

# Report of the Audit Committee

## Audit Committee

Mr. Ariful Islam - Chairman

Mr. Arif Faruque - Member

Mr. Akbarali Pesnani - Member

The Audit Committee of the Company comprises three (03) members, all of whom are Non-Executive Directors, including one Independent Director. The Chairman of the Committee is an Independent Director. The Audit Committee met at least once in a every quarter. Four meetings of the Audit Committee were held during the year 2024-2025.

Chief Executive Officer, Chief Financial Officer and Head of Internal Audit attend Audit Committee meetings by invitation. The Audit Committee also separately meets the external auditors at least once in a year without the presence of the Management. The Company Secretary acted as Secretary to the Committee. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
2. The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors. Further, the financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards and International Financial Reporting Standards notified by SECP.
3. The Audit Committee has reviewed and approved all related party transactions.
4. The Audit Committee takes into account any feedback from the Board of Directors and incorporates for improvement.

## INTERNAL AUDIT AND RISK MANAGEMENT

1. For appraisal of internal controls and monitoring compliance, the Company has in place an appropriately staffed, Internal Audit department. The Audit Committee reviewed the resources and performance of the Internal Audit department to ensure that they were adequate for the planned scope of the Internal Audit function. Head of Internal Audit Department and audit team has direct access to the Audit Committee.
2. An Internal Audit Risk Assessment document is submitted to the Audit Committee and based on that an Audit Plan is prepared to mitigate risks involved in the Company's operations. Audit

Committee regularly monitors the execution of Audit Plan. Further, on the basis of this plan, audits are conducted and reports are submitted. The Committee on the basis of said reports reviews adequacy of controls and compliance shortcomings in areas audited and discuss corrective actions in the light of management responses. Regular follow ups of these reports are also taken. This ensures the continual evaluation of controls and improved compliance. Minutes of Audit Committee meetings are timely circulated to the Board of Directors.

3. For continuous improvement of internal controls, the Committee also discussed the internal controls and the management letter with the external auditors.

## EXTERNAL AUDIT

1. The external auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with internal auditors was ensured. Major findings arising from audits and any matters that the external auditors highlighted were freely discussed with them and resolved on time.
2. The Audit Committee has reviewed and discussed with the external auditors and management; all the Key Audit Matters and other issues identified during the external audit along with the methods used to address the same.
3. Being eligible for reappointment, the Audit Committee has recommended, M/s. Grant Thornton Anjum Rahman, Chartered Accountants as External Auditor of the Company for the year ending June 30, 2026 as it is one of the reputable audit firms and has thorough knowledge of the Company's business and industry.
4. The Company conducted annual performance evaluation of Board, Chief Executive Officer and Committees through an independent review by M/s. Grant Thornton Anjum Rahman, Chartered Accountants to ensure transparency in the process. Evaluation confirmed that Audit Committee has effectively discharged its responsibilities in accordance with its terms of reference.
5. The Company obtains taxation related services from M/s. EY Ford Rhodes, Chartered Accountants as it is one of the reputed firms in provision of said services.

By Order of the Audit Committee

August 19, 2025

  
Ariful Islam  
Chairman

# Statement of Compliance

## With Listed Companies (Code of Corporate Governance) Regulations, 2019 For the Year Ended June 30, 2025

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 8 (eight) as per the following:
 

a) Male:	7
b) Female:	1
2. The composition of Board is as follows:
 

Category	Names
Independent Directors	Mr. Abrar Hasan Mrs. Zeeba Ansar Mr. Ariful Islam
Non - Executive Directors	Mr. Omar Faruque Mr. Arif Faruque Mr. Akbarali Pesnani
Executive Directors	Mr. Azam Faruque Mr. Yasir Masood
Female Director	Mrs. Zeeba Ansar
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 the Board/shareholders as empowered by the relevant provisions of the Act 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 Act 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 Act and the Regulations;
9. Following Directors and Executives are either exempt or have attended Directors' Training program till 30 June 2025:

Name of Directors & Executives	
Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbar Ali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Abrar Hasan	Director
Mr. Yasir Masood	Director & Chief Operating Officer
Mrs. Zeeba Ansar	Director
Mr. Ariful Islam	Director

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**

Mr. Ariful Islam  
Mr. Akbarali Pesnani  
Mr. Arif Faruque

Chairman  
Member  
Member

**b) Human Resource (HR) and Remuneration Committee**

Mr. Abrar Hasan  
Mr. Azam Faruque  
Mr. Omar Faruque

Chairman  
Member  
Member

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee.  
b) HR and Remuneration Committee.

Quarterly  
Yearly

15. The Board has set up an effective internal audit function supervised by a head of internal audit who is considered suitably qualified and experienced for the purpose and is 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 Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

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

On behalf of the Board of Directors



OMAR FARUQUE  
CHAIRMAN

Karachi: 21 August 2025



AZAM FARUQUE  
CHIEF EXECUTIVE

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Cherat Cement Company Limited  
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 Cherat Cement Company Limited (the Company) for the year ended 30 June 2025 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 Company'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 Company's personnel and review of various documents prepared by the 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 Company's corporate governance procedures and risks.

The Regulations require the 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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2025.



Chartered Accountants

Karachi  
Date: 26 August 2025  
UDIN: CR2025100933NQJ7jVuD