

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

For The Year Ended June 30, 2023

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 : 7
 - b. Female : The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.
2. The composition of board is as follows:

a) Independent Director	Mr. Aziz-ul-Haque
b) Non-executive Directors	Mr. Ishtiaq Ahmad Mr. Abdul Basit Mr. Mehmood-ul-Hassan Asghar Syed Maqbool Ali Mr. Muhammad Irfan Ali
c) Executive Director	Mr. Waseem-ul-Haque Ansari
3. Six Directors have confirmed that none of them is serving as director on more than seven listed companies, including this company, whereas 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 of the Directors are qualified under the directors training program. We will arrange Director Training Program in the coming session.
10. 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.
11. CFO and CEO 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. Aziz-ul-Haque | Chairman |
| | Mr. Ishtiaq Ahmad | Member |
| | Syed Maqbool Ali | Member |
| b) HR and Remuneration Committee | Mr. Aziz-ul Haque | Chairman |
| | Mr. Waseem-ul-Haque Ansari | Member |
| | Syed Maqbool Ali | 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 | 4 meetings of the audit committee were held during the financial year ended June 30, 2023 |
| b) HR and Remuneration Committee | 1 annual meeting held during the financial year ended June 30, 2023 |
15. 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.
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 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.
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.

DEWAN AUTOMOTIVE ENGINEERING LIMITED

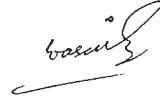
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

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

S. No.	Non-Mandatory Requirement	Reg No.	Explanation
1	Directors' Training.- It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19	Currently, three Directors are qualified under the directors training program. The Company is encouraging and planning to arrange DTP certification for the remaining Directors.



Ishtiaq Ahmad
Chairman Board of Directors



Waseem-ul-Haq Ansari
Chief Executive

Karachi: September 26, 2023

Independent Auditor's Modified Review Report to the Members of Dewan Automotive Engineering Limited

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 ('the Board') of **Dewan Automotive Engineering Limited** (the Company) for the year ended 30 June 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. 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 Code were observed which are not stated in the Statement of Compliance:

- The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our view does not meet the criteria of independence on account of his cross directorship in associated companies; accordingly, due to the foregoing reasons, requirements of chairman of audit and HR Remuneration Committee to be an independent director has also not been complied with.



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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Further, we highlight below instances of non-compliance with the requirements of the Codes as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S.No Reference Description

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| (1) | Paragraph 1 | The company has no female director in its Board, as required by the Regulations. |
| (2) | Paragraph 2 | The board of the directors includes only one independent director, which is below the limit of one third of the board, as required by regulations. |
| (3) | Paragraph 3 | One of the directors of the Company is serving as a director in more than seven listed companies. |
| (4) | Paragraph 9 & 19 | 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 2023 all the directors are required to acquire prescribed certification. |

CHARTERED ACCOUNTANTS
Engagement partner: Fasih uz Zaman

Dated: September 28, 2023

Karachi

UDIN: CR202310179s8Hgueqmd