



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DADEX ETERNIT LIMITED 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 DADEX ETERNIT LIMITED for the year ended June 30, 2023 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 June 30, 2023.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph Reference	Description
(i)	31(7) & (8)	All Companies shall ensure that internal audit reports are provided for the review of external auditors. The auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board. However, the internal audit reports have not been shared with external auditors.
(ii)	24	The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company. However, it has been noted that contrary to the regulation of the Code of Corporate Governance, the current Company CFO, has been appointed as the Company Secretary, during the year, effective from June 21, 2023, for an interim duration.

KARACHI

DATED: 20 September, 2023

UDIN: CR2023100675jgxYv81o

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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

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

1. The total number of directors are 07 as per the following:-

- a. Male: 05
- b. Female: 02

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Syed Shahid Ali Bukhari Mrs. Amber Ahmed Motiwala Mrs. Ayesha Tariq Allawala
Non-Executive Directors	Mr. Abu Talib H.K. Dada Mr. Maqbool H.H. Rahimtoola Mr. Shahzad M. Husain
Executive Director	Mr. Sikander Dada

- 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 these 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 these Regulations;

9. Four out of Seven Directors have confirmed that they possess requisite educational and directorship experience on the board of listed companies and hence are exempted from the requirement of attending Directors' Training Program. One Director has already attended Directors' Training Program. Remaining two directors will attend Directors' Training in coming fiscal year.
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**

Chairman:	Mr. Syed Shahid Ali Bukhari
Members:	Mr. Shehzad M. Husain Mr. Maqbool H.H. Rahimtoola Mrs. Amber Ahmed Motiwala

**b) HR and Remuneration Committee**

Chairperson:	Mrs. Ayesha Tariq Allawala
Members:	Mr. Maqbool H.H. Rahimtoola Mr. Abu Talib H.K. Dada

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 of the committee were as per following:-
 

a) Audit Committee	Four meetings (Quarterly)
b) HR and Remuneration Committee	One meeting
15. The Board has set up an effective internal audit function comprising of personnel who are 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, these 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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No.	Requirement	Explanation	Reg. No.
(i)	All Companies shall ensure that internal audit reports are provided for the review of external auditors. The auditors shall discuss any major findings in relation to the reports with the Audit Committee, which shall report matters of significance to the Board. However, the internal audit reports have not been shared with external auditors.	The Company is reorganizing its Management and improving its internal audit function. Due to constraints of financial and human resource, an internal audit reporting deficiency has been identified and will be remedied during the current fiscal year.	31(7), 31(8)
(ii)	The same person shall not simultaneously hold office of Chief Financial Officer (CFO) and the Company Secretary of a listed company. However, contrary to the regulation of the Code of Corporate Governance, Mr. Muhammad Yousuf, the current Company Chief Financial Officer, has been appointed as the Company Secretary, replacing Mohammad Irfan, effective from June 21, 2023, for an interim duration.	The Company has initiated the hiring process and is in due course of interviewing shortlisted candidates for the post of Company Secretary.	24

KARACHI: SEPTEMBER 20, 2023



**SHAHZAD M. HUSAIN**  
CHAIRMAN