

**STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE**

**INDUS DYEING & MANUFACTURING CO. LIMITED
FOR THE YEAR ENDED JUNE 30, 2012**

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the regulation No. 35 of listing regulations of Karachi Stock exchange (Guarantee) Ltd., for the purpose of establishing a framework of good governance, where by a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner.

- 1) The Company encourages the representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	None
Executive Directors	Mian Mohammad Ahmed / Mr. Shahzad Ahmed / Mr. Naveed Ahmed / Mr. Imran Ahmed / Mr. Shafqat Masood
Non-Executive Directors	Mr. Shahwaiz Ahmed / Mian Riaz Ahmed / Mr. Kashif Riaz / Mr. Irfan Ahmed / Mr. Farooq Hassan

The condition of clause 1(b) of the CCG in relation to independent director will be applicable after election of next Board of Directors of the Company.

- 2) The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listing subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as tax payers and none of them have defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.
- 4) No casual vacancy occurred in the board during the year.
- 5) The Company is in process of preparing its 'Code of Conduct' and will ensure that appropriate steps will be taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6) The Board has developed a vision / mission statement and overall corporate strategy and Company is in the process of developing significant policies that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended will be maintained.

- 7) All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board.
- 8) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranged an orientation course during the year.
- 10) There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.
- 11) The Directors' report for this year has been prepared in compliance with the requirement of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
- 14) The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15) The Board has formed an Audit Committee. It comprises of three members, of whom all are the non-executive directors including Chairman of the Company.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board is in process of forming an HR and Remuneration Committee, which will comprise of three members.
- 18) The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors and stock exchange.
- 22) Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board of Directors

Shahzad Ahmad

Chief Executive