

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of company : KHAIRPUR SUGAR MILLS LIMITED

Year ending : 30-09-2016

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 5.19.23 of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby 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 representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Lt. Gen (Retd.) Anees Ahmed Abbasi
Executive Directors	Mr. Muhammad Mubeen Jumani Mr. Faraz Mubeen Jumani
Non-Executive Directors	Mr. Fahad Mubeen Jumani Mrs. Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani Mr. Ahmed Ali Jumani

The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

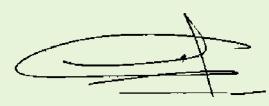
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF or, being a TRE certificate holder has been declared as a defaulter by Pakistan stock exchange.
4. There was no casual vacancy on the board in the current period.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranges in-house orientation course for its Directors as and when needed to apprise them of their duties and responsibilities. One of the Director is exempted from the requirement of Director's training program under

clause 5.19.7 of PSX Rule Book and rest of the Directors to be trained within specified time. All the Directors on the Board are fully conversant with their duties and responsibilities ad directors of corporate bodies.

10. No new appointment of Chief Financial Officer, Company Secretary and Head of internal audit was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by 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 shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG
15. The board has formed an Audit Committee. It comprises of three members, all three members are appointed among from non-executive directors. The chairman of the Committee is also an independent Director.
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 and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members, 1 member each from Executive, non-executive and independent directors. The Chairman of the Committee is from non-executive directors.
18. The board has set up an effective internal audit function.
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 ICAP, 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 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 company's securities, was determined and intimated to directors, employees 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 CCG have been complied except for the matter specified in para 9, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.



Muhammad Mubeen Jumani
Chief Executive



Faraz Mubeen Jumani
Managing Director