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 2023

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 Hassan (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 the 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. No new appointment of Chief Financial Officer and Company Secretary has been made during the year;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

CamScanner

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Habib Ahmed Navaid	Chairperson
Mr. Nadeem Iqbal	Member
Mr. Pir Muhammad Kaliya	Member

b) HR and Remuneration Committee

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

C) Risk Management & Credit Committee

Names	Designation held
Mr. Nadeem Iqbal	Chairperson
Mr. Habib Ahmed Navaid	Member
Mr. Tanveer Ahmed Magoon	Member

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 2023.

b) HR and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2023.

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;

CamScanner

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 last year.

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation No.
1	**Representation of minority shareholders** The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest as director representing minority shareholders.	5
2	**Responsibilities of the Board and its members**: The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement.	Since all the directors have been re-elected, issuance of fresh letter has not been considered appropriate. All the directors are experienced and are well aware of their role, obligations, powers and responsibilities in accordance with the Act and applicable Rules.	10(5)
3	**Minutes of meeting:** The Chairman shall ensure that minutes of the meetings of the Board are kept in accordance with the requirements of section 179 of the Act. During the year, the resolution through circulation was passed but does not noted at subsequent meeting of the board or the committee thereof, as the case may, and made part of minutes of such meeting.	Resolutions through circulation are made part of the meeting in one of the subsequent Board meetings. However, it will be ensured that each approved resolutions is covered in the immediate Board meeting, held after the approval of the respective resolution.	12
4	**Minutes of Board Meeting** As per regulation 12(1) of the regulations together read with section 178(4) of Companies Act, 2017, minutes of meeting shall be furnished within fourteen days of the date of meeting.	Minutes of the Board meetings are circulated as per the regulations. However, circulation summary or notes shall be separately maintained for the next meetings.	
5	**Qualification of company secretory:** The same person shall not simultaneously hold office of Chief Financial Officer and the Company Secretary of a listed company.	Currently, the Chief Financial Officer is acting as a secretory of Management Company till the position of Company Secretary is fulfilled. The Board will consider appointing Company Secretary for compliance with the requirement of the Regulation.	24
6	**Composition of internal audit function** The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer.	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. The internal audit function reports directly to the audit committee. The audit committee, in consultation with the Chief Executive Officer, reviews the performance and other matters of the internal audit function.	31(2)

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
Karachi 03 octobar 2023

CamScanner

Riaz Ahmad & Company
Chartered Accountants

Office No. 5, 20th Floor
Bahria Town Tower, Block 2
P.E.C.H.S., Karachi, Pakistan
T: +92 (21) 3431 08 26 - 7
racokhi@racopk.com
www.racopk.com

INDEPENDENT AUDITOR'S REVIEW REPORT

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 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 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 2023.

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:

CamScanner

Riaz Ahmad & Company
Chartered Accountants

SR. NO.	PARAGRAPH REFERENCE	DESCRIPTION
(i)	6	The number of independent directors appointed is less than the number prescribed by the Regulations i.e., at least two or 1/3 members of the Board, whichever is higher and is not rounded up as one.
(ii)	7	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.
(iii)	27(5)	As per regulations 27(5) of the Regulations, the secretary of audit committee shall circulate minutes of meetings of the audit committee to all members, directors, head of internal audit and where required to chief financial officer prior to the next meeting of the Board: Provided that where this is not practicable, the chairman of the audit committee shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated along with the minutes of the meeting of the Board. However, Audit committee minutes are not circulated to all the respective persons. Circulation summary or notes shall be separately maintained for the next meetings.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 05 OCTOBER 2023
UDIN: CR202310045zRPkMob31

CamScanner