

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: **D. M. Textile Mills Limited**

Year Ended: **30 JUNE 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the listing regulations of Pakistan Stock Exchange Limited 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,

Independent Directors	Hussain Ahmad Ozgen Mubarik Zeb
	Amer Zeb Shahid Hussain
Executive Directors	Mian Habib Ullah Rao Khalid Pervaiz
Non-Executive Directors	Shahid Aziz (Nominee of NIT)

The Independent Directors meet the criteria of independence under clause 5.19.1(b) of CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
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 NBFII or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year.
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.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. The Board arranged no Orientation Courses for its Directors during the year. Under the PSX's rule-book chapter 5.19.7, the Board will follow the Director's Training Program in due course of time.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the Board.
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 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 comprising of three Members, of whom one is non-executive Director, one independent director and the chairman of the committee is also an independent director.
16. The meetings of the Audit Committee were held atleast 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 comprising of three Members, of whom one is non-executive, one independent director and the chairman of the committee is an executive director.
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 programme of the Institute of Chartered Accountants of Pakistan (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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with 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, executives and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Chief Executive Officer

Rawalpindi Dated: October 06, 2017

