

# Report on the Activities of Audit Committee to the Shareholders

## Dear Shareholders,

It is a pleasure on the part of the Audit Committee to introduce this report, which the Committee hopes to be a useful insight into the work of the Audit Committee and the issues it considered during the year. The report takes into account of the Guidance on Audit Committees by the Bangladesh Securities & Exchange Commission's (BSEC) Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (XVII of 1969) under Condition No 5.

## Constitution and Assistance of the Audit Committee to the Board

The Audit Committee of Kohinoor Chemical Company (Bangladesh) Limited was formed as a subcommittee of Board as per the terms of reference approved by the Board in accordance with the notification of BSEC. The Audit Committee is delegated with the authority from the Board of Directors of the company to provide independent oversight of the company's financial reporting, effectiveness of the risk management and internal control system, related governance and compliance matters and the adequacy of the external and internal audits.

The composition of the Audit Committee as on June 30, 2023, is set out below:

Sl.	Members	Status with the Committee	Status with the Board
1	Prof. Dr. Anwar Hossain	Chairman	Independent Director
2	Mrs. Arzuda Karim	Member	Non-Executive Director
3	Mr. Md. Ebadul Karim	Member	Non-Executive Director

Members of the Audit committee are independent and appointed by the Board of Directors with approval of the Shareholders of the company. All the members satisfied the requirements to serve as members of an audit committee as provided in the Corporate Governance Code imposed by BSEC and have adequate knowledge and experience.

The committee is chaired by Prof. Dr. Anwar Hossain (an Independent, Non-Executive Director). The Board is confident that the leadership of Prof. Dr. Anwar Hossain as chairman of the Audit Committee is in the best interests of the company, based on his extensive knowledge of the specific areas of responsibilities of that committee. Prof. Dr. Anwar Hossain will attend the ensuing AGM to answer shareholder's questions on the committee's activities.

The Company Secretary, supports the committee as its Secretary as well which ensures compliance with the Corporate Governance Guidelines issued by the BSEC. The requirements regarding the Quorum of the Committee have also been fulfilled. Regarding the expiration of terms of service or inability to hold the office till expiration period by any Committee members, there arose no such situation during the year under review making the number of committee members lower than 3 (three) persons.

## Meetings of the Audit Committee

The committee met five times during the financial year ended June 30, 2023 and attendance of the members at the meetings is noted below :

Members	Status	Meeting Details	
		Held	Attended
Prof. Dr. Anwar Hossain	Chairman	5	5
Mrs. Arzuda Karim	Member	5	5
Mr. Md. Ebadul Karim	Member	5	5

#### Scope of Work of Audit Committee:

The authorities, duties and responsibilities of Audit Committee, among others, include:

1. Reviewing the quarterly, half yearly and annual financial statements of the Company and upon satisfaction of the review, recommend them to the Board for approval;
2. Monitoring and reviewing the integrity of the financial reporting process ensuring compliance to the accounting policies and principles, internal control risk management process;
3. Ensuring the adequacy of internal audit and compliance function and considering the major findings of the internal audit and compliance report;
4. Reviewing Management Letter and Letter of Internal Control weakness issued by the statutory auditors on the effectiveness of the systems for internal financial control, financial reporting and risk management;
5. Reviewing statement of significant related party transactions submitted by management;
6. Recommending to the Board the appointment, re-appointment or removal of external auditors and over seeing their performance as well;
7. Holding meeting with external auditors for review of the annual financial statements before submission to the Board for approval;
8. Reviewing the management's discussion and analysis before disclosing in the annual report; and
9. Monitoring and overseeing the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit;

#### Activities of Audit Committee as on reporting date :

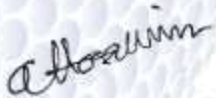
1. Reviewed the financial statements, on a quarterly basis, including the related party transactions of the Company as well as management's discussion and analysis.
2. Reviewed the financial reporting process and the application of accounting policies and principles, effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and risk management across the company.
3. Did not find any material deviation, discrepancies or any adverse findings in the areas of reporting and disclosures and did not receive any findings of management through management letter and any weakness in internal control through letter issued by statutory auditors.
4. Monitored the hiring, determination of audit fees and performance of the external auditors as well as met with external auditors for review of the Quarterly and Annual Financial Statements before submitting to the Board.
5. Recommended Malek Siddiqui Wali, Chartered Accountants, to be appointed as the Statutory Auditors of the Company for the financial year to be ended on June 30, 2024.

#### Reporting of the Audit Committee

The Audit Committee reports to the Board of Directors from time to time and is responsible to inform Board of Directors about its regular activities and about any material defects in internal control, conflict of interest and any other matters necessary to ensure the true and fair view of the financial statements. Apart from reporting to the Board, it also has the authority to report the Regulatory Authorities regarding any issue having material financial impact if the Board and the management have unreasonably ignored such issues without making any rectification. It reports to Shareholders and other interested parties on annual basis by means of presenting a summary of its activities in the Audit Committee Report.

During the financial year ended on June 30, 2023, the Audit Committee met to discharge its duties and responsibilities accordingly and forwarded its report to the Board of Directors. Besides, there was no other issue arose in the financial year ended June 30, 2023, having significant material impact on Company's financial statements which needed to be disclosed to the Board or the Regulatory Authorities. This report is prepared based on the Financial Statements as on June 30, 2023 for the shareholders and other interested parties of the company.

On behalf of the committee



**Prof. Dr. Anwar Hossain**  
Chairmann