

**Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

Name of Company : Karachi Tools, Dies and Moulds Centre
 Name of the line ministry : Ministry of Industries & Production
 For the year ended : June 30, 2016

- I. This statement is being presented to comply with the Public sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices public sector governance.
- II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No:	Y	N	N/A*																																						
1	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																																								
2	<p>The board has the requisite percentage of independent directors. At present the board includes:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>S. No</th> <th>Name of Director</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td colspan="3">Independent Directors :</td> </tr> <tr> <td>1.</td> <td>Engr. M. A. Jabbar</td> <td>August, 7th 2014</td> </tr> <tr> <td>2.</td> <td>Dr. Muzzaffar Mehmood</td> <td>August, 7th 2014</td> </tr> <tr> <td>3.</td> <td>Mr. Tauqeer Dawood</td> <td>August, 7th 2014</td> </tr> <tr> <td>4.</td> <td>Syed Muhammad Irfan</td> <td>August, 7th 2014</td> </tr> <tr> <td colspan="3">Executive Director :</td> </tr> <tr> <td>5.</td> <td>Syed Javaid Ashraf</td> <td>August, 7th 2014</td> </tr> <tr> <td colspan="3">Non-Executive Directors :</td> </tr> <tr> <td>6.</td> <td>Mr. Abdul Haleem Asghar</td> <td>August, 7th 2014</td> </tr> <tr> <td>7.</td> <td>Mr. Basit Maqsood Abbasi</td> <td>August, 7th 2014</td> </tr> <tr> <td>8.</td> <td>Mr. Shafqat-Ur-Rehman Ranjha</td> <td>April 22nd, 2016</td> </tr> <tr> <td>9.</td> <td>Mr. Muhammad Ishaque Mahar</td> <td>February 16, 2016</td> </tr> </tbody> </table>	S. No	Name of Director	Date of appointment	Independent Directors :			1.	Engr. M. A. Jabbar	August, 7 th 2014	2.	Dr. Muzzaffar Mehmood	August, 7 th 2014	3.	Mr. Tauqeer Dawood	August, 7 th 2014	4.	Syed Muhammad Irfan	August, 7 th 2014	Executive Director :			5.	Syed Javaid Ashraf	August, 7 th 2014	Non-Executive Directors :			6.	Mr. Abdul Haleem Asghar	August, 7 th 2014	7.	Mr. Basit Maqsood Abbasi	August, 7 th 2014	8.	Mr. Shafqat-Ur-Rehman Ranjha	April 22 nd , 2016	9.	Mr. Muhammad Ishaque Mahar	February 16, 2016	3(2)		✓
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3	A casual vacancy occurring on the board was filled up by the directors within ninety days.	3(4)		✓																																							

S. No.	Provision of the Rules	Rule No:	Y	N	N/A*
4	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓		
5	The appointing authorities have applies the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.	3(7)	✓		
6	The Chairman of the board is working separately from the chief executive of the company.	4(1)	✓		
7	The chairman has been elected from amongst the independent directors.	4(4)	✓		
8	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓		No appointment of chief executive were made during the year. However the fit and proper criteria was applied, under the provisions of the Ordinance, at the time of appointment.
9	(a) 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, including posting the same on the company's website. http://ktdmc.com/ (b) The board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓		

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S. No.	Provision of the Rules	Rule No:	Y	N	N/A*
10	The board has established a systems of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11	The board has developed and enforced and appropriate conflict of interest policy to lay down circumstances or consideration when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)	✓		
12	The board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(iv)	✓		
13	(a) The board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A committee has been formed to investigating deviations from the company's code of conduct.	5(5)(c)(ii)	✓		
14	The board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓		
15	The board has developed a vision or mission statement, 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.	5(6)	✓		



S. No.	Provision of the Rules	Rule No:	Y	N	N/A*
16	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			✓
17	a) The board has met at least four times during the year.	6(1)			
	b) Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6(2)	✓		
	c) The minutes of the meetings were appropriately recorded and circulated.	6(3)			
18	The board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria developed by it. The board has also monitored and assessed the performance of senior management on annual/ basis.	8	✓		
19	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
20	The board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end , and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the board members.	10	✓		
21	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓		

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S. No.	Provision of the Rules	Rule No:	Y	N	N/A*															
22	<p>(a) The board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written terms of reference defining their duties, authority and composition.</p> <p>(c) The minute of the meetings of the committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>3</td> <td>Syed Muhammad Irfan Aqueel</td> </tr> <tr> <td>Human Resource Committee</td> <td>4</td> <td>Mr. Abdul Haleem Asghar</td> </tr> <tr> <td>Procurement Committee</td> <td>4</td> <td>Dr. Muzaffar Mahmood</td> </tr> <tr> <td>Nomination Committee</td> <td>4</td> <td>Syed Muhammad Irfan Aqueel</td> </tr> </tbody> </table>	Committee	Number of members	Name of chair	Audit Committee	3	Syed Muhammad Irfan Aqueel	Human Resource Committee	4	Mr. Abdul Haleem Asghar	Procurement Committee	4	Dr. Muzaffar Mahmood	Nomination Committee	4	Syed Muhammad Irfan Aqueel	12	✓		Formation of Risk Management Committee is not applicable
Committee	Number of members	Name of chair																		
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Human Resource Committee	4	Mr. Abdul Haleem Asghar																		
Procurement Committee	4	Dr. Muzaffar Mahmood																		
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23	The board has approved appointment of chief Financial officer, Company Secretary and chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓																	
24	The company has adopted international financial reporting standards notified by the commission under clause (i) of sub section (3) of section 234 of the Ordinance.	16	✓																	
25	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully described the salient matters required to be disclosed.	17	✓																	

S. No.	Provision of the Rules	Rule No:	Y	N	N/A*												
26	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.	18	✓														
27	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.	19	✓														
28	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20	✓														
29	<p>The board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <p>The chief executive and chairman of the Board are not members of the audit committee.</p> <table border="1"> <thead> <tr> <th>Name of member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Syed Muhammad Irfan Aqueel</td> <td>Independent</td> <td>Chief Executive, Millat Tractors</td> </tr> <tr> <td>Mr. Abdul Haleem Asghar</td> <td>Non-Executive</td> <td>Joint Electronic Advisor, Ministry of Science & Technology</td> </tr> <tr> <td>Dr. Muzaffar Mahmood</td> <td>Independent</td> <td>Pro Vice Chancellor-I and Dean Maritime Studies</td> </tr> </tbody> </table>	Name of member	Category	Professional background	Syed Muhammad Irfan Aqueel	Independent	Chief Executive, Millat Tractors	Mr. Abdul Haleem Asghar	Non-Executive	Joint Electronic Advisor, Ministry of Science & Technology	Dr. Muzaffar Mahmood	Independent	Pro Vice Chancellor-I and Dean Maritime Studies	21	✓		
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S. No.	Provision of the Rules	Rule No:	Y	N	N/A*
30	The board has set up and effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.	22	✓		
31	The company has appointed its external auditors in line with the requirements envisages under the rules.	23	✓		
32	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
33	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓		
34	The company has complied with all the corporate and financial reporting requirements of the Rules.		✓		

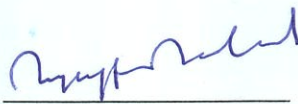
C.E.O
Karachi Tools, Dies & Moulds Centre

Chairman
Karachi Tools, Dies & Moulds Centre

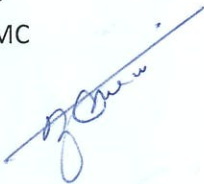
Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

S. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	3(2)	Resignation of two independent directors from the board of KTDMC.	Nomination Committee has made recommendation which has been approved by the board, and sent to the Ministry of Industries & Production, their response and confirmation is still awaited. (Letter sent to the Ministry is attached for reference)
2	3(4)	Resignation of two independent directors from the board of KTDMC.	- do -



C.E.O
KTDMC



Chairman
KTDMC

