

Statement of Compliance with Listed Companies

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Khairpur Sugar Mills Limited (the Company) has complied with the requirements of listed Companies (Code of Corporate Governance) Regulations 2019, in the following manner:

Name of Company : **KHAIRPUR SUGAR MILLS LIMITED**

For the Year ended : **SEPTEMBER 30, 2023**

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

Sr. No.	Category	Number
a)	Male:	Five (5)
b)	Female:	Two (2)

2. The composition of the Board is as follows:

Sr. No.	Category	Number
(i)	Independent Directors	Mr. Asif Khan Brohi Lt. Gen (Rtd.) Tahir Mahmud Qazi
(ii)	Non-Executive Directors	Mr. Fahad Mubeen Jumani Mrs. Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani
(iii)	Executive Directors	Mr. Muhammad Mubeen Jumani Mr. Faraz Mubeen Jumani
(iv)	Female Directors	Mrs. Qamar Mubeen Jumani Miss. Arisha Mubeen Jumani

Fraction (0.33) related to the requirement for number of independent Director is less than 0.5 and therefore, has not been rounded up as one.

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company.
- 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.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
- 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 Companies Act 2017 (the Act) and the Regulations.
- The meetings of the Board were presided over by the Chairperson 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 Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
9. Out of the seven (7) Directors, five (5) directors of the company meet the exemption requirements for the Director Training Program (DTP). The remaining two (2) directors, who were independent directors, who have not taken/attended the Director Training Program (DTP) and/or registered with the notified institute, did have the requisite experience and knowledge to discharge and execute their duties competently.
10. There were no new appointments of the Chief Financial Officer, Company Secretary and the head of internal audit, however, all such appointments including their remuneration and terms and conditions of employment are 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 had formed committees comprising of members given below:

Sr. No.	Name of Committee	Composition	
		Name	Designation
(i)	Audit Committee	Mr. Asif Khan Brohi	Chairman/Member
		Lt. Gen. (Rtd.) Tahir Mahmud Qazi	Member
		Mrs. Qamar Mubeen Jumani	
(ii)	Human Resource and Remuneration Committee	Mr. Asif Khan Brohi	Chairman/Member
		Lt. Gen. (Rtd.) Tahir Mahmud Qazi	Member
		Mrs. Qamar Mubeen Jumani	

13. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) were during the financial year as per following:

Sr. No.	Name of Committee	Number of meetings held during the Financial Year ended September 30, 2023
01.	Audit Committee:	Four (04)
02.	Human Resource and Remuneration Committee	One (01)

15. The Board has set up an effective internal audit function 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 (ICAP) 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 (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parents, 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;

19. Explanation for non-compliance with requirements, other than Regulations 3, 7, 8, 27, 32, 33 and 36 are given below:

Sr. No.	Requirement	Regulation Number	Explanation of Non - Compliance
01.	<p>Appointment of Independent Directors in terms of section 166(1) of The Companies Act 2017 and Code of Corporate Governance Regulations, 2019: As per the provision of Section 166(1) of The Companies Act 2017 and Code of Corporate Governance Regulations, 2019 the Independent Director should be elected from the Pakistan Institute of Corporate Governance (PICG) database bank's nomination process.</p>	06	The Current term of the company board is going to over in April 23, 2024, and the company is committed to elect new Independent Director form the database of the Pakistan Institute of Corporate Governance (PICG) to make necessary compliance in this regard.
02.	<p>Nomination Committee 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>	29	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee. The Board will constitute a Nomination Committee before the end of the next financial year.
03.	<p>Risk Management Committee: The Board may constitute the risk management committee of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.</p>	30	Currently, the board has not constituted a risk Management committee and senior officers of the Company performs the requisite-functions and apprises the Board accordingly. The Board will constitute a Risk Management Committee before the end of the next financial year.



Mrs. Qamar Mubeen Jumani
Chairperson

Dated: December 28, 2023
Place: Karachi

Independent Auditor's Review Report

To the members of Khairpur Sugar Mills Limited

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 **Khairpur Sugar Mills Limited** ("the Company") for the year ended September 30, 2023 in accordance with the requirement of regulation 36 of the Regulation.

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 Regulation 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 transaction by the board of directors upon recommendations 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 September 30, 2023.

Further we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the Statement of Compliance:

- Two (2) directors of the Company, who are independent directors, were not elected from the Pakistan Institute of Corporate Governance (PICG) database bank as required by section 166(1) of the Companies Act 2017.
- The Company has explained the non-compliance of Director Training Program and non-constitution of separate Nomination, and Risk Management Committee in the statement of Compliance.


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: December 29, 2023
UDIN: CR202310127KF5AgHUBv