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# Independent Auditor's Review Report

## TO THE MEMBERS OF MILLAT TRACTORS 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 Millat Tractors Limited (the 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 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 30 June 2023.

EY Ford Rhodes  
Chartered Accountants  
Lahore: October 04, 2023

UDIN: CR202310079RLWxSOfZK

# Statement of Compliance

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

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

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

- a. Male: eight
- b. Female: one

2. The composition of board is as follows:

Category	Names
i) Independent Directors	Mr. Nasar Us Samad Qureshi
	Mr. Muhammad Javed Rashid
	Mrs. Ambreen Waheed (Female Director)
ii) Non-executive Directors	Mr. Sikandar Mustafa Khan
	Mr. Laeeq Uddin Ansari
	Mr. Qaiser Saleem
iii) Executive Directors	Mr. Saad Iqbal
	Mr. Sohail Bashir Rana
	Mr. Raheel Asghar, CEO*

\*the member replaced Syed Muhammad Irfan Aqueel in November, 2022.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company; (excluding the listed subsidiaries of listed holding companies)

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 significant policies along with the 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 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 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 these Regulations;

9. During the year one head of department and a female executive completed the Directors' Training Program arranged by the Company. All directors have either acquired the prescribed certification or meet exemption criteria as contained in these regulations;

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. Nasar Us Samad Qureshi, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mr. Qaiser Saleem,	Member
Mr. Saad Iqbal,	Member
Mr. Muhammad Javed Rashid,	Member

### b) HR and Remuneration Committee

Mr. Muhammad Javed Rashid, (Independent Director)	Chairman
Mr. Laeeq Uddin Ansari,	Member
Mrs. Ambreen Waheed,	Member
Mr. Raheel Asghar,	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 committee were as per following:-
- a) Audit Committee 04 meetings
- b) HR and Remuneration Committee 01 meeting
15. The Board has set up and effective internal audit function, the staff is 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 other requirements of the 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 are below;

Sr. No.	Requirement	Explanation for Non-Compliance	Reg. No.
1.	<b>Representation of Minority shareholders</b> 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 election as director representing minority shareholders.	5
2.	<b>Responsibilities of the Board and its members</b> Adoption of the corporate governance practices	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3.	<b>Nomination Committee</b> 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.	The Board and the HR and Remuneration Committee, collectively perform all the functions of the Nomination Committee.	29(1)
4.	<b>Risk Management Committee</b> 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.	The Board reviews the overall business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. Consequently, the Board itself performs all the functions of the Risk Management Committee.	30(1)



**SIKANDAR MUSTAFA KHAN**  
**Chairman**

Lahore:

September 25, 2023