

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

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

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

a)	Male:	6
b)	Female:	1
  
2. The composition of board is as follows:
 

a)	Independent Director	Mr. Aziz-ul-Haque
b)	Other Non-executive Directors	Mr. Ghazanfar Baber Siddiqi Mr. Waseem-ul-Haque Ansari Mrs. Nida Jamil
c)	Executive Directors	Mr. Ishtiaq Ahmed Mr. Abdul Basit Syed Maqbool Ali
  
3. Six Directors have confirmed that they are not serving as Director in more than seven listed Companies including this Company, however, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.
  
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
  
6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by 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 requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.




8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Three Directors are qualified under the directors training program. During the year the board did not arrange training program. However, we will arrange the same in the next coming session.
10. Fractional portion of less than one has been treated as 1 being natural person for the purpose of calculation of number of Executive Directors as per relevant requirement of the Regulations.
11. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
12. CFO and CEO duly endorsed the financial statements before approval of the board.
13. The board has formed committees comprising of members given below:
  - a) Audit Committee :

Mr. Aziz-ul-Haque	Chairman
Mr. Waseem-ul-Haque Ansari	Member
Mr. Ghazanfar Baber Siddiqi	Member
  - b) HR and Remuneration Committee :

Mr. Aziz-ul-Haque	Chairman
Mr. Ghazanfar Baber Siddiqi	Member
Mr. Ishtiaq Ahmed	Member
14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
15. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - a) Audit Committee : 4 meetings during the financial year ended June 30, 2022
  - b) HR and Remuneration Committee: 1 annual meeting held during the financial year ended June 30, 2022
16. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
18. 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.
19. We confirm that all other requirements of the Regulations have been complied with.



**Ishfaq Ahmed**  
Chief Executive Officer



**Syed Maqbool Ali**  
Director

**Dated: September 27th, 2022**  
**Place: Karachi**



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## REVIEW REPORT TO THE MEMBERS 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 Dewan Cement Limited (the Company) for the year ended 30 June 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 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.

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- a) It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors; but, there is only one independent director, Mr. Aziz ul Haque serving as independent director on the board of the Company. Further, Mr. Aziz ul Haque in our view neither meet the criteria of independence on account of his cross directorship in associated companies;
- b) The chairman of the Audit Committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason referred in paragraph (a) above; and
- c) The chairman of the HR and Remuneration Committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason referred in paragraph (a) above.

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended 30 June 2022.

Further, we highlight the following instances where;

- a) One of the directors of the Company is serving as a director in more than seven listed companies as disclosed in the note 3 of the Statement of Compliance; and
- b) As disclosed in note 9 of the Statement of Compliance three directors are qualified under the directors' training program which is less than the prescribed criteria of the directors' training program as by 30 June 2022 all the directors are required to acquire prescribed certification

**Dated: September 28th, 2022**

**Place: Karachi**

Engagement partner: Muhammad Faisal Nini

UDIN: CR202210178Ya2pRdxIC



CHARTERED ACCOUNTANTS