

# FIRST IBL MODARABA

## 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 4 as per the following,-

- \* a. Male: 4
- \*\* b. Female: 0

\* The requirement of minimum 7 directors does not apply to Modaraba as Modaraba is being managed by a Management Company which is Private Limited by its nature.

\*\* Steps are being taken for appointment of Female Director on the Board of Directors.

2. The composition of the Board is as follows:

Category	Names
Independent Director*	Mr. Iftikhar Hameed Khan
Executive Director	Mr. Aamir Manzoor
Non-Executive Director	Mr. Ibrahim Hasan Murad Mr. Arslan Khan Khakwani - Chairman

\*Mr. Naveed Amin, Independent Director resigned on March 31, 2021. In his place Mr. Iftikhar Hameed Khan was appointed on January 24, 2022 as an Independent Director.

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. All the Directors on the Board have not acquired certification under Directors' Training Program as prescribed.

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. Iftikhar Hameed Khan	Chairman*
Mr. Ibrahim Hasan Murad	Member
Mr. Arslan Khan Khakwani	Member

**b) HR and Remuneration Committee**

Mr. Iftikhar Hameed Khan	Chairman*
Mr. Arslan Khan Khakwani	Member
Mr. Ibrahim Hasan Murad	Member

\* Mr. Iftikhar Hameed Khan was appointed as Chairman Audit Committee and Chairman of HR & R Committee as an Independent Director on January 24, 2022 as office of the Chairman remained vacant for the first 2 quarters of the current financial year.

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*	2
b) HR & Remuneration Committee	0

\* Audit Committee Meetings were not held for first two quarters of the current year because office of the Chairman remained vacant as Mr. Iftikhar Hameed Khan was appointed as an independent director on January 24, 2022.

15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who 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 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, 8, 32, 33 and 36 of the Regulations have been complied with except 6, 7, 27(1)(i)(ii) and 27(2)(i)
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36:

<b>Sr. No.</b>	<b>Regulation No.</b>	<b>Description</b>	<b>Explanation</b>
1	19	By June 30, 2022, all directors shall acquire certification under director training program.	Directors' Training Program shall be organized for Directors by or before end of June 30, 2023.
2	28(2)	The Chairman of HR & R Committee shall be independent director.	Mr. Iftikhar Hameed Khan, Chairman of HR & R Committee was not appointed for first two quarters of the year, due to casual vacancy of an independent director.
3	28(3)	HR & R Committee shall meet at least once in a financial year.	HR & R Committee meeting was not held in the financial year because quorum of meeting was not completed due to non availability of committee members .
4	31(2)	Appraisal of Head of Internal Audit shall be done jointly by Chairman of audit committee and CEO.	Appraisal of Head of Internal Auditor could not be done as HR & R Committee meeting was not held in the financial year because quorum of meeting was not completed.

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**Aamir Manzoor**  
 Chief Executive  
 September 29, 2022

**INDEPENDENT AUDITOR’S REVIEW REPORT TO THE MEMBERS  
OF  
FIRST IBL 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 IBL Modaraba Management (Private) Limited (“the Company”) for and on behalf of First IBL Modaraba (“The Modaraba”) for the year ended June 30, 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 of the Modaraba. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba 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 Modaraba 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 Modaraba corporate governance procedures and risks.

The Regulations require the Modaraba 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 Modaraba compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

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

<b>Sr. No.</b>	<b>Paragraph Reference</b>	<b>Description</b>
1.	18	At least one Female Director is not elected on the Board of Directors of the Company of the Modaraba.
2.	18	Audit Committee was not comprised of three members for first two quarters of the year as required under clause 27 of the Regulations.
3.	18	The Chairman of the Audit Committee was not appointed for first two quarters of the year, due to casual vacancy of an independent director, as required under clause 27 of the Regulations.
4.	18	Audit Committee meetings were not held for first two quarters of the year as required under clause 27 of the Regulations.
5.	18	Application for appointment of Independent Director was not filed within 90 days of occurrence of its casual vacancy as required under clause 26 of the Modaraba Regulations.
6.	19	None of the Directors have acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.
7.	19	The Chairman of the Human Resource & Remuneration Committee was not present due to casual vacancy of an independent director for first two quarters of the year. Meeting of the Human Resource & Remuneration Committee was not held in the financial year as required under clause 28 of the Regulations.
8.	19	Performance appraisal of Head of Internal Audit is not done jointly by the Chairman of Audit Committee and Chief Executive Officer as required under clause 31 of the Regulations.

Lahore

Dated: September 29, 2022

UDIN: CR202210051rlphE2PVu

**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*