

Terms of Reference (TOR) for the Chief Financial Officer (CFO)

Background and Purpose

The Chief Financial Officer ["the CFO"] is a member of the senior management of a company appointed by its Board and reports to the Board through the Chief Executive Officer ("CEO"). As delegated by the CEO, the CFO has the responsibility for the overall financial planning and management for the Company and its subsidiaries, if any, and such other duties and responsibilities which may be reasonably required by the CEO from time to time and which are suitable to this executive position. In addition, other departments may be assigned to this executive in accordance with the policies established by the Board. The details roles, duties and responsibilities of a CFO are commonly specified in the appointment letter, job contract, placement order or service manual.

Bangladesh Securities and Exchange Commission (BSEC) has issued a notification regarding Corporate Governance Guidelines [Notification No. SEC/CMRRC/2006-158/134/Admin/44 dated 07 August 2012]. The conditions of the Corporate Governance Guidelines are imposed on 'comply' basis aiming to enhance corporate governance in the interest of investors and the capital market. The companies listed with any stock exchange in Bangladesh shall comply with these conditions. As per condition 2.1 of the said guidelines, "the Board of Directors of a listed company should clearly define the roles, responsibilities and duties of the CFO."

In view of the above, the Board of Directors of Doreen Power Generations and Systems Ltd. framed the Terms of Reference (defining the roles, responsibilities and duties) for the CFO in its Meeting held on 29th November 2015.

Appointment, Reporting Relationships and Accountability

The CFO is a senior executive of the Company, who -

- reports administratively to the CEO and operationally to the Board of Directors
- is also accountable to the Audit Committee
- must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities

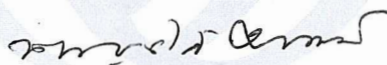
Roles, Responsibilities and Duties of the CFO

A. The CFO, on behalf of the Board of Directors, is responsible for-

- Following applicable Accounting Standards and Financial Reporting Standards like IAS, BAS, IFRS and BFRS, and adequate disclosure for any departure there-from, if any;
- Compliance with application of appropriate accounting policies, and ensuring that accounting estimates are reasonable and prudent; and
- Providing close cooperation in establishing effective internal control environment.

B. As a senior executive, the CFO is responsible for leadership and management of the Company's finance and accounting functions and is responsible for-

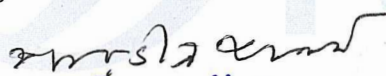
- The Company's business planning, budgeting and forecasting processes, including coordination and integration of strategic and business plans for business segments, departmental cost centers and capital budgets;



Parveen Alam
Chairman
Doreen Power Generations & Systems Ltd.

TOR of CFO : Page # 1 of 4

- The integrity of the Company's accounting systems, sub-systems, internal controls, cash management, the signatories and discretionary authorities, and managing the relationship with the external auditors;
 - The Company's financial and business reporting, tax planning, estimating and reporting, and regulatory reporting (corporate and securities);
 - Management relationships with the Company's bankers and investors, and leasing companies. Responsibility for capital planning and structure and the raising of equity or debt to fund the Company's operations, investment analysis/presentations, and tracking of the Company's market valuation;
 - The financial analysis function which addresses product contribution and pricing/margins, the vetting of business cases and post reviews of completed/implemented initiatives, business analysis, operational efficiency and organizational and system capacity modeling/utilization;
 - The identification, assessment and management of the Company's business risks and the reporting thereon;
 - The procurement, reporting and administration of the Company's insurance coverages;
 - The management liaison with the Audit Committee of the Board;
- C. As a member of the senior management of the Company, the CFO shall-
- Assist the CEO in:
 - (a) Developing and implementing a communications program which supports the board objectives of a communications strategy aimed at enhancing the profile and image of the Company locally, nationally and internationally;
 - (b) Representing the Company in dealings with government and regulatory bodies;
 - (c) Maintaining relationships with outside agencies and strategic partners; and
 - (d) Maintaining a policy of on-going communication with investors and representatives of the investment community.
 - Meet regularly and as required with the CEO to review material issues and to take reasonable steps to ensure that the CEO is provided in a timely manner with all the information he/she requires to fulfill his/her statutory and other obligations;
 - Meet regularly and work effectively with the COO and the Company's Senior Officers;
 - Engage in public service as agreed with the CEO in connection with the Company's charitable, educational and cultural activities;
 - Carry out analysis of assets and liability and submit recommendations to the management on a quarterly basis; and
 - Recommend to the management on how to match assets and liabilities based on a five year plan.
- D. Towards the Board of Directors the CFO shall have Responsibilities-
- To furnish necessary and classified information to the board of directors along with his analysis and suggestions



Farveen Alam
Chairman
Doreen Power Generations & Systems Ltd.

TOR of CFO : Page # 2 of 4

- To attend the board meetings and be part of the discussion having financial implication as he is the person likely to be most in command of these implications and is immediately available for questions
- To present to the board of directors information on the following in order to strengthen and formalize corporate decision-making process :
 - (a) Annual business plans, cash flow projection, forecasts and long term plans
 - (b) Budget including capital, manpower and overhead budgets along with variance analysis
 - (c) Quarterly operating results of the Company as a whole and in terms of its business segments
 - (d) Details of joint ventures or collaboration agreements or agreements with distributors, agents, etc.
 - (e) Update information on default in payment of principal and/or interest, including penalties on late payments and other dues, to a creditor, bank or financial institution, or default in payment of public deposit from relevant departments (Credit & Operations)
 - (f) Failure to recover material amounts of loans, advances, and deposits made by the Company, including trade debts and inter-corporate finances
 - (g) Significant public or product liability claims likely to be made against the Company, including any adverse judgment or order made on the conduct of the Company in coordination with the Chief Legal Counsel, if any

E. Towards Shareholders the CFO shall have Responsibilities-

- To provide all the necessary data to be presented in the "Director's Report" and for this purpose to ensure :
 - (a) The financial statement, prepared by the management of Company, present fairly its states of affairs, the result of its operations, cash flows and changes in equities
 - (b) Proper books of accounts of the Company have be en maintained by the relevant units and that operation & computer controls are in place
 - (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
 - (d) International accounting standards, as applicable in the country, have been followed in preparation of financial statements and any departure there from has been adequately disclosed
 - (e) The system of internal control is sound in design and has been effectively implemented and monitored
 - (f) There are no significant doubts upon the ability to continue as going concern
 - (g) There has been no material departure from the best practice of corporate governance as detailed in the listing regulations or applicable guidelines
 - (h) Internal and External Reporting

F. As a part of routine work, the CFO shall be responsible for overseeing-


Parveen Alam
Chairman
Doreen Power Generations & Systems Ltd.

TOR of CFO : Page # 3 of 4

- (i) Coordination with the internal auditors for statutory auditing
- (ii) Asset Liability Management
- (iii) Risk Management (Credit Risk Management and Market Risk Management)
- (iv) Treasury division
- (v) Monitoring Cash Flows
- (vi) Consulting with other departments, businesses units and or affiliated companies to improve financial performance
- (vii) Strategic financial planning/ capital budgeting
- (viii) Cash forecasting
- (ix) Working capital management
- (x) Financial risk management
- (xi) Cash Management
- (xii) Short term investing
- (xiii) Short term borrowing
- (xiv) Budgeting and Accounting
- (xv) Business Strategies and Planning
- (xvi) Designing a proper financial Model for the Business Plan
- (xvii) based on data received from respective departments, carrying out analysis on:
 - (a) Cost of fund
 - (b) Interest rates (both for deposits and lending)
- (xviii) Identifying major profit and cost centers
- (xix) Working out proper charges based on Market competition
- (xx) Maintenance of Investment Accounts
- (xxi) Preparation of Financial Statements

G. For internal and external reporting, the CFO has extensive responsibilities, that-

- All the information required for decision-making by the Board of Directors and Chief Executive Officer is processed and furnished by the CFO.
- External reporting requirement is fulfilled by CFO, the accounts and financial statements are signed by the CFO before they are sent to concerned authorities.
- The CFO jointly with the CEO shall certify to the Board that they have reviewed Financial Statements for the year that to the best of their knowledge and belief-
 - ✓ the Financial Statements do not contain any materially untrue statement or omit any material fact or do not contain statements that might be misleading;
 - ✓ the statements together present a true and fair view of the company's affairs and are in compliance with accounting standards and applicable laws; and
 - ✓ there are no transactions entered into by the company during the year which are fraudulent, illegal or violation of company's code of conduct.

Conclusion

- This document is applicable with immediate effect.
- The Board shall have the authority to make amendment to this document at any time.



Parveen Alam
Chairman
Doreen Power Generations & Systems Ltd.

TOR of CFO : Page # 4 of 4