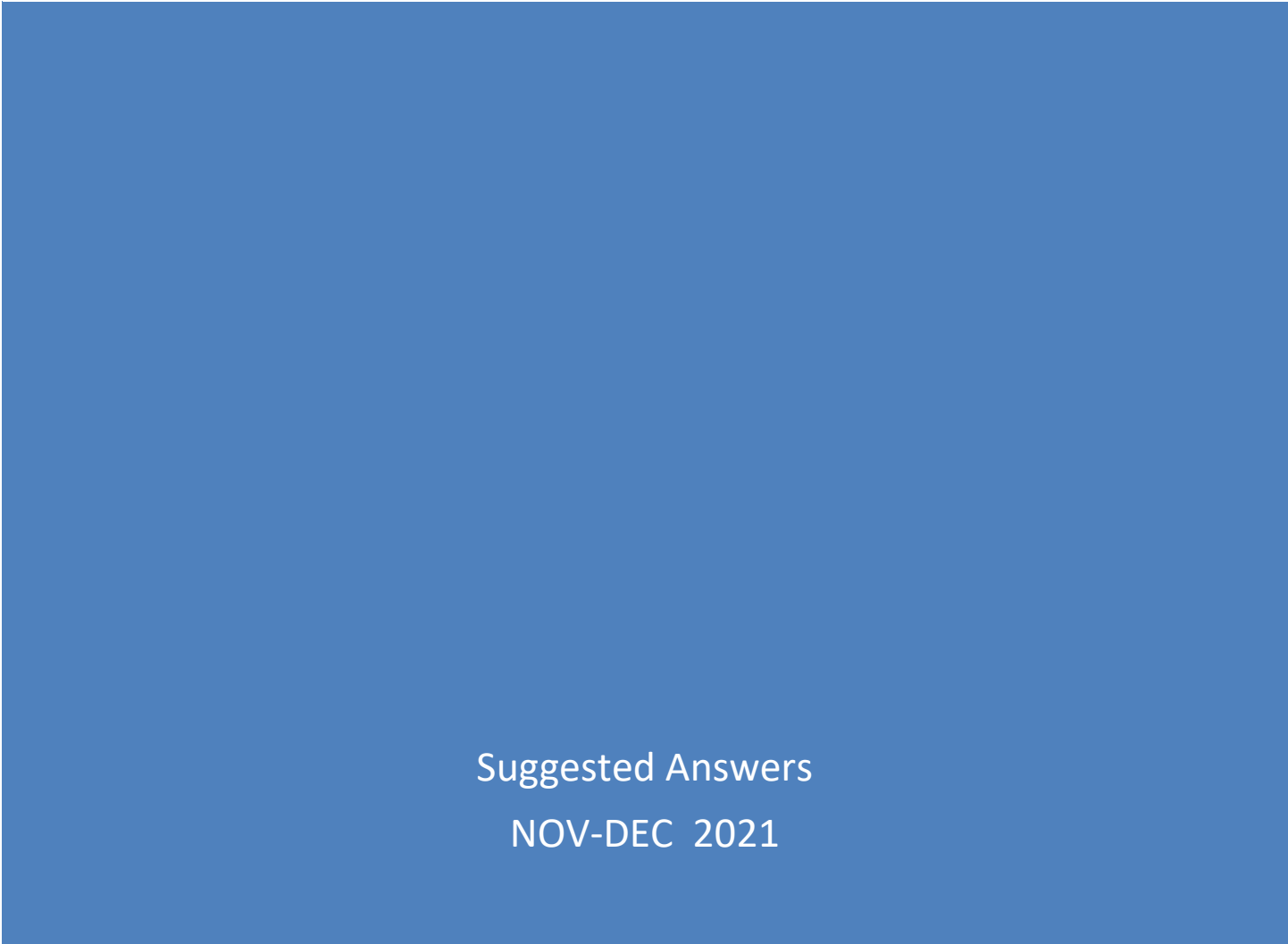




CORPORATE LAWS AND PRACTICES



Suggested Answers
NOV-DEC 2021

QUESTIONS :

1. (a) PQR Ltd is a reputed corporate house, under which a number of companies are successfully operating in Bangladesh. Considering a new business opportunity, PQR is contemplating to form a new company under One Person Company (OPC) model for which entire shares of the OPC will be owned by PQR Ltd.

Requirement: Advise PQR whether they can proceed, describing the requirement of law as per the Companies Act 1994

(b) MNP Ltd is a private limited company which has the following details:

Name of the member	Share Holdings Percentage	Position
Mr. M		Director Chairman
Mr. N		Director (Managing Director)
Mr. P		Director
Mr. Q	2%	Shareholder
Mr. R	4%	Shareholder
	2%	Shareholder
	2%	Shareholder

Mr. M, N & P are the same family members and are directors of the company who are jointly holding 90% shares. The Company has made a substantial loss in the current financial year 4 (four) other shareholders are suspicious about the operations of the Company and desire to inspect the books of accounts of MNP Ltd. at their own, and accordingly they have issued a letter to the company addressing the Chairman of the Company. It is pertinent to be mentioned here that shareholder Mr. Q is a qualified Chartered Accountant. The articles of association of the Company are silent about such inspection of the books of accounts.

Requirement: You are required to discuss the action of the company after obtaining the letter.

(c) ABC Bangladesh Ltd (the Company) incorporated under the Companies Act 1994, has been operating in Bangladesh as a public limited company. But it is not listed with any stock exchange. Entire shares of the Company are owned by seven non-resident shareholders. For the last few years, the business growth of the Company has been enormous, so is the profit. As such the Company is sitting with idle liquid cash against which it earns very limited amount of interest. Considering this situation, the Company is contemplating to diversify its business into banking sector as those are highly profitable in Bangladesh. Accordingly, it has engaged a reputed investment bank to look into investment opportunities, which could be in a green field starting from scratch or acquiring an existing bank. In connection with this, the Company Secretary of the Company highlighted that being a company operating under FMCG sector, it did not include banking business in its Object clause of the Constitution (i.e., Articles/ Memorandum of Association of the Company). Hence, unless there is amendment of the Object Clause for inclusion of such activities, the Company cannot get into this venture. Mr. X being the Chairman of the Company wants to go ahead ignoring this as all the shareholders consented this in the Extraordinary General Meeting held for this purpose.

Requirement: Advise the Company upon explaining the concept of Ultra Vires Acts and the legal effects thereon, describing the "Doctrine of Ultra Vires" in Company Law citing case reference if any.

(d) Z Ltd is an online streaming company incorporated in Australia. It has been showing its popular programs in Bangladesh through digital platform channel, where it earns a substantial amount of money as subscription from the Bangladeshi viewers. Recently, Bangladesh Govt. has stopped this channel as the programs contain Australian advertisements (Ads). To restart the channel, Z Ltd is working with its experts to have a clean feed for Bangladeshi viewers but eventually found out a huge business opportunity, i.e., it can offer to show Bangladeshi Ads in those spaces where Australian ads were shown. Considering this, Z Ltd is contemplating to open an office in Bangladesh for collecting and administering Bangladeshi ads, which will also be used for customer's subscription management and queries.

Requirement: Explain with reference to relevant provisions of the Companies Act, 1994 whether Z Ltd will be treated as a Foreign Company. Will working through virtual platform be treated as Foreign Company?

2. (a) Central Depository Bangladesh Limited (CDBL) reported that a substantial amount of unclaimed and undistributed dividend (Tk 170 billion in cash and stock) is left with them.

Requirement: Describe the root cause of such a huge undistributed and unclaimed dividend and latest initiative thereon from the capital market regulator to use the unclaimed money to safeguard the interests of the capital market and its investors. Is there any challenge to implement this new initiative for any sector?

(b) Who are "top level executive" to qualify for the position of Independent Director? What is the tenure of office of an independent director? Describe under what circumstances a former independent director can be considered for reappointment for another tenure.

(c) The Board of Directors of PQR Company Limited, a company listed with both the Stock Exchanges of Bangladesh, has planned to hold its meeting on June 30, 2021. Agenda of the meeting (among others) is to recommend dividend for the year ended December 31, 2020. The management could not arrange to hold the AGM on time due to COVID 19 & country-wide lock down and other relevant issues. The management is planning to propose the following in this regard:

- i) To fix record date on July 16, 2021 which is a public holiday; and
- ii) To fix date of the Annual General Meeting on October 25, 2021

It is to mention that last Annual General Meeting of the Company was held on April 15, 2020

Requirement: You are requested to give your opinion regarding the above proposals to be placed in the meeting of the board of directors of PQR Company Limited and give your recommendations, if any. Assume that you were communicated to give your opinion on June 25, 2021.

3. (a) ABC & Co., Chartered Accountants, Dhaka is the statutory Auditor of XYZ Bank Limited for the year ended 31st December 2020.

Requirement: State the signing procedures of the auditor's report to be followed by ABC & Co., Chartered Accountants as per directives of the Financial Reporting Council.

(b) Describe the guidelines issued under the Financial Reporting Act 2015 for stopping abuse of share money deposit applicable for Public Interest Entity (PIE)

(c) CBI-I Ltd, a non-banking financial Institution listed in both the stock exchanges in Bangladesh. Currently CBH holds a market share of around 30% in home loan sector, and it has been

contemplating to acquire majority shares of another big non-banking Financial Institution, CPTC Ltd (non-listed entity) who has a market share of 20% in home loan sector. Accordingly, the management of CBH Ltd finalized a deal acceptable to CPTC Ltd.

Requirement: In view of this, the management of CBH Ltd approached you, seeking your advices on the major compliances with the following laws:

- i) The Companies Act 1994
- ii) Bangladesh Securities and Exchange Commission laws
- iii) The Financial Institutions Act 1993

4. (a) Describe the terms "Repo Rate" and "Rev Repo Rate" indicating the latest rate as approved by the Bangladesh Bank.

(b) ABC Ltd. is an investment company licensed under the Financial Institutions Act 1993. The Company has its headquarters in Gulshan, Dhaka and branch offices in Motijheel and Dhanmondi, Dhaka and Agrabad in Chattogram. ABC Ltd's Board of Directors has recently taken a resolution to open branch offices in Khulna and Singapore and also change the location of Dhanmondi branch office to Uttara.

Requirement: Advise the action that ABC Ltd. needs to take in this respect.

5. The management of ABC Bank Limited ("the Bank") is planning to place the following proposal to Board of Directors of the Bank for approval

- i) Complying with the provisions of Companies Act, 1994 and articles of association of the Bank, Delta Consulting Limited will be appointed as the Managing Agent of ABC Bank Limited for a period of ten years,
- ii) The Bank extended credit facilities of BDT 450.00 million to a corporate client namely Premier Auto Bricks Limited. The project was undertaken to produce eco-friendly high quality of auto bricks. Unfortunately, the project failed due to incapacity of the management and the facilities became bad and loss. The management of ABC Bank Limited has negotiated with the client and agreed to take over the project entirely and run the business of auto bricks by its own management.
- iii) The management of the Bank has planned to preserve the electronic version of the documents in a robust server based in USA.
- iv) The Bank made some changes in its memorandum of association complying with the provisions of the Companies Act, 1994. However, the management missed to inform Bangladesh Bank regarding this.

Requirement: You are required to give your comments on the above mentioned actions of the (2+4+2+2) management and/or Board of ABC Bank Limited.

6. (a) Mr. Rahim, a widower, has a son aged 10 years and a younger brother who is 55 years of age. Mr. Rahim is the holder of a policy of life insurance on his life. When he took the policy 5 years ago, he nominated his wife to receive the money secured by the policy in the event of his death. Unfortunately, his wife had COVID-19 last month, and ultimately she died 15 days ago. Now Mr. Rahim wants to make his son a nominee in place of his deceased wife. But since his son is only 10 years old, he is not sure as to what to do. As such he seeks your professional advice.

Requirement: Advise Mr. Rahim as to how he can execute his intention of making his son the nominee.

(b) Stone Bangladesh Ltd (Stone) is a subsidiary of a global conglomerate, has been operating in Bangladesh as an importer and manufacturer of food products upon maintaining a very high ethical standards as followed by the group. For manufacturing operation, Stone imports substantial quantity of raw and packaging materials from abroad for which it spends millions of Taka in marine insurance premiums. Currently, Stone takes all insurance related services (marine and property insurance) from a reputed insurance company in Bangladesh. Recently, Stone has been approached by another insurance company, who for the purpose of procuring this lucrative business, offered an additional 35% commission on all insurance premium cost considering Stone has very low claim history in the past,

Requirement: Suggest Stone whether they can accept the offer of the new insurance company in view of the Insurance Laws applicable in Bangladesh.

7. (a) Fountain Bangladesh Ltd (Fountain), a manufacturer of FMCG products, has been successfully running its operation in Bangladesh through its factory located at Savar. As part of its business model, Fountain operates its manufacturing operation mostly through third party resources. Avenue Resource Ltd (Avenue) was the contractor of Fountain who was providing these thirdparty resources till 31st October 2020. Fountain terminated its contract with Avenue and appointed a new contractor as there were allegations that Avenue was not paying the wages properly to its workers appointed by it for providing services to Fountain. Mr. Rahim and Mr. John, two workers employed by Avenue, made a claim of Tk. 90,000 and Tk, 120,000 respectively to Fountain stating that they worked in Fountain's factory only and they didn't get their wages from Avenue from May' 20 to October'20 and Fountain should pay these arear wages. The management of Fountain is contemplating to reject the claim on the ground that Mr. Rahim and Mr. John are not the employees of Fountain and Fountain has already settled all their dues with Avenue, hence if frustrated workers really want to make a claim it should be against Avenue only.

Requirement: Review the approaches of Fountain in light of the provisions of Bangladesh Labour Act 2006.

(b) While reviewing the documents in Fountain's factory, the internal Audit team identified that factory management didn't allow festival leave to certain workers employed by it in its Chocolate unit. Upon your query, the factory management replied that they did not have any choice as they had to meet the huge production demand during festival time, however all those workers were paid with double rated overtime, which they feel okay under the circumstances.

Requirement: Examine the response of factory management of Fountain quoting the relevant provisions on festival leave under the Bangladesh Labour Act 2006.

Answer to the Question # 1 (a)

As per section 392kha(2) of the Companies Act 1994, only a natural person can form an One Person Company (OPC). PQR Ltd being not a natural person, shall not be eligible to form an OPC in Bangladesh.

Answer to the Question # 1 (b)

As per paragraph 106 of the Schedule-I of Company Act 1994, the directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be opened to the inspections of members not being directors, and no member not being a director shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the directors or by the company in general meeting.

Answer to the Question # 1 (c)

Unless the Object clause of the Memorandum of Association of the Company is amended to include activities under banking business, any act or agreement executed for investment in banking sector will be considered as Ultra Vires. This is because, the Constitution of the Company do not permit the Company or its Directors to act beyond the authority given by its Constitution.

Concept of Ultra Vires Act:

Ultra vires acts are any acts that lie beyond the authority of a corporation to perform. Ultra vires acts fall outside the powers that are specifically listed in a corporate charter or law. This can also refer to any action that is specifically prohibited by the corporate charter. The roots of the term are from a Latin phrase that means beyond the power. It is the opposite of under proper authority—intra vires.

Ultra vires acts can also be defined as any excessive use of corporate power that has been granted. These acts cannot be legally defended in court. They will, in fact, leave the corporation vulnerable to lawsuits by employees or other parties.

Companies have a variety of legal documents and directives that outline the parameters of what actions are permitted by each organization, its employees, and directors. These documents can include what is known as a "memorandum of association."

The memorandum combined with articles of association can serve as a constitution for companies that outlines the conditions by which the organization may operate and interact with shareholders. The memorandum offers guidance on the external matters the company can engage in. Articles of Association also defines the nature of a company, its purpose, and the type of organization it will be.

Effects of Ultra Vires Acts:

The following are the effects of ultra vires transactions: (i) Void ab initio – The ultra vires acts are null and void ab initio. The company is not bound by these acts. Even the company cannot sue or be sued upon

Doctrine of Ultra Vires in Company Law first established in Ashbury Railway Carriage and Iron Company v. Riche case:

The ultra vires doctrine originated from the landmark judgment of Ashbury Railway Carriage and Iron Co. Ltd v. Riche. The case came into existence when the company's directors initiated a contract with Riche, a

railway contractor, in order to obtain finance to construct a railway line at Belgium. However, the directors later rejected the contract on the grounds of being ultra vires the memorandum of association. Riche sued the company on the ground of breach of contract. The House of Lords held that the contract at the time of making it was void ab initio and invalid. Therefore, being ultra vires, the contract cannot be ratified later.

Answer to the Question # 1 (d)

As per section 378 of the Companies Act 1994, it suggests Companies incorporated outside Bangladesh which, after commencement of this Act establish a place of business within Bangladesh shall be treated as Foreign Company and it has to follow and comply with the provisions of laws as detailed in sections 379 to 387.

Z Ltd will be considered as a foreign company, if it establishes an office for collecting and administering Bangladeshi adds and use the same office for customers subscription management and queries as well. This is because, setting-up office for administering Bangladeshi adds and use the same office for customers subscription management and queries will construe a place of business in Bangladesh.

On the question whether working through virtual platform will be treated as Foreign Company, I would say our laws are silent in this regard. However, if we look at the spirit of the laws, working through virtual platform in Bangladesh, which generates revenue for the company should construe a place of business in Bangladesh, hence the company should be treated as a foreign company in Bangladesh. I think for avoiding ambiguity, this should be clarified in the law like other countries.

Answer to the Question # 2 (a)

After the companies announce their dividends, the money is sent to the investors' accounts. Cash dividend is deposited to the bank account of an investor, while the stock dividend is deposited in the beneficiary owners or BO account.

When a shareholder dies, moves abroad or does not contact for a long time, their bank account and BO account are closed or become dormant.

In such a case, the dividend amount does not get deposited to the investor's bank or BO account and bounces back to the company. Sometimes, the nominated inheritors confront legal hurdles to get the money following the death of an investor.

Besides these, the dividends sometimes do not reach the investor for other legal complications. The companies then prepare their final financial account showing those dividends under a 'suspended' account.

Bangladesh Securities Exchange Commission (BSEC), on June 27 issued a gazette notification stating that any unpaid or unclaimed or unsettled cash dividend, non-refunded public subscription money, stock dividend or right shares, within three years from the date of declaration or approval or subscription must be transferred to the Capital Market Stabilization Fund of the BSEC.

Yes, there has been some challenges those have been highlighted by Bangladesh Bank, which said instruction of BSEC could not be implemented for banks as it is conflicting with Bank Company Act, 1991, Financial Institution Act, 1993 and international accounting principles.

Answer to the Question # 2 (b)

Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.

The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.

A former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e., six years]

Answer to the Question # 2 (c)

Regarding the above planning of the management of PQR Company Limited some non-compliances are noted. My advices in this regard are as follows:

i) As per Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited record date for corporate entitlement will be at least fourteen market days after the date of recommendation of dividend and declaration of the date of general meeting. Hence, the record date must be fixed on any day after fourteen market days from the date of recommendation of dividend and the declaration of the date of the AGM. Moreover, the record date must be a market day; it can't be a public holiday. In this regard other provisions of the law must be kept in mind.

ii) As per provisions of Companies Act, 1994 and BSEC notification the Annual General Meeting of a company shall be held fulfilling the following conditions:

- Within 45 working days from the date of the record date;
- Within nine months from the date of closing of the accounting year; and
- Within 15 months from the date of the last AGM.

Complying with the above mentioned time frame the AGM should have been held within July 14, 2021. However, considering the circumstances, the management of the company should apply to the Registrar of Joint Stock Companies and Firms to extend time for holding the AGM by 90 days from July 14, 2021. Accordingly, the Company will hold the AGM within the extended date giving at least 21 days' notice from the record date but within the date that may be approved by the RJSC Registrar.

Answer to the Question # 3 (a)

According to paragraphs 47, A64 & A65 of the ISA 700 (Revised), the auditor shall sign the auditor's report either in the name of the firm or in the personal name of the auditor or both. In some cases the law or regulation may allow for the use of electronic signature in the auditor's report. However, According to Financial Reporting Council Notification ref. no: 146/FRC/SS/Notification/2020/71 dated 21 December 2020, The auditor shall sign the auditor's report in his own name where the following 4 (four) information to be clearly mentioned:

- Ka) Name of the Firm:.....
- Kha) Firm Registration number.....
- Ga) Signature of the Auditor.....
- Gha) Name of the Auditor (..... Partner/ enrolment no.....)

Answer to the Question # 3 (b)

In pursuance with the authority given under the Financial Reporting Act 2015, to stop the tendency of misuse/abuse of share money deposit, following guidelines have been issued vide a notification dated 11th February 2020:

- a) Money received on account of share capital, which has been included in equity as share money deposit or in any other name, cannot be withdrawn or refundable
- b) Money received under this account shall be converted to share capital within maximum 6 months
- c) Before converting into share capital, all such share money deposits shall be treated as Potential Share Capital and should be included in EPS computation accordingly

Answer to the Question # 3 (c)

The major compliances in respect of acquiring majority shares of CPTC Led by CBH Ltd are enumerated below:

- a) As per the provisions of the Companies Act 1994:
Following the provisions of the Articles/Memorandum of Association of the Company and Companies Act 1994, CBH Ltd should upon recommendation from its Board of Directors, get the deal approved in a Shareholders Meeting. In this regard, CBH has to convene an Extraordinary General meeting of the shareholders, for which it has to serve a notice to its shareholders by giving at least 21 days' time.
- b) As per Bangladesh Securities and Exchange Commission laws:
Recommendation of Board of Directors of CBH Ltd for acquiring majority shares of CPTC Ltd is a Price Sensitive information. Subject to the management proposal is approved, the information must be disseminated to Bangladesh Securities and Exchange Commission and the Stock Exchanges within half an hour of taking the decision by the Board. Additionally, the information shall have to be published in at least two national dailies, one in Bengali and other one in English. The same shall also be published in one online news paper and be made available on the website of CBH Ltd. The Price Sensitive information shall highlight among others the following:
 - 1) The details of the scheme on acquiring majority shares of CPTC Ltd.
 - 2) Date of the Extra-Ordinary General meeting and venue thereon (venue can be declared at a later date as well)
- c) The Financial Institutions Act 1993:
For acquiring majority shares of CPTC Ltd, CBH requires an approval from the Bangladesh Bank.

In relation to this, section 28 of the Financial Institutions Act 1993 stipulates that no financial institution may, without the prior approval of the Bangladesh Bank, acquire the majority of shares in any other financial institution.

The Bangladesh Bank may, in the interest of considering an application for prior approval under submitted under sub-section (1) of section 28 of the Financial Institutions Act 1993, call for any information from the applicant, and it shall not cancel an application without giving reasonable opportunity for a hearing to the

applicant.

Answer to the Question # 4 (a)

Repo Rate:

Repo rate is the rate at which commercial banks borrow money from the Bangladesh Bank by using government bonds as collateral to achieve its fiscal goals. The term 'REPO' refers to repurchase option or agreement. It is a monetary tool used by the Bangladesh Bank to allow commercial banks to borrow money, when in need, against collaterals such as government bonds and treasury bills. While lending money to commercial banks, the Bangladesh Bank charges a certain amount of interest, which is called repo rate. This present repo rate is subject to change as per the Bangladesh Bank changing policies. The latest Repo Rate is 4.75%.

Rev Repo Rate:

The Bangladesh bank maintains a balance in the market by employing repo rate and reverse repo rate. Reverse repo rate, by definition, is the exact opposite of repo rate or in other words, it is the rate at which Bangladesh Bank borrows money from banks in the short term. The latest Rev Repo Rate is 4.00%.

Answer to the Question # 4 (b)

ABC Ltd., being an investment company, falls under the Financial Institution Act, 1993. Their primary regulator is Bangladesh Bank. According to section 7(1) of the above Act, ABC Ltd. will require prior consent in writing of the Bangladesh Bank to open branch offices in Khulna and Singapore and also to change the location of Dhanmondi branch office to Uttara. According to DFIM circular letter no. 11 dated October 30, 2014 of the Bangladesh Bank, ABC Ltd. is required to apply to Bangladesh Bank in a prescribed form along with some required documents as mentioned in the circular letter under reference. While approving or rejecting the application of ABC Ltd. for the opening of the branch offices, Bangladesh Bank has a statutory requirement to consider the following matters:

- a. the financial situation;
- b. the characteristics of the management;
- c. the sufficiency of the capital structure and the earning capacity;
- d. the purposes mentioned in the memorandum;
- e. the public interest.

Answer to the Question # 5

i) As per section 11 of Banking Companies Act, 1991 no banking company shall employ or be managed by a managing agent. This will override the provisions of the articles of association of ABC Bank Limited as well as the Companies Act, 1994.

ii) As per section 9 of Banking Companies Act, 1991 a banking company can't directly or indirectly deal in the buying, selling or bartering of goods, except in connection with the realization of security given to or held by it, or engage in any trade or buy, sell or barter goods for others otherwise than in connection with bills of exchange received for collection or negotiation or with such of its business as is approved under section 7 of the Act. However, section 7 of Banking Companies Act, 1991 does not cover doing the business of auto bricks.

iii) As per section 12 of Banking Companies Act, 1991 no banking company shall remove from its head-office or any of its branches, whether they are at the time being functioning or not, any of its records or documents relating to its business to a place outside Bangladesh, without the prior permission in writing of the Bangladesh Bank.

iv) Notwithstanding anything contained in the Companies Act, no application for the confirmation of the alteration of the memorandum of a banking company shall be maintainable unless the Bangladesh Bank certifies that there is no objection to such alteration. (section 117 of Banking Companies Act, 1991).

Answer to the Question # 6 (a)

According to section 57 of the Insurance Act 2010, the holder of a policy of life insurance on his own life, may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death. However, where any nominee is a minor, it shall be lawful for the policy-holder to appoint in the prescribed manner any person to receive the money secured by the policy in the event of his death during the minority of the nominee.

Mr. Rahim can make his son a nominee in place of his deceased wife. Since his son is a minor, he can appoint in the prescribed manner his younger brother or anyone else, as he may deem fit, to receive the money secured by the policy in case Mr. Rahim dies during the minority of his nominee son. Mr. Rahim should ensure that the insurer furnishes to him a written acknowledgement of having registered the nomination thereof. Any such nomination, in order to be effectual, shall be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy.

Answer to the Question # 6 (b)

Section 58(1) of the Insurance Act 2010 has put a clear restriction on accepting any payment by way of commission or otherwise for procuring business. As per this section, restriction has been imposed on the Insurance Company and as such no person shall pay or contract to pay any remuneration or reward whether by way of commission or in any other name for soliciting or procuring insurance business in Bangladesh to any person except an insurance agent or an employer of agents or broker. Being Stone is very compliant, it cannot accept the offer.

Answer to the Question # 7 (a)

The approaches of Fountain Bangladesh Ltd as described in the question would be incorrect. Being the employer of the establishment (the principal employer) there are certain responsibilities lie for Fountain Bangladesh Ltd for the frustrated workers, who didn't get their wages from their contractor.

In relation to this, section 121 of Bangladesh Labour Act 2006 stipulates the following:

Every employer shall be responsible for the payment to workers employed by him of all wages required to be paid under this act:

Provided that, except in the case of a worker employed by a contractor, the chief executive officer, the manager or any other person responsible to the employer for the supervision and control of an establishment shall also be responsible for such payment.

Provided further that when the wages of a worker employed by the contractor is not paid by the contractor, the wages shall be paid by the employer of the establishment and the same shall be adjusted from the contractor.

Answer to the Question # 7 (b)

The position of factory management of Fountain is not compliant based on the provisions of Bangladesh Labour Act 2006, even though they paid an overtime at double rate. In relation to this section 118 of the Bangladesh Labour Act 2006 stipulates the following:

- 1) Every worker shall be allowed in a calendar year eleven days of paid festival holiday.
- 2) The days and dates for such festivals shall be fixed by the employer in such manner as may be prescribed.
- 3) A worker may be required to work on any festival holiday, but two day's additional compensatory holidays with full pay and a substitute holiday shall be provided for them in accordance with the provisions of section 103.