



# DIRECTORS' REPORT TO THE SHAREHOLDERS

For the year ended June 30, 2017

Bismillahir Rahmanir Rahim

**Dear Shareholders,**  
Assalamu'alykum,

On behalf of the Board of the Directors and Management, I delightfully welcome you all to the 10<sup>th</sup> Annual General Meeting of Baraka Power Limited. We are pleased to present herewith the Directors' Report on operational activity of the company and the Auditors' Report along with the Audited Financial Statements of the Company for the year ended June 30, 2017 thereon, for your valued consideration, approval and adoption.

## **Corporate Governance**

Corporate Governance refers to the processes, structures and information used for directing and overseeing the management of the company. Corporate governance framework establishes the mechanisms for achieving accountability between the Board, senior management and shareholders, while protecting the interests of relevant stakeholders. It also sets out the structure through which the division of power in the organization is determined.





It clearly defines the responsibility of the management to the shareholders and also to the employees of the company. A separate chapter of Corporate Governance has been reported in **Annexure-I**.

### **Corporate Social Responsibility**

Corporate social responsibility described the body of management systems and tools that help companies minimize their environmental impact, adhere to labor standards, contribute to the communities and manage toward a more economically sustainable society.

### **Directors' Additional Responsibilities towards Shareholders**

In compliance with the requirements of the SEC's Notification No. SEC/ CMRRCD/ 2006-158/ 134/ Admin/ 44 dated August 07, 2012, the Directors are responsible for the governance of the Company and in that capacity, the Directors confirm, to the best to their knowledge that-

#### **(i) Industry Outlook and future development:**

The Board is pleased to inform you that the existing plant located at Fenchugonj, Sylhet is running excellent and generated 292,301 MWh of electricity and supplying 281,851 MWh to the national grid during the year 2016-2017. By selling of above units the company was able to earn revenue amounting Tk. 779,242,654 in the year 2016-2017.

You are already informed that the 50 MW HFO fired IPP power plant at Patenga, Chittagong named Baraka Patenga Power Limited (BPPL), of which 51% of the equity is owned by your company, started its commercial operation on May 04, 2014 and started commercial operation of its secondary Steam Turbine & Generator (STG) having capacity of 3.20 MW from April 10, 2015. The STG plant runs by heat recovery from 08 nos. of Rolls Royce gensets exhaust gas without burning any fuel. Consequently the annually fuel cost has reduced. The plant is showing excellent performance and generated 287,482 MWh of electricity and supplying 276,508 MWh to the national grid during the year 2016-2017 earning revenue of Tk. 2,648,485,011 during the year ended June 30, 2017.

You also know that, BPDB has already issued LOI for implementing a 110MW HFO based IPP power plant for a term of 15 years under the banner of Karnaphuli Power Limited (KPL). To diversify its business, your company has successfully completed acquisition of a 100% export oriented compliantly running Ready-Made-Garments factory having 10-line (woven tops) production capacity named Bela Fashions Limited.

The company has the plan to expand its business by participating tender process as called by Bangladesh Power Development Board (BPDB) in future or any other process set by Ministry of Power, Energy and Mineral Resources.

**(ii) Segment wise or Product wise performance:**

Location of the Plant	Licensed Capacity (MwH)	Installed Capacity (MwH)	Plant Factor (% on Licensed capacity to the unit of energy sold)		Energy Generation (MwH)	Energy Sold (MwH)
			Average	Maximum		
Fenchugonj, Sylhet	446,760	483,026	64.37%	89.54%	292,301	281,851
Patenga, Chittagong	438,000	489,421	69.22%	88.10%	287,482	276,508

**(iii) Risks and concerns**

***Interest rate risks***

Volatility of money market may influences the overall interest rate structure of the country. On June 30 2017, as the company has about Tk. 21.76 crore of outstanding loans, any unfavorable change in interest rate structure may affect the company's business adversely.

***Management perception***

Management of the company believes that rise in interest rate will not substantially affect the company. If interest rate raises, the company will go for alternative sources of financing.

***Exchange rate risks***

Taka has been devalued significantly against dollar and it is very unlikely to appreciate in near future. But devaluation of local currency against major international currencies will not affect the company's business.

***Management perception***

Since dues relating to import of machineries and equipment from abroad is not significant, exchange rate risk is not going to hamper business of the company.

***Industry risks***

The Company is operating in an industry where there is a huge gap between demand and supply. Although power sector is a highly demanding and aggravated sector in our country, chances are there that excessive competition may hamper the company's business.

***Management perception***

Currently there is a huge gap between demand and supply of electricity in our country. On the other hand demand for electricity is increasing drastically day by day. In this situation chance of excessive competition is almost zero. Moreover BPDB purchase 100% of the electricity produced by the company at a rate predetermined in the Power Purchase Agreement which is also adjusted as per consumer price index. Hence, the company is protected against any sort of loss due to competition or inflation.

***Market and technology-related risks***

Capacity of generating power is dependent to a great extent on the capacity of its generators. Should there be any disturbance in the technology used by the company; operation of the company may face major turbulence.

***Management perception***

The company is using state of the art technology and modern machines. The plant is comprised of 19 units of generator sets from the world renowned gas fuelled reciprocating engine manufacturer GE Jenbacher, Austria. Total installed capacity of the plant is 55.14 MW where contracted capacity is 51 MW of electricity. To ensure uninterrupted supply of electricity the project has 8.11% of reserve margin in production. To reduce any chance of disturbances the company has enter a spare parts supply contract for a period of 15 years with GE Jenbacher. Furthermore, the management of the company is very serious about timely maintenance of the machineries.



### **Potential or existing government regulations**

Although existing government rules and regulations are very favorable for the company, chances are there that the government might take any policy that may adversely affect profitability and operation of the company.

### **Management perception**

The Government is committed for providing affordable and reliable electricity to all citizens by 2020 for economic and social development. Hence, management of the company is confident enough that regarding government policy Baraka Power will not have to face any unfavorable situation.

### **Potential changes in global or national policies**

Changes in government policy as well as policy of foreign countries may affect adversely the business of the company. Any structural change in power generation industry may adversely affect the business and may have negative impact on the profitability of the Company.

### **Management perception**

Modern life is totally dependent on electricity. Without electricity modern life cannot sustain. Without uninterrupted flow of electricity, development of a country is not possible. Hence, as far as national policy is concerned, power sector is not going to face any adverse effect. On the other hand, chances of global policies hampering power sector of our country is very negligible.

### **History of non-operation**

If a company becomes non-operative for some period in its operating life then risk of becoming non-operative in future for the same reasons or other probable reasons should be considered carefully.

### **Management perception**

The Company does not have any history of non-operation. So, no risk has arise in this respect. Moreover, the Company is trying to expand its business by installing more power plants. So, chance of becoming non-operative in future is very low.

### **Operations risks**

Operational risk covers the ability of the project to achieve the performance as envisaged. Technology used, fuel supply arrangement, operation & maintenance (O&M) arrangement and political condition are major sources of operational risk for the company.



### **Management perception**

To mitigate fuel supply problem Baraka Power Limited has signed gas supply agreement with Jalalabad Gas Transmission and Distribution Systems Ltd. (JGTDSL) on 22 June 2008 for a term of 15 years to supply gas in required quantity and specification throughout the agreement period. For O&M of the plant, Baraka Power Limited has appointed local qualified engineers and technicians who have experience to work in power plants. Moreover, the plant vendor GE Jenbacher GmbH & Co. will supply all necessary spare parts for a period of 15 years with 1 year warranty period from the date of delivery. During major overhaul, Baraka Power Limited will engage GE Jenbacher GmbH & Co. for providing the overhaul services. As the company installed 19 units of generators, electricity supply will not be hampered to a great extent even at the time of scheduled maintenance or any minor problem. Power project in general has



### **Project duration risk**

The company entered an agreement with Bangladesh Power Development Board (BPDB) with a condition that the agreement shall become effective upon signing and shall terminate fifteen (15) years after the commercial operations date, unless extended or earlier terminated pursuant to the provisions of the agreement.



### **Management perception**

Management perceives that there are no possibilities of early termination of the agreement as there are huge demand for power in our country. Government of Bangladesh is encouraging more local entrepreneur to invest in this sector to meet up demand and supply gap. Moreover, at present scarcity of power reveals that the power crisis will remain in future as economy of Bangladesh is growing and demand for power and electricity is

operational risk and for this project is quite high considering 15 years of operation. However, technical expertise availability in the country, supply contract with the vendor as well as reserve margin of around 8.11% (installed capacity) mitigates the operational risk to a great extent.

increasing. So, there is scope of extension of the term of current agreement subject to approval of BPDB.

(iv) **Cost of Goods Sold, Gross Margin and Net Profit Margin:**

Particulars	June 30, 2017	June 30, 2016	Deviation	
			Amount	Percentage
Revenue	779,242,654	841,125,119	(61,882,465)	(7.36%)
Cost of Sales	315,622,018	355,076,138	(39,454,120)	(11.11%)
Gross Profit	463,620,636	486,048,981	(22,428,345)	(4.61%)
Net Profit After Tax	338,637,332	331,664,596	6,972,736	2.10%
Gross Profit Margin (%)	59.50%	57.79%	2.96%	
Net Profit Margin (%)	43.46%	39.43%	10.22%	

Above chart shows that Net profit margin has increased by 10.22% whereas revenue decreased by 7.36% in the year 2016-2017 to 2015-2016.

(v) **Other income of Tk. 49,057,961 is generated by the company from receivables with the related parties.**

(vi) **Related Party Transaction**

- A. During the year, the Company carried out a number of transactions with related party in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provisions of BAS 24 : related Party Disclosures.

**Transactions with key management personnel:**

	30-06-17 (Taka)	30-06-16 (Taka)
Employee Benefits	22,476,000	20,451,270
<b>Total</b>	<b>22,476,000</b>	<b>20,451,270</b>

Key management personnel includes Chiarman & Head of Planning & Business Development, Vice Chairman & Head of Administration, Managing Director, Company Secretary, GM-O&M and DGM-Commercial.

B. **Other Related Party Transaction**

Name of the Related Party	Nature of Relationships	Nature of Transactions	Transactions during the year		Receivables/(Payables)	
			30-06-17	30-06-16	30-06-17	30-06-16
			Taka	Taka	Taka	Taka
Baraka Patenga Power Limited	Subsidiary company	Short term loan	250,356,064	195,491,226	-	-
Bela Fashions Limited	Subsidiary company	Short term loan	330,133,240	-	326,150,640	-
Royal Homes Limited	Common Management	Advance for Commercial Space	461,166,406	14,400,000	124,644,204	-
Royal Educare Limited	Common Management	Short term loan	7,071,893	36,031,908	42,103,801	36,031,908
Karnaphuli Power Limited	Common Management	Short term loan	54,108,759	406,731	54,515,490	406,731
Queens Healthcare Limited	Common Management	Short term loan	2,555	-	2,555	-
Baraka Apparels Limited	Common Management	Short term loan	218,441,532	80,683,242	192,673,930	80,683,242



**(vii) Utilization of IPO Proceeds:**

By utilizing the Net IPO proceeds, the company payoff its term loan of Tk. 740 million and another 400 million was invested in the subsidiary company which generates net profit of Tk. 318.46 million during the year ended June 30, 2017.

**(viii)** After the company goes for Initial Public Offering (IPO), there is no significant variation shown in the financial results.

**(ix)** Quarterly performance of the company are in line with the Annual Audited Financial Statements.

**(x) Director's Remuneration**

Payment to Directors during the year ended June 30, 2017

Name	Designation	Period	30-06-2017	30-06-2016
Mr. Faisal Ahmed Chowdhury	Chairman & Head of Planning & Business Development	July'16 to June '17	4,305,000	4,305,000
Mr. Gulam Rabbani Chowdhury	Managing Director	July'16 to June '17	4,305,000	4,305,000
Mr. Md. Ahsanul Kabir	Vice-Chairman & Head of Administration	July'16 to June '17	2,340,000	2,340,000
Total			10,950,000	10,950,000

In addition to the above, directors who attended the board meeting, have drawn meeting attendance fee @ Tk. 5,000 per director per meeting. The total board meeting attendance fee during the year is Tk. 209,500

**(xi)** The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

**(xii)** Proper books of account of the company have been maintained;

**(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;

**(xiv)** International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed;

**(xv)** The system of internal control is sound in design and has been effectively implemented and monitored;

**(xvi)** There are no significant doubts upon the company's ability to continue as a going concern;

**(xvii)** Significant deviations from last year in operating results of the company has been highlighted and reasons thereof have been explained in financial results & profit appropriation;

**(xviii)** Key operating and financial data of last five years has been annexed;

**(xix)** The board of directors of the company has recommended 5% cash and 15% stock dividend for the year ended June 30, 2017;

**(xx)** The number of Board meetings held during the year and attendance by each director has been disclosed in **Annexure II**.

**(xxi)** The pattern of shareholding has been reported in **Annexure III** to disclose the aggregate number of shares;

**(xxii)** No changes have been made in the Board of

## Financial Results & Profit Appropriation:

In the year 2016-2017, financial performance of your company shows a stable result compared to previous year. The Directors take pleasure in reporting the financial results of the company for the year ended June 30, 2017 and recommended apportion of retained earnings as mentioned below:

Amount in BDT		
	June 30, 2017	June 30, 2016
<b>Profit available for appropriation</b>		
Profit after tax	338,637,332	331,664,596
Prior year's adjustment	-	-
Add: Undistributed profit brought forward from previous year	385,050,674	298,834,480
<b>Total amount Available for Appropriation</b>	<b>723,688,006</b>	<b>630,499,076</b>
<b>Appropriation</b>		
Final dividend for the year 2014-2015 (@ 08% stock & 08% cash)	-	(245,448,402)
Final dividend for the year 2015-2016 (@ 05% stock & 15% cash)	(331,355,344)	-
<b>Closing Retained Earnings at year end (before proposed dividend)</b>	<b>392,332,662</b>	<b>385,050,674</b>
Proposed dividend for the year 2016-2017 (@ 15% stock & @ 05% Cash)	(347,923,110)	
<b>Retained Earnings after Proposed Dividend</b>	<b>44,409,552</b>	<b>385,050,674</b>

### Dividend:

Your Board has recommended 05% cash (Tk 0.5 per share of Tk. 10 each) and 15% stock dividend (15 shares for every 100 shares held) on 173,961,555 ordinary shares of Tk. 10 each for the year ended June 30, 2017 subject to approval by the shareholders at its 10<sup>th</sup> Annual General Meeting.

### Board Meeting & Attendance:

During the year ended June 30, 2017, total of 07 meetings were being held by the Board of Directors. Directors who have attended the Board meeting are shown in **Annexure II** of this report.

### Directors' appointment & re-appointment:

Due to expiry of consecutive 02 terms as Independent Director in the Board, Dr. Tofayel Ahmed Ph.D has retired from the Board of Directors of the company which is effective from August 12, 2017 and approved in the Board Meeting held on October 26, 2017. Furthermore, Mr. Abdus S. Majid, Independent Director has expressed his intention to voluntarily retire from the Board of the company which is approved by the Board of Directors on October 26, 2017 and made effective from the same date. Accordingly, to comply with the Corporate Governance Guideline of Bangladesh Securities and Exchange Commission, to fill up those positions, Engr. Jalal Ahmed Chowdhury and Dr. Md. Zakir Hossain were appointed as new Independent Directors in the Board Meeting held on October 26, 2017 which will be placed in the 10<sup>th</sup> Annual General Meeting of the company for approval.

Moreover, as per Article No. 112 of the Article of Association of the company following Directors shall retire in the 10<sup>th</sup> Annual General Meeting by rotation and being eligible, offer them for re-election:

**01. Nanu Kazi Mohammed Miah**

**02. Robin Choudhury**

### Auditors:

M/S Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A (2nd Floor), Dhaka-1000 was appointed as the auditor of the company in its 9<sup>th</sup> AGM held on December 22, 2016. They have carried out the audit for the year 2016-2017 and will retire in the 10<sup>th</sup> AGM. M/S Malek Siddiqui Wali, Chartered Accountants have expressed their willingness for reappointment for the year 2017-2018. As recommended by the Board, the resolution to reappoint M/S Malek Siddiqui Wali, Chartered Accountants as auditor for the year 2017-2018 will be placed at the forthcoming Annual General Meeting of the company.





## Audit Committee

Audit committee has been formed by the Board of Directors at its meeting held on August 13, 2011, which consists of three members from the board including an Independent Director and company secretary of the company to act as a member secretary of the committee. The Audit Committee is responsible for reporting to the Board. The committee assists the Board in discharging its supervisory responsibilities with respect to Internal Control, Financial Reporting, Risk management and Auditing matters.

## Acknowledgement

Finally, the Board of Directors would like to place on record its deep gratitude to the humble shareholders for their kind co-operation and support towards the business of the company.

The Board would like to express their grateful appreciation for the assistance and co-operation received from Bangladesh Power Development Board (BPDB), Power Cell of the Power Division, MPEMR, Jalalabad Gas T&D System Ltd., Banks & Financial Institutions, Insurance Companies, Service Providers, the Bangladesh Securities And Exchange Commission (BSEC), Registrar of Joint Stock Companies & Firms, Dhaka Stock Exchange Limited (DSE), Chittagong Stock Exchange Limited (CSE), various Government Authorities, Individual and Agencies.

The Board of Directors would like to put on record its deep appreciation of the efforts made by the employees of the company. Their commitment and passion, both individually and through teamwork have helped the company to achieve the success that it is today.

We look forward to even better days ahead.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'Gulam Rabbani Chowdhury'.

**Gulam Rabbani Chowdhury**  
Managing Director

# ANNEXURE - I

## Baraka Power Limited

Status of Compliance with the Corporate Governance Guideline (CGC)

For the year ended 30th June 2017

Status of compliance with the condition imposed by the Commission's Notification No. letter 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.	Title	Complied	Not Complied	Remarks (IF ANY)
<b>1</b>	<b>Board of Directors</b>			
<b>1.1</b>	<b>Boards size</b>			
	The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	√		The Board is comprised of 09 Directors including Managing Director.
<b>1.2</b>	<b>Independent Directors</b>			
(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		03 out of 09 directors are appointed as Independent Director
(ii)	<b>For the purpose of this clause 'Independent directors' means a director-</b>			
a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		The Independent Directors have declared their compliances.
b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company :	√		
c)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/ associated companies;	√		
d)	Who is not a member, director, or officer of any stock exchange;	√		
e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	√		
f)	Who is not a partner or an executive or was not a Partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm;	√		
g)	Who shall not be an independent director in more than 3 (three) listed companies;	√		
h)	Who 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);	√		
i)	Who has not been convicted for a criminal offence involving moral turpitude.	√		
(iii)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
(iv)	The post of independent director(s) can not remain vacant for more than 90(ninety) days.	√		
(v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
(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.	√		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
(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.	√		
(ii)	The person should be a Business Leader/ Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have a least 12(twelve) years of corporate management /professional experiences.	√		
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
<b>1.4</b>	<b>Chairman of the Board and Chief Executive Officer</b>			
(i)	The position 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.	√		Different Persons hold the positions with specific responsibilities set by the Board.

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
<b>1.5</b>	<b><i>Directors Report to the Shareholders</i></b>			
(i)	Industry outlook and possible future developments in the industry.	√		
(ii)	Segment-wise or product-wise performance.	√		
(iii)	Risks and concerns.	√		
(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
(v)	Discussion on continuity of any Extra-Ordinary gain or loss.			Not Applicable
(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report.	√		
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not Applicable
(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
(ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not Applicable
(x)	Remuneration to directors including independent directors.	√		
(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.	√		
(xii)	Proper books of account of the issuer company have been maintained.	√		
(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.	√		
(xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standard (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.	√		
(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
(xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considerer to be a going concern, the fact along with reasons thereof should be disclosed.	√		
(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√		
(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
(xix)	if the issuer company has not declared dividend(cash or stock) for the year, the reasons thereof shall be given.			The Company has declared 15% Stock & 5% Cash dividend.
(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√		
(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:	√		
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√		
(xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√		No Share held except Directors,CEO & CS ( as per notification)
(xxi) c)	Executives;			Not Applicable
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).			Not Applicable
(xxii)	<b><i>In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:</i></b>			
(xxii) a)	a brief resume of the director	√		
(xxii) b)	nature of his/her expertise in specific functional areas;	√		
(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	√		



Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
<b>2.0</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)</b>			
2.1 Appointment	The company shall Appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of internal Audit and the CS.	√		The company has appointed CFO, CS and Head of Internal Audit. There are clearly defined roles, responsibilities and duties which have been approved by Board as per requirement of BSEC notification.
2.2 Requirement to attend the Board Meetings	The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	√		In practice
<b>3.0</b>	<b>Audit Committee</b>			
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		Already in place
(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		In practice
(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	√		In practice
3.1	Constitution of the Audit Committee			
(i)	The Audit Committee shall be composed of at least 3 (three) members.	√		
(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.	√		
(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 (s)he possesses professional qualification or Accounting/finance graduate with at least 12( twelve) years of corporate management/ professional experiences.	√		
(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		No such Incidence arose
(v)	The company secretary shall act as the secretary of the Committee.	√		In practice
(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		In practice
3.2	Chairman of the Audit Committee			
(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.	√		
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
3.3	Role of Audit Committee			
(i)	Oversee the financial reporting process.	√		
(ii)	Monitor choice of accounting policies and principles.	√		
(iii)	Monitor Internal Control Risk management process.	√		
(iv)	Oversee hiring and performance of external auditors.	√		
(v)	Review along with the management, the annual financial statements before submission to the board for approval.	√		
(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√		
(vii)	Review the adequacy of internal audit function.	√		
(viii)	Review statement of significant related party transactions submitted by the management.	√		
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
(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
<b>3.4</b>	<b>Reporting of Audit Committee</b>			
(i)	The Audit Committee shall report on its activities to the Board of Directors.	√		
(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	√		
3.4.1 (ii) a)	report on conflicts of interests;			No such Incidence arose
b)	suspected or presumed fraud or irregularity or material defect in the internal control system;			No such Incidence arose
c)	suspected infringement of laws, including securities related laws, rules and regulations;;			No such Incidence arose
d)	any other matter which shall be disclosed to the Board of Directors immediately.			No such Incidence arose
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.			No such reportable incidence arose
<b>3.5</b>	<b>Reporting to the Shareholders and General Investors</b>			
	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.	√		
<b>4</b>	<b>External/ Statutory Auditors</b>			
<b>The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-</b>				
(i)	Appraisal or valuation services or fairness opinions.	√		
(ii)	Financial information system design and implementation	√		
(iii)	Book-keeping or other services related to the accounting records or financial statement	√		
(iv)	Broker –dealer services	√		
(v)	Actuarial services	√		
(vi)	Internal audit services	√		
(vii)	Any other services that the audit committee determines.	√		
(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.	√		
(ix)	Audit/ Certification services on compliance of corporate governance as required under clause (i) of condition No. 7	√		
<b>5</b>	<b>Subsidiary Company</b>			
(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.	√		
(ii)	At least 1 (one) independent director of the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.	√		
(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.	√		
(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.	√		
(v)	The. Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company.	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
6.0	<b>Duties of Chief Executive Officer (CEO) and Chief Financial Officer(CFO)</b>			
<b>The CEO and CFO shall certify to the Board that:-</b>				
(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief.	√		
a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√		In practice
(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.	√		In practice
7.0	<b>Reporting and Compliance of Corporate Governance</b>			
(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	√		Required certification has been obtained from "PODDER & ASSOCIATES" Cost & Management Accountants for the year ended 30th June 2017.
(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.	√		





# ANNEXURE - II

## Board Meeting and Attendance during the year ended June 30, 2017

Name of Directors	Number of meetings held whilst Board Members	Meeting attendance	Remarks
Mr. Faisal Ahmed Chowdhury	7	7	
Mr. Gulam Rabbani Chowdhury	7	6	
Mr Md. Ahsanul Kabir	7	7	
Mr. Abdul Bari	7	6	
Mr. Nanu Kazi Mohammed Miah	7	3	
Mr. Robin Choudhury	7	0	
Dr. Tofayel Ahmed	7	5	
Mr. Abdus S Majid	7	3	
Mr. Md. Ahmed Ali	7	1	



# ANNEXURE - III

## The pattern of Shareholding as on June 30, 2017

Sl.	Name of Shareholders	Status	No. of Shares Held	Percentage (%) of Share Holding
a)	Parents/ Subsidiary/ Associate Companies		-	-
b)	Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouse and minor Children			
	Mr. Faisal Ahmed Chowdhury	Director & Chairman	3,615,768	2.08%
	Mr. Md. Ahsanul Kabir	Director & Vice Chairman	4,338,923	2.49%
	Mr. Gulam Rabbani Chowdhury	Director & Managing Director	3,615,768	2.08%
	Mr. Nanu Kazi Mohammed Miah	Director	3,479,865	2.00%
	Mr. Robin Choudhury	Director	12,792,705	7.35%
	Mr. Abdul Bari	Director & Vice Chairman	3,482,797	2.00%
	Dr. Tofayel Ahmed Ph.D	Independent Director	-	-
	Mr. Abdus S. Majid	Independent Director	1,701,069	0.98%
	Mr. Md. Ahmed Ali	Independent Director	1,608,437	0.92%
	Mr. Fahim Ahmed Chowdhury	DMD & Head of Finance	884,499	0.51%
	Mr. Mohammed Monirul Islam	Company Secretary	257,195	0.15%
	Ms. Rushina Ahmed Chowdhury	Spouse of Mr. Faisal Ahmed Chowdhury	416,422	0.24%
	Ms. Momtaz Chowdhury	Spouse of Mr. Gulam Rabbani Chowdhury	310,300	0.18%
	Ms. Shaheda Begum Shanti	Spouse of Mr. Robin Chowdhury	1,873,104	1.22%
	Ms. Mohibun Bari Chowdhury	Spouse of Mr. Abdul Bari	46,850	0.03%
	Ms. Tohmima Khatun	Spouse of Mr. Nanu Kazi Mohammed Mia	343,053	0.20%
	Ms. Abeda Khanom Chowdhury	Spouse of Mr. Fahim Ahmed Chowdhury	200,000	0.11%
	Ms. Rukshana Jahan Jolly	Spouse of Mr. Abdus S. Majid	300,000	0.17%
	Ms. Sultana Jesmin Chino	Spouse of Mr. Mohammed Monirul Islam	127,995	0.07%
c)	Executives *		-	-
d)	Shareholders holding 10% or More Voting interest		-	-

\* The expression " executives" means top five salaried employees of the company, other than the Directors, Chief Executives Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit

# ANNEXURE - IV

## Financial Summary

Particulars	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
<b>FINANCIAL POSITION</b>					
Non-Current Assets	6,013,295,059	5,980,581,835	6,173,495,917	5,520,375,957	4,394,110,726
Current Assets	2,766,230,092	2,273,735,211	2,168,132,816	2,110,210,043	599,431,940
<b>TOTAL ASSETS</b>	<b>8,779,525,151</b>	<b>8,254,317,046</b>	<b>8,341,628,734</b>	<b>7,630,586,000</b>	<b>4,993,542,666</b>
Share Capital	1,739,615,550	1,656,776,720	1,534,052,520	1,311,156,000	1,248,720,000
Share Premium	970,000,000	970,000,000	970,000,000	970,000,000	970,000,000
Retained Earnings	790,296,274	663,882,068	470,274,630	269,065,674	207,008,692
Non-Controlling Interest	802,120,236	726,278,701	632,203,906	488,139,110	305,300,685
Non-Current Liabilities	2,703,792,065	3,109,918,629	3,229,911,000	3,092,389,073	249,945,242
Current Liabilities	1,773,760,083	1,127,460,928	1,505,186,678	1,499,836,143	2,012,568,047
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>8,779,525,151</b>	<b>8,254,317,046</b>	<b>8,341,628,734</b>	<b>7,630,586,000</b>	<b>4,993,542,666</b>
<b>OPERATING RESULTS</b>					
Revenue	3,485,450,033	2,960,310,153	3,844,108,738	1,573,361,307	675,390,784
Gross Profit	1,115,095,144	1,125,957,975	1,042,093,141	516,846,359	364,819,171
Operating Profit	988,436,034	966,601,907	869,743,885	412,876,844	288,119,861
Income Tax Expenses	(69,083,031)	(53,804,430)	(51,536,442)	(31,160,857)	(30,526,119)
Non Controlling Interest	152,785,759	140,379,795	144,064,796	30,240,850	(3,249,376)
<b>Net Profit after tax</b>	<b>457,769,550</b>	<b>439,055,840</b>	<b>424,105,477</b>	<b>249,364,982</b>	<b>187,510,848</b>
<b>FINANCIAL RATIOS</b>					
Gross Profit Margin (%)	31.99%	38.04%	27.11%	32.85%	54.02%
Net Profit Margin (%)	13.13 %	14.83%	11.03%	15.85%	27.76%
Return on Capital Employed (%)	14.11 %	13.56%	12.72%	6.73%	8.32%
Debt Equity Ratio	47:53	52:48	55:45	62:38	13:87
<b>OTHER INFORMATION</b>					
Face value per share	10	10	10	10	10
Proposed Dividend	15% stock and 5% cash	5% stock and 15% cash	8% stock and 8% cash	17% stock	5% stock and 10% cash
Earnings Per share (EPS)	2.63	2.65	2.56	1.90	1.48
Net Assets value (NAV) per Share	20.12	19.86	19.39	19.45	19.43
Net Operating Cash Flows Per Share (NOCFPS)	2.52	5.08	5.76	(6.61)	1.23



# ANNEXURE - V



**PODDER & ASSOCIATES**

Cost and Management Accountants

As per BSEC rules (letter SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012), all the companies listed with any stock exchange in Bangladesh shall comply with some conditions in accordance with condition no. 7. The condition requires that 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 and prerequisite set by BSEC in their letter.

## Compliance Certificate

On

### CORPORATE GOVERNANCE

To the Shareholders of

Baraka Power Limited

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Baraka Power Limited** for the financial year ended on 30<sup>th</sup> June 2017, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement on the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

**For Podder & Associates**

Jayanta Kumer Podder  
Cost and Management Accountant

Date: 7 2 NOV 2017

Place: Dhaka, Bangladesh