

Status of compliance with the conditions imposed by the Commissions Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07th August, 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 (Report under Condition No.7.00)

Condition No.	Title	Compliance status	Remarks (If any)
1	Board of Directors		
1.1	Board's Size The number of the Board members shall not be less than 5 (five) and more than 20 (twenty)	Complied	The Apex Tannery Limited Board is comprised of 7 (Seven) Directors
1.2	Independent Directors		
(i)	At least one fifth (1/5) of total number of directors shall be Independent Director	Complied	There are two Independent Directors in the Board of Apex Tannery Limited, namely: Mr. Faruq Ahmad Siddiqi and Mr. Sayed Alamgir Farrouk Chowdhury.
(ii)	For the purpose of this clause "independent director" means a director:	Complied	The Independent Directors have declared their compliances.
(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the Company	Complied	DO
(ii) b)	Who is not a sponsor and not connected with any sponsor/director/ shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship	Complied	DO
(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	Complied	DO
(ii) d)	Not a member, director or officer of any stock exchange	Complied	DO
(ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	Complied	DO
(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm	Complied	DO
(ii) g)	Not be an independent director in more than 3 (three) listed companies	Complied	DO

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(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Banking Financial Institution (NBFI)	Complied	The Independent Directors have declared their compliances.
(ii) i)	Not been convicted for a criminal offence involving moral turpitude	Complied	DO
(iii)	Appointed by the Board of Directors and approved by the shareholders in the AGM	Complied	In practice
(iv)	The post of Independent Director can not remain vacant for more than 90 (ninety) days	Complied	There was no vacancy in the position of Independent Director
(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	Complied	Every Director has signed a confirmation as to its compliance
(vi)	Tenure of office of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	Complied	The Independent Directors (IDs) are in their first term of office
1.3	Qualification of Independent Director		
(i)	Shall be a Knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	Complied	The qualification and background of Independent Directors justify their ability as such
(ii)	Should be a Business Leader/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost and Management Accountants, Chartered Secretaries. Must have at least 12 (twelve) years of corporate management/professional experiences	Complied	Existing Independent Directors are Bureaucrat having more than 12 (Twelve) years experience
(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission	Not applicable	
1.4	Chairman of the Board and Chief Executive Officer		
	Chairman and CEO shall be filled by different individuals. Chairman shall be elected from among the Directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO.	Complied	Chairman of the Board and CEO are different individuals. The roles and responsibilities of Chairman and the CEO are approved in Board meeting
1.5	The Directors' Report to Shareholders		
(i)	Industry outlook and possible future developments in the industry	Complied	The Directors report comply with the Guidelines

Condition No.	Title	Compliance status	Remarks (If any)
(ii)	Segment-wise or product-wise performance;	Complied	The Directors report comply with the guidelines
(iii)	Risks and Concerns	Complied	Do
(iv)	Discussion on cost of goods sold, Gross Profit Margin and Net profit Margin	Complied	Do
(v)	Discussion on continuity of any Extra-ordinary gain or loss	Not applicable	Do
(vi)	Disclosure for related party transactions	Complied	Do
(vii)	Utilization of proceeds from public issues, rights issues and/or through any others	Not applicable	Do
(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer and Direct Listing	Not applicable	Do
(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements	Not applicable	Do
(x)	Remuneration to directors including independent directors	Complied	Do
(xi)	Fairness of financial statement	Complied	Do
(xii)	Maintenance of proper books of account	Complied	Do
(xiii)	Application of appropriate accounting policies and estimates	Complied	Do
(xiv)	Followed IAS, BAS, IFRS, and BFRS in preparation of the financial statements	Complied	Do
(xv)	Soundness of internal control system	Complied	Do
(xvi)	Ability to continue as a going concern	Complied	Do
(xvii)	Significant deviations from the last year	Complied	Do
(xviii)	Key operating and financial data of at least preceding 5(five) years	Complied	Do
(xix)	Reasons for not declared dividend	Complied	Dividend has been declared. Mentioned in the Directors Report
(xx)	Number of Board meetings held during the year and attendance	Complied	Dislosed in Directors Report
(xxi)	Pattern of shareholdings and name wise details disclosing aggregate number of shares:	Complied	Attached in Annexure-1
(xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (Name wise Details)	Complied	Attached in Annexure-1

Condition No.	Title	Compliance status	Remarks (If any)
(xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children (Name wise details)	Complied	Attached in Annexure-1
(xxi) c)	Executives (name wise details)	Complied	Do
(xxi) d)	Shareholders holding ten percent (10%) or more voting interest (Name wise details)	Complied	Do
(xxii)	Director appointment/re-appointment:	Complied	Do
(xxii) a)	A brief resume of the director	Complied	Do
(xxii) b)	Expertise in specific functional areas	Complied	Do
(xxii) c)	Holding the directorship and the membership of committees of the board other than this company	Complied	Do
2	Chief Financial Officer (CFO), Head of Internal Audit (HIA), Company Secretary (CS)		
1	The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of CFO, The Head of Internal Audit and the CS;	Complied	The Company has appointed CFO, CS, and Head of Internal Audit. There are clearly defined roles, responsibilities and duties which have been approved by the Board as per requirement of BSEC notification
2	The Chief Financial Officer (CFO) and the Company Secretary (CS) of the Company shall attend the meetings of the Board of Directors	Complied	In practice
3	Audit Committee		
(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors	Complied	Already in place
(ii)	Assistance of the Audit Committee to the Board of Directors	Complied	In practice
(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	Complied	Do
3.1	Constitution of the Audit Committee		
(i)	Compositions (At least three members should be in Audit Committee)	Complied	The Audit Committee is composed of 4 (four) members
(ii)	Appointment of Members of the Audit Committee (Members should appointed by the Board with at least one Independent Director)	Complied	The members of the Audit Committee are appointed by the Board who are Directors and which includes 2 (Two) Independent Directors

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(iii)	Qualification of Members of the Audit Committee (Members should be "financially literate" and at least one (01) member shall have accounting or related financial management experience)	Complied	Based on the academic qualification and professional experience, the Board reviewed and considered that all the existing members of the Audit Committee are "Financially Literate" and they have "Related Financial Management experience" as per BSEC notification.
(iv)	Casual vacancy in Audit Committee shall be filled by the Board	Complied	The Board appointed Audit Committee member in due time.
(v)	The Company Secretary shall act as the Secretary of the committee	Complied	In practice
(vi)	The quorum of the Audit Committee (AC) meeting shall not constitute without at least 1 (one) Independent Director	Complied	Do
3.2	Chairman of the Audit Committee:		
(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairmen of the Audit Committee, who shall be an Independent Director	Complied	Mr. Faruq Ahmad Siddiqi has been appointed as Independent Director who is the Chairman of Audit Committee.
(ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM)	Complied	In practice
3.3	Role of the Audit Committee		
(i)	Oversee the financial reporting process	Complied	In practice
(ii)	Monitor choice of accounting policies and principles	Complied	Do
(iii)	Monitor Internal Control Risk management process	Complied	Do
(iv)	Oversee hiring and performance of external auditors	Complied	Do
(v)	Review the annual financial statements before submission to the board for approval;	Complied	Do
(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval	Complied	Do

Condition No.	Title	Compliance status	Remarks (If any)
(vii)	Review the adequacy of internal audit function	Complied	In practice
(viii)	Review statement of significant related party transactions	Complied	Do
(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	Complied	Do
(x)	Disclosure about the uses/ applications of funds raised by IPO/RPO/ Right Issue	Not applicable	Do
3.4.1	Reporting of the Audit Committee		
(i)	The Audit Committee shall report on its activities to the Board of Directors	Complied	In practice
(ii)	The Audit Committee shall immediately report on the following findings to the Board:	Not applicable	There was no reportable case of conflict of interest in the year 2015- 2016.
(ii) a)	Report on conflicts of interest to the Board of Directors	Complied	Do
(ii) b)	Will report any suspected or presumed fraud or irregularities or material defect in the internal control system to the Board	Not applicable	Do
(ii) c)	Will report any suspected infringement of laws, including securities related laws, rules and regulations to the Board	Not applicable	Do
(ii) d)	Will report any other matters which shall be disclosed to the Board of Directors immediately	Not applicable	Do
3.4.2	Reporting to the Authorities (BSEC) If any materials impact on the financial condition & results of operation, unreasonably ignored by the Board of Directors	Not applicable	Do
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	Complied	The Audit Committee report is disclosed in the Annual Report and signed by the Chairman of the Audit Committee.
4.	Engagement of External/ statutory auditors		
(i)	Non-engagement of Appraisal or valuation services or fairness opinions	Complied	In practice
(ii)	Non-engagement in designing Financial information system and implementation	Complied	Do
(iii)	Non-engagement in Book-keeping	Complied	Do
(iv)	Non-engagement in Broker-dealer services	Complied	Do

Condition No.	Title	Compliance status	Remarks (If any)
(v)	Non-engagement in Actuarial services	Complied	In practice
(vi)	Non-engagement in Internal audit services	Complied	Do
(vii)	Non-engagement in services that the Audit Committee determines	Complied	Do
(viii)	No partner or employees of the external audit firm's shall possess any share of the company they audit at least during the tenure of their audit assignment of that company	Complied	Do
(ix)	Audit/certification Services on compliance of Corporate Governance as required under clause (i) of condition # 7	Complied	Do
5.	Subsidiary Company:		
(i)	Composition of the Board of Directors	Not applicable	Apex Tannery Limited does not have any subsidiary company.
(ii)	At least 1 (one) Independent Director to the subsidiary company	Not applicable	
(iii)	Submission of minutes to the holding company	Not applicable	
(iv)	Review of minutes by the holding company	Not applicable	
(v)	Review of Financial Statements by holding company	Not applicable	
6.	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to the Board		
(i) a)	The CEO & CFO will certify to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	Complied	CEO & CFO Certified to the Board regarding financial statements
(i) b)	The CEO & CFO will certify to the Board that they have reviewed financial statements and believe that these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	Complied	Do
(ii)	There are, to the best knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct	Complied	Do
7.	Reporting and Compliance of Corporate Governance:		
(i)	Obtained certificate about compliance of conditions of Corporate Governance Guidelines		Certified by ARTISAN, Chartered Accountants
(ii)	Directors shall state in the Directors' report about the compliance with the conditions of the Corporate Governance Notification		Published with the Directors' Report