

**Certification to the Board of Directors of the
Provati Insurance Company Limited under Section 2CC
of the Securities and Exchange Ordinance, 1969**

This is to certify that the management of The Provati Insurance Company Limited has complied with the necessary requirements of Corporate Governance for the year ended 31st December, 2017 as per compliance requirements of the conditions imposed by Bangladesh Securities and Exchange Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 issued under Section 2CC of the Bangladesh Securities and Exchange Ordinance 1969.

Dated: 04.06.2018
Place: Dhaka, Bangladesh

A. Hoque & Co.
Chartered Accountants

PROVATI INSURANCE COMPANY LIMITED

**Status Report on Compliance with the Conditions imposed by the BSEC
(Report under Condition No. 7.00)**

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012 and subsequently amended on July, 21, 2013 issued under Section 2CC of the Bangladesh Securities and Exchange Ordinance 1969:

Condition No.	Title	Complied	Not Complied	Remarks
1.	Board of Directors			
1.1	Board's Size: The number of the board members of the company shall not be less than 5 (Five) and more than 20 (Twenty)	✓		
1.2	Independent Directors:			
1.2(i)	At least One Fifth ($\frac{1}{5}$) of total number of directors in the Company's Board shall be independent directors	✓		
1.2(ii)(a)	Independent director does not hold any share or holds less than 1% shares of the total paid up capital	✓		
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 of the total paid-up-shares on the basis of family relationship	✓		
1.2(ii)(c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary / associated companies	✓		
1.2(ii)(d)	Independent director is not a member, director or officer of any stock exchange	✓		
1.2(ii)(e)	Independent director is not a shareholder, director or officer or any member of stock exchange or an intermediary of the capital market	✓		
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 the concerned company's statutory audit firm	✓		
1.2(ii)(g)	Independent director shall not be an independent director in more than 3 (three) listed companies	✓		
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	✓		
1.2(ii)(i)	Independent director has not been convicted for a criminal offence involving moral turpitude	✓		
1.2(iii)	Independent director shall be nominated by the board of directors and approved by the shareholders in the AGM	✓		

Condition No.	Title	Complied	Not Complied	Remarks
1.2(iv)	The post of independent director(s) shall not remain vacant for more than 90 (ninety) days	✓		
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	✓		
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	✓		
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 the business	✓		
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 and management accountants, chartered secretaries. The Independent Director must have at least 12 (Twelve) years corporate management/professional experiences.	✓		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		No requirement of such approval
1.4	Chairman of the Board and Chief Executive Officer			
1.4	Chairman of the Board and Chief Executive Officer shall be filled by different individuals. Chairman shall be elected from among the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer	✓		
1.5	The Directors' Report to Shareholders shall include the following additional statements :			
1.5(i)	Industry outlook and possible future developments in the industry	✓		Available in Annual Report
1.5(ii)	Segment-wise or product-wise performance	✓		Available in Annual Report
1.5(iii)	Risks and concerns	✓		Available in Annual Report
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		Not Applicable
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	✓		Not Applicable
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 other instruments	✓		Not Applicable

Condition No.	Title	Complied	Not Complied	Remarks
1.5(viii)	An Explanations if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing etc.	✓		Financial results is not deteriorated
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	✓		No such significant variance occurs
1.5(x)	Remuneration to directors including Independent Directors	✓		Available in Annual Report
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.	✓		
1.5(xii)	Proper books of account of the issuer company have been maintained	✓		
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	✓		
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	✓		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
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 alongwith reasons thereof should be disclosed	✓		Details furnished in Annual Report
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	✓		No such significant deviation observed
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) years should be summarized	✓		Available in Annual Report
1.5(xix)	If the issuer Company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	✓		Declared dividend in the form of Bonus Share and Cash
1.5(xx)	The number of board meetings held during the year and attendance each director shall be disclosed	✓		Available in Annual Report
1.5(xxi)	Pattern of Shareholdings:			
1.5(xxi)	Shareholding pattern	✓		
1.5(xxi)(a)	Parent/ Subsidiary/ Associated Companies and other related parties (name wise details);			Not Applicable

Condition No.	Title	Complied	Not Complied	Remarks
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);	✓		Available in Annual Report
1.5(xxi)(c)	Holding of directorship and membership of committee of the board other than this company	✓		Available in Annual Report
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		Not Applicable
1.5 (xxii)	Appointment' re-appointment of director:			
1.5(xxii)(a)	Resume of the Directors	✓		Available in Annual Report
1.5(xxii)(b)	Nature of his / her expertise in specific functional areas	✓		Available in Annual Report
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	✓		Available in Annual Report
2.	CFO, Head of Internal Audit And CS:			
2.1	The Company appointed Chief Financial Officer, a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Director clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	Attendance of CFO and Company Secretary at the meeting of the Board of Directors	✓		
3.	Audit Committee :			
3 (i)	The Company shall have an audit committee as a sub-committee of the board of directors	✓		Audit committee was formed on 23.09.2013 as a sub committee of Board
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.	✓		Audit committee was formed on 23.09.2013 meeting was held during the year
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	✓		Audit committee has started working
3.1	Constitution of the Audit Committee			
3.1(i)	The audit committee shall be composed of at 3 (three) members	✓		Current Nos. 5
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	✓		
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	✓		

Condition No.	Title	Complied	Not Complied	Remarks
3.1(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 audit committee	--		Not Applicable
3.1(v)	The Company Secretary shall act as the Secretary of the Committee	✓		
3.1(vi)	The quorum of the audit committee meeting shall not constitute without at least 1(one) independent director	✓		
3.2	Chairman of the Audit Committee			
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	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	✓		
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process	✓		
3.3(ii)	Audit committee monitor choice of accounting policies and principles	✓		
3.3(iii)	Audit committee monitor internal control risk management process	✓		
3.3(iv)	Audit committee oversee hiring and performance of external auditors	✓		
3.3(v)	Audit committee review alongwith the management, the annual financial statements before submission to the board of approval	✓		
3.3(vi)	Review alongwith the management, the quarterly and half yearly financial statements before submission to the board for approval	✓		
3.3(vii)	Review the adequacy of internal audit function	✓		
3.3(viii)	Review statement of significant related party transactions submitted by the management	✓		
3.3(ix)	Review management letters/ letter of internal control weakness issued by statutory auditors	✓		
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 such Issue

Condition No.	Title	Complied	Not Complied	Remarks
3.4	Reporting to the Audit Committee			
3.4.1	Reporting to the Board of Directors :			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors	✓		
3.4.1(ii)(a)	Report on conflicts of interests	✓		No conflicts of Interest Found
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system	✓		Nothing worth of reporting found
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations	✓		Do
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately	✓		Do
3.4.2	If the Audit committee reported to the Board of Directors about anything which has been material impact on the financial condition as a result of operation. Audit committee finds that such rectification has been unreasonably ignored, the Audit committee shall report such finding to the commission	✓		Do
3.5	Report on activities carried out by the Audit committee, under condition 3.4.1(ii) above during the year, shall be signed by the Chairman of the Audit Committee	✓		No such situation arises
4	Engagement of External / Statutory Auditors:			
4(i)	Non-engagement of external / statutory auditors in appraisal or valuation services or fairness opinions	✓		
4(ii)	Non-engagement of external/statutory auditors in financial information systems design and implementation	✓		
4(iii)	Non-engagement of external/statutory auditors in book keeping or other services related to the accounting records or financial statements	✓		
4(iv)	Non-engagement of external/statutory auditors in broker-dealer services	✓		
4(v)	Non-engagement of external/statutory auditors actuarial services	✓		
4(vi)	Non-engagement of external/statutory auditors in internal audit services	✓		
4(vii)	Non-engagement of external/statutory auditors in any other service that the audit committee determines	✓		
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	✓		
4(ix)	Audit/certificate services on compliance of corporate governance as required under clause (i) of condition 7	✓		

Condition No.	Title	Complied	Not Complied	Remarks
5	Subsidiary Company:			
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	--		No subsidiary company
5(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	--		No subsidiary company
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	--		No subsidiary company
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	--		No subsidiary company
5(v)	The Audit Committee of the holding company shall also review the financial statements, in particular, the investments made by the subsidiary company	--		No subsidiary company
6.	Duties of Chief Executive Officer and Chief Financial Officer :			
6(i)(a)	The CEO and CFO shall certify to the Board that financial statements do not contain any materiality untrue statement or omit any material fact or contain statements that might be misleading	✓		Nothing found worth of reporting
6(i)(b)	These statements together present a true and fair view the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
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	✓		Nothing found worth of reporting
7.	Reporting and compliance of Corporate Governance :			
7(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 alongwith the annual report on a yearly basis	✓		Certificate obtained & attached
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	✓		Available in Annual Report
7(iii)	Right shares were not issued by the company in case of non-compliance with the SEC notification non-SEC/CMRRCD/2006-158/134/Admin/44, dated 07 August, 2012 regarding Corporate Governance	--		Not Applicable

1.05 (xx) The number of Board Meeting held during the year and attendance by each Director is as under:

Sl.	Name of Directors	Position	Total Nos. of Meeting from 01.01.17 to 31.12.17	Total Attendance	Remarks
1.	Al-Haj Mohammad Mofizur Rahman	Chairman	6	6	
2.	Maroof Sattar Ali	Vice Chairman	6	4	
3.	Alhaj Mohammed Ali	Director	6	5	
4.	Md. Momin Ali	Director	3	3	
5.	Mohammad Ali Talukder	Director	6	4	
6.	Mr. Shahjahan Kabir	Director	6	4	
7.	Muhammed Mohoshin Kausar	Director	6	5	
8.	Al-Haj Shahdat Hussain	Director	6	6	
9.	Abdur Rahman Ansary	Director	6	6	
10.	Sabrina Yeasmin	Director	6	5	
11.	Mr. Habib-E-Alam Chowdhury	Director	6	4	
12.	Mr. Mahabubur Rahman FCA	Ind. Director	6	6	
13.	Md. Mobarak Hossain	Ind. Director	6	5	
14.	Mr. Pradip Kumar Das	Director	6	6	
15.	Md. Badlur Rahman Khan	Director	6	5	
16.	Mrs. Suraiya Begum	Director	1	1	
17.	Md. Habibur Rahman	Director	6	6	

1.05 (xxi) Pattern of Shareholdings:

At December 31, 2017 the Pattern of Shareholdings is given below:

Particulars	No. of Shares
Sponsors & Directors	33.2729
General Public Including Unit Fund, Mutual Fund, Financial Institutions etc.	66.7271
Total Shares	100.0000

1.05(xxi)(a) Shareholding of Parent/Subsidiary/Associated Companies and other related parties: Nil

1.05(xxi)(b) Shareholdings of Directors & Sponsors are as under:

Sl. No.	Shareholdings of Directors	Designation	No. of Shares	Holdings (%)
1	Al-Haj Mohammad Mofizur Rahman	Chairman	594,784	2.0025
2	Maroof Sattar Ali	Vice Chairman	2,173,739	7.3184
3	Muhammed Mohoshin Kausar	Director	601,244	2.0242
4	Alhaj Mohammed Ali	Director	694,573	2.3384
5	Mohammad Ali Talukder	Director	594,048	2.0000
6	Al-Haj Shahdat Hussain	Director	594,332	2.0009
7	Mr. Shahjahan Kabir	Director	596,700	2.0089
8	Abdur Rahman Ansary	Director	594,721	2.0023
9	Sabrina Yeasmin	Director	704,721	2.3726
10	Mr. Habib-E-Alam Chowdhury	Director	16,960	0.0571
11	Mr. Mahabubur Rahman FCA	Ind. Director	0	0
12	Md. Mobarak Hossain	Ind. Director	0	0
13	Md. Momin Ali	Director	18,389	0.06
14	Mr. Pradip Kumar Das	Director	1,978,441	6.6609
15	Md. Badlur Rahman Khan	Director	24,434	0.0823
16	Md. Habibur Rahman	Director	595,979	2.0065
17	Joarder Nowsher Ali FCA	Sponsor	99,006	0.3333
18	Md. Ruhul Amin FCA	Sponsor	817	0.0028
	Total		9,882,888	33.2729

1.05(xi)b) Shareholdings of Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children are as under as on 31.12.2017:

Name	Designation	No. of Shares	Holdings (%)
a) M. A. Salam	Chief Executive Officer	-	-
b) Spouses and minor children	Chief Executive Officer	-	-
a) Md. Zahedul Islam	Company Secretary	-	-
b) Spouses and minor children	Company Secretary	-	-
a) Shakawat Hossain Mamun	Addl MD & Head of Internal Audit	41,154	0.1386
b) Spouses and minor children	Addl MD & Head of Internal Audit	-	-
a) Saiful Islam	DMD	87,657	0.2951
b) Spouses and minor children	DMD	-	-

1.05(xi)c) The Shareholdings of the Executives are as under:

Sl. No.	Name	Designation	No. of Shares	Holdings (%)
1	Mohammad Nurul Huda (Duke)	Addl. MD	0	0
2	Md. Moklesur Rahman Khan	Addl. MD	0	0
3	Md. Zakir Hossain Talukder	Addl. MD	0	0
4	Md. Mojibur Rahman	Addl. MD	0	0
5	Md. Nazrul Islam Mazumder	DMD	0	0

1.05(xi)d) The List of Shareholders holding ten percent (10%) or more voting interest in the company: Nil

3.00 **Audit Committee:**

The Audit Committee has been reformed in 84th Board Meeting held on 23.09.2013 and information available in Annual Report.