



A. Wahab & Co.
Chartered Accountants

**To the shareholders of
Alhaj Textile Mills Ltd.**

**Certificate on compliance of conditions of corporate governance by
Alhaj Textile Mills Ltd. for the year ended June 30, 2015.**

We have reviewed the relevant documents concerning the company's compliance with the corporate governance matters. The compliance with corporate governance is the responsibility of the management of the company.

Basis of opinion

We carried out our review in accordance with the guidelines issued by the Bangladesh Securities & Exchange Commission under Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 as amended. It is neither an audit nor an expression of opinion on the financial statements of the company.

Period Covered

Our review for this certificate is confined to the aspects for the year ended June 30, 2015.

Opinion

In our opinion, based on our review of relevant documents and also information made available to us by the management, the company's status on compliance with corporate governance requirements as shown in Annexure reflects actual position of the company's compliance with the condition of Corporate Governance Guidelines of BSEC applicable for listed companies.

Date: Dhaka
November 17, 2015


(A. WAHAB & CO.)
CHARTERED ACCOUNTANTS

Annexure-5

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

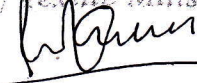
Condition No.	Titles	Status	Remarks
1	Board of Directors:		
1.1	Board Size: The number of the Board members of the company shall not be less than 5 (five) and more than 20 (twenty).	Complied	Stated in Annexure - 1 to the Directors' report.
1.2	Independent Directors		
1.2 (i)	Independent Directors: At least one fifth (1/5) of the total number of Directors in the company's Board shall be Independent Directors.	Complied	Present status stated in Directors' Report under note no. 24.
1.2 (ii) (a)	Independent Director does not hold any share or holds less than 1% shares of the total paid-up capital.	Complied	
1.2 (ii) (b)	Independent Director or his family members are not connected with the company's any sponsor or Director or Shareholder who holds 1% or more shares.	Complied	
1.2 (ii) (c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	Complied	
1.2 (ii) (d)	Independent Director is not a member, Director or officer of any Stock Exchange.	Complied	
1.2 (ii) (e)	Independent Director is not a shareholder, Director or officer of any member of Stock Exchange or an intermediary of the capital market.	Complied	
1.2 (ii) (f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	Complied	
1.2 (ii) (g)	Independent Director shall not be an Independent Director in more than 3 (three) listed companies.	Complied	
1.2 (ii) (h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI).	Complied	
1.2 (ii) (i)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	Complied	
1.2 (iii)	The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the AGM.	Complied	Present status stated in Directors' Report under note no. 24.
1.2 (iv)	The Post of Independent Director(s) can't remain vacant for more than 90 (ninety) days.	Complied	Do
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Complied	
1.2 (vi)	The tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Complied	Present status stated in Directors' Report under note no. 24.

For Al-Haj Textile Mills Ltd.

[Signature]
Managing Director & CEO

1.3	Qualification of Independent Director (ID)		
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	Complied	
1.3 (ii)	Independent Director should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The Independent Director must have at least 12 (twelve) years of corporate management/professional experiences.	Complied	
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	Not Applicable	
1.4	Chairman of the Board and Chief Executive Officer.		
	The positions of the Chairman of the Board and the Chief Executive Officer of the Companies shall be filled by different individuals. The Chairman of the Company shall be elected from among the Directors of the Company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	Complied	The Managing Director of the Company plays the role of CEO.
1.5	The Directors' Report to Shareholders:		
1.5 (i)	Industry outlook and possible future developments in the industry.	Complied	Stated in the Directors' Report.
1.5 (ii)	Segment-wise or product-wise performance.	Not Applicable	There is only one item which is selling in the local market.
1.5 (iii)	Risks and concerns.	Complied	Stated in the Directors' Report under note no- 3.
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied	Stated in the Directors' Report under note no. 4.
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	Not Applicable	Stated in the Directors' Report under note no. 5.
1.5 (vi)	Basis for related party transactions - a statement of all related party transactions should be disclosed in the annual report.	Not Applicable	
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	Not Applicable	
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	Not Applicable	
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	Complied	A significant variance is found in the Deferred Tax. Stated in the financial statement under note no. 16
1.5 (x)	Remuneration to Directors including Independent Directors.	Complied	Stated in the financial statement under note no. 35 & 36.

For Al-Hoj Textile Mills Ltd



Director & CEO

1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	Complied	
1.5 (xii)	Proper books of account of the issuer company have been maintained.	Complied	
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment	Complied	As per Auditor's Report, Note-2.03
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied	As per Auditor's Report, Note-2.08
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	Complied	
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	Complied	Stated in the financial statement under note no. 2.06
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	Complied	Stated in the Directors' Report under note no. 18
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	Complied	Stated in the Directors' Report under note no. 19
1.5 (xix)	No declaration of Dividend.	Not Applicable	Stated in the Directors' Report under note no. 21
1.5 (xx)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	Complied	Stated in Annexure – 1 to the Directors' report.
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-		
1.5 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied	Stated in Annexure-1 to the Directors' report.
1.5 (xxi) (b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied	Do
1.5 (xxi) (c)	Executives;	Complied	Do
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more votes' interest in the company (name wise details).	Not Applicable	
1.5 (xxii)	In case of the appointment/re-appointment of a Director the company shall disclose the following information to the shareholders:- <ul style="list-style-type: none"> > a brief resume of the Director; > nature of his/her expertise in specific functional areas; > names of companies in which the person also holds the Directorship and the membership of committees of the Board. 	Complied	Stated in the Directors' Report under note no. 23

2.	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS):		
2.1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of CFO, the Head of Internal Audit and the CS.	Complied	Stated in the Directors' report Annexure -1
2.2	Attendance of CFO and the Company Secretary in the Board meeting.	Complied	
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	Complied	Stated in the Directors' report Annexure -1.
3 (ii)	The Audit Committee shall assist the Board of Directors' in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	Complied	
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied	Stated in the Directors' report in Annexure -2
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	Complied	Stated in the Directors' report in Annexure -2
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be Directors of the company and shall include at least 1 (one) Independent Director.	Complied	
3.1 (iii)	All members of the Audit Committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience: The term Financially literate means the ability to read and understand the financial statements i.e. Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if she possesses professional qualification or Accounting/finance graduate with at least 12 (twelve) years of corporate management/professional experiences.	Complied	
3.1 (iv)	Casual vacancy in Audit Committee (AC) shall be filled by the Board.	Complied	
3.1 (v)	The company secretary shall act as the secretary of the Committee.	Complied	
3.1 (vi)	The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director.	Complied	
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an Independent Director	Complied	M. Farhad Hussain, FCA has been appointed as Independent Director & Chairman of the Audit Committee for 3 years with effect from 20-2-2014.
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting.	Complied	
3.3 (i)	The Role of Audit Committee: Oversee the financial reporting process.	Complied	
3.3 (ii)	Monitor choice of accounting policies and principles.	Complied	

3.3 (iii)	Monitor Internal Control Risk management process.	Complied	
3.3 (iv)	Oversee hiring and performance of external auditors.	Complied	
3.3 (v)	Review along with the management, the annual financial statements before submission to the Board for approval.	Complied	
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	Complied	
3.3 (vii)	Review the adequacy of internal audit function.	Complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	Not Applicable	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	Complied	
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/ prospectus	Not Applicable	
3.4	Reporting of Audit Committee:-		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	Complied	
3.4.1 (ii) (a)	Report on conflicts of interests to the Board of Directors.	Not Applicable	There was no reportable case of conflict of interest in 2014 - 2015
3.4.1 (ii) (b)	Will report any suspected or presumed fraud or irregularity or material defect in the internal control system to the Board.	Not Applicable	There was no such case in 2014 - 2015
3.4.1 (ii) (c)	Will report any suspected infringement of laws, including securities related laws, rules and regulations to the Board.	Not Applicable	Do
3.4.1 (ii) (d)	Will report any other matter which shall be disclosed to the Board of Directors immediately.	Not Applicable	Do
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	Not Applicable	Do

For Al-Haj Textile Mills Ltd.

Managing Director & CEO

3.5	Reporting to the Shareholders and General Investors: report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	Not Applicable	There were no such cases under the condition 3.4.1 (ii) in 2014 - 2015
4 (i)	Non-engagement of external/statutory auditors in appraisal or valuation services or fairness opinions.	Complied	
4 (ii)	Non-engagement of external/statutory auditors in financial information systems design and implementation.	Complied	
4 (iii)	Non-engagement of external/statutory auditors in Book-keeping or other services related to the accounting records or financial statements.	Complied	
4 (iv)	Non-engagement of external/statutory auditors in Broker-dealer services.	Complied	
4 (v)	Non-engagement of external/statutory auditors in Actuarial services.	Complied	
4 (vi)	Non-engagement of external/statutory auditors in Internal audit services.	Complied	
4 (vii)	Non-engagement of external/statutory auditors in any other service that the Audit Committee determines.	Complied	
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	Complied	
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition no 7.	Complied	
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	Not Applicable	There is no subsidiary company of Alhaj Textile Mills Ltd.
5 (ii)	At least 1 (one) Independent Director on the Board of Directors of the holding company shall be a Director on the Board of Directors of the subsidiary company.	Not Applicable	Do
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	Not Applicable	Do
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.	Not Applicable	Do
5 (v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	Do
6 (i) (a)	The CEO and CFO will certify to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	Complied	Stated in the Directors' report in Annexure -3

For Al-Haj Textile Mills Ltd.

Managing Director & CEO

6 (i) (b)	The CEO and CFO will certify to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	Complied	
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	Complied	
7 (i)	The company shall obtain a certificate from a Professional Chartered Secretary/Accountants (Chartered Accountants/Cost & Management Accountants/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	Complied	
7 (ii)	The Directors of the company shall state, in accordance with the Annexure attached, in the Directors' report whether the company has complied with these conditions.	Complied	

For Al-Haj Textile Mills Ltd.

[Signature]
Managing Director & CEO