

## Compliance of Corporate Governance Guidelines

The following is an Addendum to the Report of the Directors to the Shareholders as well as Status of compliance with the conditions imposed by the Bangladesh Securities & Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 Dated 7<sup>th</sup> August, 2012 issued under Section 2CC of Bangladesh Securities and Exchange Ordinance, 1969 :

### REPORT UNDER CONDITION NO. 7.( i i )

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks / Reply (if any)
		Complied	Not Complied	
1.	BOARD OF DIRECTORS :			
1.1	Board's Size	✓		5 Members
1.2	Independent Directors	✓		1 Independent Director
1.3	Qualification of Independent Director (ID)	✓		Qualified
1.4	Chairman of the Board and Chief Executive Officer	✓		Different individuals
1.5	<b>Directors' Report to Shareholders</b> The Board of Directors of Delta Spinners Limited would like to include the following additional statements in its Report prepared under section 184 of the Companies Act, 1994 :			
1.5(i)	Industry outlook and possible future developments in the industry	✓		Provided in the Main Report of the Board of Directors
1.5(ii)	Segment-wise or product-wise performance	✓		as above
1.5(iii)	Risks and concerns	✓		as above
1.5(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		as above
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		as above
1.5(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		as above
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments	✓		as above
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.	✓		as above
1.5(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance in their Annual Report	✓		as above
1.5(x)	Remuneration to directors including independent directors	✓		as above

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks / Reply (if any)
		Complied	Not Complied	
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	✓		Yes
1.5(xii)	Proper books of account of the issuer company have been maintained	✓		Yes
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	✓		Yes
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	✓		Yes
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		Yes
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	✓		There are no significant doubts upon the Company's ability to continue as a going concern.
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	✓		Provided in the Main Report of the Board of Directors
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		as above
1.5(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	✓		5% Cash Dividend declared for the General Shareholders only – not for the Director / Sponsors.
1.5(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed	✓		08 Board Meetings held and a cumulative number of 38 Directors attended the meetings.
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	✓		Stated separately at Annexure II
1.5(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	✓		as above

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks / Reply (if any)
		Complied	Not Complied	
1.5(xxii) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	✓		Stated separately at Annexure II
1.5(xxii) c)	Executives	✓		as above
1.5(xxii) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		as above
1.5(xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders	✓		Provided in the main report of the Board of Directors.
1.5(xxii) a)	A brief resume of the director	✓		as above
1.5(xxii) b)	Nature of his/her expertise in specific functional areas	✓		as above
1.5(xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	✓		as above
2.	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY (CS)			
2.1	Appointment	✓		All are appointed
2.2	Requirement to attend the Board Meetings	✓		Chief Financial Officer and Company Secretary attend Board Meetings
3.	AUDIT COMMITTEE			
3.1	Constitution of the Audit Committee	✓		
3.2	Chairman of the Audit Committee	✓		
3.3	Role of Audit Committee	✓		
3.4	Reporting of the Audit Committee	✓		
3.4.1	Reporting to the Board of Directors	✓		
3.4.2	Reporting to the Authorities	✓		not applicable
3.5	Reporting to the Shareholders and General Investors	✓		not applicable
4.	EXTERNAL/STATUTORY AUDITORS			
5.	SUBSIDIARY COMPANY			
6.	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)			
6(i) a)		✓		Duly reviewed and certified
6(i) b)		✓		as above
6(ii)		✓		as above
7.	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7(i)		✓		Obtained and furnished
7(ii)		✓		Duly stated

Sd/-  
R A Howlader  
Chairman