



Agriauto Industries Limited  
For the year ended June 30, 2014

# Statement of Compliance with the Code of Corporate Governance

**This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges 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. Agriauto Industries Limited (the Company) has applied the principles contained in the Code of Corporate Governance in the following manner:**

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At present, the Board comprises of seven directors which includes five non-executive directors.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange
4. No casual vacancies occurred 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, in his 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. In accordance with the criteria specified in clause (xi) of the Code, two directors of the Company are exempted from the requirement of the Directors' Training Program, two directors are certified from Pakistan Institute of Corporate Governance and the rest of the Directors will be trained within the prescribed time period during June 30, 2012 to June 30, 2016. All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The Board had arranged an orientation course of the Code of Corporate Governance for its directors in the previous years to apprise them of their role and responsibilities.

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| <p>10. No new appointment of CFO/Company Secretary has been made during the year.</p>  | <p>Accountants of Pakistan, 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.</p>   |
| <p>11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.</p>   |  |
| <p>12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.</p>   | <p>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.</p>  |
| <p>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.</p>   | <p>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 exchanges.</p>  |
| <p>14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.</p>   | <p>22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.</p>   |
| <p>15. The Board has formed an Audit Committee. It comprises three members, of whom three are non-executive directors and the chairman of the committee is a non-executive director.</p>   | <p>23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with, except that the position of the Company secretary and CFO is held by the same person. The said decision has been taken by the Board keeping in view the size of the Company.</p>   |
| <p>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 Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.</p>                    |  |
| <p>17. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors and the chairman of the committee is a non executive director.</p>   | <p><b>On behalf of the Board</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <br/> <b>Chairman</b> </div> <div style="text-align: center;"> <br/> <b>Chief Executive</b> </div> </div> |
| <p>18. The board has outsourced the internal audit function to Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.</p> | <p><b>Karachi: August 29, 2014</b></p>   |
| <p>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 Institute of Chartered</p>   |  |