



SANA Industries Limited

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with Code of Corporate Governance contained in the Listing Regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner.

- (1) At present the Board includes four independent non-executive Directors out of a total strength of seven.
- (2) The Directors have confirmed that:
 - (a) they are not Directors in more than ten listed Companies,
 - (b) they are registered as Income Tax payers,
 - (c) they have not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, Development Financial Institution or a Non-banking Financial Institution,
 - (d) they are not members of Stock Exchange, nor have been declared as a defaulter by any Stock Exchange; and
 - (e) they and their spouses are not engaged in the business of stock brokerage.
- (3) The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all directors and employees of the Company.
- (4) The Company had formulated and adopted a 'Vision/Mission Statement'.
- (5) All the powers of the Board have been duly exercised and decision on material transaction, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive and other Executive Directors, have been taken by the Board.
- (6) The meetings of the Board were presided over by the Chairman and in his absence by the Chief Executive, as elected by the Board for this purpose. 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.
- (7) The company had arranged appropriate orientation courses for its directors to acquaint them with their duties and responsibilities and enable them to manage affairs of the company on behalf of the Shareholders.
- (8) The Company had approved the appointment of the Chief Financial Officer and Company Secretary including their remunerations and terms and conditions of employment as determined by the Chief Executive.
- (9) 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.



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- (10) The Company had acquired/out sourced the services of a Chartered Accountant to act as an 'Internal Auditor'.
- (11) The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- (12) The Company has complied with all the corporate and financial reporting requirements of the Code.
- (13) The Board had constituted an audit committee, comprising of the following directors:
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| (a) Mr. Mohammed Tariq Yousuf
Non executive Director | - | Chairman Audit Committee |
| (b) Mr. Mohammed Junaid Nawab
Non executive Director | - | Member Audit Committee |
| (c) Mr. Mohammed Irfan Nawab
Executive Director | - | Member & Secretary, Audit Committee |
- (14) 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 are not aware of any instances where shares of the Company are held by any of the partners of the firm, their spouses and minor children and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
- (15) The financial statement of the company were duly endorsed by the CEO & CFO before approval of the Board.
- (16) 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.
- (17) We confirm that all other material principles contained in the Code have been complied with.

(Mr. Mohammed Younus Nawab)
Chief Executive.

Karachi: 8th September, 2008.