



FIRST ELITE CAPITAL MODARABA

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2023

The Crescent Modaraba Management Company Limited ("The Management Company") is a Public Limited Company and is not listed on Stock Exchange. However, the First Elite Capital Modaraba ("the Modaraba") is listed on Pakistan Stock Exchange Limited. The Board of Directors ("the Board") of Crescent Modaraba Management Company Limited is responsible for the management of the affairs of the Modaraba.

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

1. The total number of directors are 7 as per the following,
 - a. Male : 5
 - b. Female : 2
2. The composition of the board is as follows:

NAME	CATEGORY
Mr. Muneeb Ahmed Dar	Non-Executive Director
Mr. Aamir Iftikhar Khan	Executive Director
Dr. Sardar Ahmad Khan	Non-Executive Director
Mr. Ghazanfar Farrokh	Non-Executive Director
Mr. Muhammad Javed Amin	Non-Executive Director
Mrs. Rukhsana Javed Amin	Non-Executive Director
Mrs. Shahana Javed Amin	Non-Executive Director

 - 2.1. Currently there are no independent directors but the company intends to appoint/elect the independent directors in due course of time.
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 Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management 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 of directors of the Management Company/certificate holders of the Modaraba, (where ever applicable), as empowered by the relevant provisions of the Companies Act, 2017 (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. The Board has arranged Directors' Training program for the following:
 - a) Mr. Muneeb Ahmed Dar
 - b) Mr. Ghazanfar Farrokh
 - c) Mrs. Shahana Javed Amin
 - d) Mr. Aamir Iftikhar Khan
 - e) Mr. Muhammad Javed Amin
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. Ghazanfar Farrokh	Chairman
Mr. Muneeb Ahmed Dar	Member
Mrs. Shahana Javed Amin	Member
 - b) **HR and Remuneration Committee**

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Member
Mr. Ghazanfar Farrokh	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 of the committee were as per following,-
 - a) Audit Committee Quarterly
 - b) HR and Remuneration Committee Annually
15. The board has outsourced the internal audit function to M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company;
16. The statutory auditors of the Modaraba 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 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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; Currently there are no independent directors but the company intends to appoint/elect the independent directors in due course of time.
19. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief Financial officer and Company Secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Modaraba has adopted explanation approach as the management is of the view, that the current CFO and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost-effective measure that is in the better interest of the certificate holders of the Modaraba, therefore hiring a separate person for both position is not feasible.

MUNEEB AHMED DAR
CHAIRMAN

Date: September 28, 2023



FIRST ELITE CAPITAL MODARABA

INDEPENDENT AUDITORS' REVIEW REPORT

To the Certificate Holders of First Elite Capital 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 **Crescent Modaraba Management Company Limited**, the management company of **First Elite Capital Modaraba** 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.

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

Engagement Partner: Shahid Mohsin Shaikh - FCA

Date: September 28, 2023

Place: Lahore