the definition of the corporate governance and apply to the food industry, I should conclude the study with affirmative statement that, in 2016-17, the companies of food industry have proper practice of corporate governance in their corporate reporting.

# References

The following website was accessed on September 30, 2018:

1. www.lankabd.com