

# FIRST IBL MODARABA

## 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 2\* as per the following,-

- a. Male: 2
- b. Female: -

\* The requirement of minimum 7 directors does not apply to Modaraba Management Company being Private Limited Company.

Further, Election of directors was due on May 30, 2023. The Company could not hold election on due time; however, necessary legal step shall be taken to conduct election of directors.

2. The composition of the Board is as follows:

Category	Names
Independent Director*	
Executive Director**	Mr. Arslan Khan Khakwani – Acting CEO & Chairman
Non-Executive Director	Mr. Ibrahim Hasan Murad
Female Director***	

\*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

\*\*Mr. Aamir Manzoor, Chief Executive resigned on May 9, 2023. Mr. Arslan Khan Khakwani was appointed as Acting CEO & Chairman till the subsequent appointment of CEO on the Board. Mr. Muhammad Ibrahim Qazi was appointed on July 20, 2023 as Chief Executive after approval from SECP.

\*\*\*Ms. Faiza Jabeen has been appointed as Non-Executive Director on Board as on July 31<sup>st</sup> 2023 after obtaining approval from SECP.

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. One member of the Board is exempted from Director's Training by virtue of his requisite qualification and experience of serving on the Board of listed company.
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. Ibrahim Hasan Murad	Member
Mr. Arslan Khan Khakwani	Member

\*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

**b) HR and Remuneration Committee**

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

\*Mr. Iftikhar Ahmad Khan, Independent Director resigned on May 9, 2023. In his place Mr. Salman Ahmad was appointed on September 5, 2023 as an Independent Director after approval from SECP.

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
b) HR & Remuneration Committee	1
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, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
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	9	The Chairman and the Chief Executive Officer shall not be the same persons.	Mr. Aamir Manzoor, Chief Executive Officer (CEO) resigned on May 9, 2023 and Mr. Arslan Khan Khakwani (Chairman) was appointed as Acting CEO till the appointment of subsequent CEO on the Board. To fill the casual vacancy, Mr. Muhammad Ibrahim Qazi was appointed on July 20, 2023 as CEO after approval from SECP.
2	19	By June 30, 2022, all directors shall acquire certification under director training program.	The Board shall take appropriate steps to arrange Directors' Training Program for remaining one director Mr. Ibrahim Hasan Murad.

**Muhammad Ibrahim Qazi**

Chief Executive

Dated October 2, 2023

**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 for and on behalf of First IBL Modaraba ("The 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. 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 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 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.	1 & Section 161 of the Companies Act, 2017	The Board has not conducted election of Directors, as the elections were due on May 30, 2023, as required under section 161 of the Companies Act, 2017.
2.	9 & 19	One Director out of the two Directors has not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.
3.	19	The Chairman and the Chief Executive Officer of the Company were not the different persons as required under clause 9 of the Regulations.

Lahore  
Dated: October 3, 2023  
UDIN: CR202310051ByGJEago9

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