



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of M/s. B.F. Modaraba

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **E.A. Management Company (Private) Limited** ('the Company') for the year ended **June 30, 2022** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

Further, we highlight below the explanation for non-compliance with the requirements of the Code as stated in paragraph 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance ( <i>continued</i> )
1	Explanatory	19	As per proviso to the regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the same person shall not simultaneously hold office of chief financial officer and the company secretary. However, as stated in clause 19 of the Statement of Compliance the management is of the view, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

Karachi.

Date: October 05, 2022

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

**Statement of Compliance with Listed Companies  
(Code of Corporate Governance) Regulations, 2019**

Name of Modaraba: **B.F.Modaraba**  
Year ended: **June 30, 2022**

The Modaraba Management Company (hereinafter referred to as 'the Company') has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 5 as per the following:
  - a) Male: - 4
  - b) Female: - 1
2. The composition of Board of Directors ('the Board') is as follows:

Category	Name
<b>Independent Director</b>	Mr. Muhammad Samiullah Ms. Tasneem Yusuf
<b>Executive Director</b>	Mr. Muhammad Omar Amin Bawany
<b>Non-Executive Director</b>	Mr. Ahmed Ali Bawany Mr. Hamza Omar Bawany

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. 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;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;
7. 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. The Board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;
9. Four directors of the Company have already attended Directors' training program from recognized institutes and remaining one meet the criteria for exemption as stated in proviso to regulation 19(2) of the Regulations;

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Hamza Omar Bawany	Member

**b) HR and Remuneration Committee**

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Muhammad Omar Amin Bawany	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14. The frequency of meetings of the committees were as per following:

- a) Audit Committee – Quarterly
- b) HR and Remuneration Committee – Yearly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are as below:

- a) As per the proviso to regulation # 24 of Listed Companies (Code of Corporate Governance Regulations 2019), the same person shall not simultaneously hold the position of Company Secretary and Chief Financial Officer. However, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

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Chairman