

Additional Directors' Report to Shareholders

Compliance Report on BSEC Notification

Status of Compliance of Corporate Governance

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/ CMRRCD/ 2006-158/134/Admin/44, dated 07 August 2012 issued under section 2CC of the securities and Exchange Ordinance, 1969:

(Report under conditions no. 7.00)

Condition No.	Title	Compliance Status		Remarks (if any)
		(Put ✓ under condition No. 7.00)		
		Complied	Not Complied	
1.1	Board's size: shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2 (i)	Independent Director (ID): at least 1/5 of total Number of directors	✓		
1.2 (ii) (a)	ID holds less than 1% shares of total paid-up capital	✓		
1.2 (ii) (b)	ID is not a sponsor and not connected with any sponsor or Director or shareholder who holds 1% or more shares	✓		
1.2 (ii) (c)	ID does not have other relation with the company or its subsidiary/associated companies	✓		
1.2 (ii) (d)	ID is not a member, Director or officer of any Stock Exchange	✓		
1.2 (ii) (e)	ID is not a shareholders, Director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2 (ii) (f)	ID is not a partner or an executive during the preceding 3 years of company's statutory audit firm	✓		
1.2 (ii) (g)	ID is not an Independent Director in more then 3 listed companies.	✓		
1.2 (ii) (h)	ID has not been convicted by a court as a loan defaulter	✓		
1.2 (ii) (i)	ID has not been convicted for criminal offence involving moral turpitude	✓		
1.2 (iii)	ID appointed by Board of Directors and approved by the shareholders in AGM	✓		
1.2 (iv)	Post of ID was not vacant for more than 90 days			Situation did not arise.

1.2 (v)	Code of conduct for all Board members and annual compliance thereof	√		
1.2 (vi)	Tenure of office ID shall be 3 years , may be extended for 1(one) term			Situation did not arise.
1.3 (i)	ID shall be acknowledgeable individual with integrity and able to ensure compliance with financial, regulatory and corporate law	√		
1.3 (ii)	ID should be Business Leader/Corporate Leader/ Bureaucrat/University Teacher with Economics or Business Studies or Law background / Professional like CA, CMA,CS	√		
1.3 (iii)	Qualification of ID relaxed subject to prior approval of SEC.	√		
1.4	Separate Chairman of the Board and Chief Executive Officer and clearly defined roles and responsibilities	√		
1.5 (i)	Industry outlook and future development.	√		
1.5 (ii)	Segment-wise / product-wise performance.	√		
1.5 (iii)	Risk and concerns.	√		
1.5 (iv)	Discussion on cost of goods sold, Gross profit margin and net profit margin.			N/A
1.5 (v)	Discussion on Continuity of any extraordinary gain or loss.	√		
1.5 (vi)	Related party transaction statements.	√		
1.5 (vii)	Utilization of proceeds from public issues, right issues and / or instruments			Situation did not arise.
1.5 (viii)	Explanation incase of deterioration of financial results after IPO , RPO, RO or Direct Listing			Situation did not arise.
1.5 (ix)	Statement on variance between Quarterly Financial performance and Annual Financial Statements	√		
1.5 (x)	Remuneration of Directors including ID	√		
1.5 (xi)	Fairness of Financial Statements	√		
1.5 (xii)	Maintenance of proper books of account.	√		
1.5 (xiii)	Adaption of appropriate accounting policies and estimates	√		
1.5 (xiv)	Compliance with International Accounting Standard BAS, IFRS, BFRS	√		

1.5 (xv)	Soundness of Internal Control System	√		
1.5 (xvi)	Ability to continue as a going concern	√		
1.5 (xvii)	Significant deviations in operating results from last years and explanation thereof	√		
1.5 (xviii)	Presentation of at least preceding 5 years key operating and financial data	√		
1.5 (xix)	Non Declaration of dividend			Situation did not arise.
1.5 (xx)	Details of Board meeting	√		
1.5 (xxi)(a)	Shareholding pattern of parent / subsidiary / associated companies and other parties	√		
1.5 (xxi)(b)	Shareholding pattern of Directors, CEO , CFO, CS, HIA and there spouse and minor children	√		
1.5 (xxi)(c)	Shareholding pattern of other top five salaried executives	√		
1.5 (xxi)(d)	Shareholders holdings of 10 % or more voting interest	√		
1.5 (xxii)(a)	A brief resume of Director in case of appointment/ re-appointment.	√		
1.5 (xxii)(b)	Nature of the propose Directors' expertise in specific functional areas.	√		
1.5 (xxii)(c)	Proposed Directors' Directorship in other company/companies	√		
2.1	Appointment of CFO, Company Secretary & Head of Internal Audit and defining of their responsibilities	√		
2.2	Attendance of CFO & Company Secretary in the Board of Directors meeting	√		
3(i)	Audit Committee(AC): As a subcommittee of the Board	√		
3(ii)	Role of the Audit Committee	√		
3(iii)	Duties and responsibilities of the Audit Committee	√		
3.1(i)	Constitution of Audit Committee with at least 3 members	√		
3.1(ii)	Inclusion of at least 1 Independent Director in Audit Committee	√		

3.1(iii)	Financial literacy of the Audit Committee members and at least 1 Independent Director having accounting or related financial management experience	√		
3.1(iv)	Filling of casual vacancy in the Audit Committee	√		
3.1(v)	CS as Secretary of the Audit Committee	√		
3.1(vi)	1 Independent Director is mandatory for quorum of the Audit Committee meeting	√		
3.2(i)	Chairman of the Committee shall be an Independent Director	√		
3.2(ii)	Presence of Audit Committee Chairman in the AGM	√		
3.3 (i)	AC to oversee financial reporting process	√		
3.3(ii)	AC to Monitor Choice of accounting policies and principles	√		
3.3(iii)	AC to Monitor Internal Control Risk Management Process	√		
3.3(iv)	AC to Oversee hiring and performance of external auditors	√		
3.3(v)	AC to Review annual financial statements before submission to the Board	√		
3.3(vi)	AC to Review quarterly and half-yearly financial statements before submission to the Board	√		
3.3(vii)	AC to Review adequacy of internal audit functions	√		
3.3(viii)	AC to Review significant related party transactions	√		
3.3(ix)	AC to Review weakness of internal control raised by the statutory auditors	√		
3.3(x)	AC to Review the utilization of money raised through IPO, RPO, Rights Issue	√		
3.4.1(i)	Reporting activities of the Audit Committee before Board of Directors	√		
3.4.1(ii)(a)	Reporting conflict of interest to the Board of Directors	√		
3.4.1(ii)(b)	Reporting suspected or presumed fraud or irregularity or material defect in the internal control system to the Board of Directors	√		

3.4.1(ii)(c)	Reporting suspected infringement of laws including securities related laws, rules and regulations to the Board of Directors	√		
3.4.1(ii)(d)	Reporting of any other matter to the Board of Directors	√		
3.4.2	AC Reporting to Qualified point to Commission	√		
3.5	Reporting of activities of the Audit committee to the Shareholders and General investors	√		
4(i)	External Auditors(EA) Non-engagement in appraisal or valuation services	√		
4(ii)	EA Non-engagement in designing of Financial Information System	√		
4(iii)	EA Non-engagement in Bookkeeping	√		
4(iv)	EA Non-engagement in Broker/ dealer service	√		
4(v)	EA Non-engagement in Actuary Services	√		
4(vi)	Non-engagement in Internal Audit services	√		
4(vii)	Non-engagement in any other services	√		
4(viii)	Prohibition of holding any shares of the company by any partner or employees of its external audit firms	√		
5(i)	Composition of the Board of the subsidiary company			N/A
5(ii)	Independent Director of a holding company shall be Director in the Board of the subsidiary company			N/A
5(iii)	Reviewing minutes of the Board meeting of the subsidiary company by the Board of Directors of Holding company			N/A
5(iv)	Inclusion of the statement in the minutes of the holding company regarding reviewing the affairs of its subsidiary company			N/A
5(v)	Review of Financial Statements and Investment of the subsidiary company by the-Audit, Committee of the holding company			N/A
6(i)(a)	Certification of CEO and CFO that Financial Statements does not contain untrue or omit any material facts or any statement that may mislead	√		

6(i)(b)	complies existing accounting standard and applicable law	√		
6(ii)	Certification of CEO and CFO regarding fair transaction by the company	√		
7(i)	Compliance Certificate from CA, CMA or CS on Corporate Governance Guidelines	√		
7(ii)	Attachment of Annexure in Director report regarding compliance	√		