

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

First Paramount Modaraba ("the Modaraba") managed by Paramount Investments Limited (the Management Company)

### For the Year Ended 30 June 2022

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

1. The total number of Directors are seven (07) as per the following:

- a. Male: 7
- b. Female: -

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Humayun Mazhar Qureshi Mr. Habib Ahmed Navaid
Non-Executive Directors	Mr. Tanveer Ahmed Magoon Mr. Nadeem Iqbal Mr. Pir Muhammad Kaliya Mr. Abrar Ahmed
Executive Director	Mr. Syed Wajih Hasan (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Management 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 Management 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 Management 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. Out of seven, four Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program. However, remaining directors will attain the certification in due course;
10. Appointment of new CFO has been made during the year;
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**

<b>Names</b>	<b>Designation held</b>
Mr. Habib Ahmed Navaid	Chairperson
Mr. Nadeem Iqbal	Member
Mr. Pir Muhammad Kaliya	Member

**b) HR and Remuneration Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Humayun Mazhar Qureshi	Chairperson
Mr. Tanveer Ahmed Magoon	Member
Mr. Nadeem Iqbal	Member
Mr. Syed Wajih Hasan	Member

**c) Risk Management & Credit Committee**

<b>Names</b>	<b>Designation held</b>
Mr. Nadeem Iqbal	Chairperson
Mr. Habib Ahmed Navaid	Member
Mr. Tanveer Ahmed Magoon	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 committees were as per following:

**a) Audit Committee**

Four quarterly meetings were held during the financial year ended 30 June 2022.

**b) HR and Remuneration Committee**

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2022.

15. The board has set up an effective internal audit function (outsourced to a firm of 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 Management 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 Management 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 have been complied with except of the following;
- a) Regulation 7 requires that the Board shall have at least one female director when it is reconstituted after the expiry of its current term. However, no female director was elected at the time of election of directors held couple of years ago.
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

<b>Sr. No.</b>	<b>Requirement</b>	<b>Explanation of Non-compliance</b>	<b>Regulation No.</b>
1.	<p><b>Appointment of Company Secretary</b></p> <p>The same person shall not simultaneously hold office of Chief Financial Officer and the Company Secretary of a listed company.</p>	Currently, the Chief Financial Officer is acting as Company Secretary of the Management Company till the position of Company Secretary is fulfilled. The Board shall consider appointing Company Secretary on urgent basis for compliance with the requirement of the Regulation.	24
2.	<p><b>Nomination Committee</b></p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider constituting nomination committee after next election of directors.	29

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

TANVEER AHMED MAGOON  
**Chairman**

October 06, 2022  
Karachi

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRST PARAMOUNT MODARABA**

**To the members of First Paramount 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 Paramount Investments Limited ("the Management 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 Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Management 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 Management Company's personnel and review of various documents prepared by the Management 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 Management Company's corporate governance procedures and risks.

The Regulations require the Management 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.

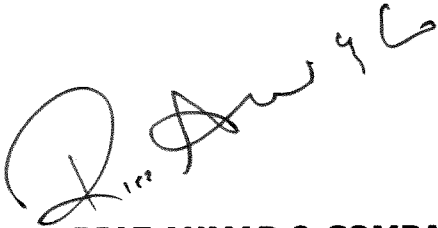
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Management Company for the year ended 30 June 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected or not in the paragraph reference where these are stated in the Statement of Compliance:

# Riaz Ahmad & Company

Chartered Accountants

<b>SR. NO.</b>	<b>PARAGRAPH REFERENCE</b>	<b>DESCRIPTION</b>
(i)	18	As per regulations 7 of the Regulations, the Board shall have at least one female director when it is reconstituted after the expiry of its current term. However, no female director was elected at the time of election of directors held during the year.
(ii)	19	As per regulation 24 of the regulations, the same person shall not simultaneously hold office of chief financial officer and company secretary of a listed company. However, the same person is currently acting both as a CFO and company secretary at the same time.
(iii)	19	As per regulation 29 of the regulations, The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: 07 October 2022**

**UDIN: CR202210045i4zKTBYWV**