

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of M/s. Sindh Abadgar's 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 **M/s. Sindh Abadgar's Sugar Mills Limited** ('the Company') for the year ended **September 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 September 30, 2023.

Further, we highlight below an explanation for non-compliance with a non-mandatory requirement of the code as stated in paragraphs 18 of the Statement of Compliance respectively:

S.No.	Nature of the requirement	Paragraph No.	Description
1	Non-mandatory	18	As per regulation # 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019, number of independent directors shall be at least two or one third of the total board members, whichever is higher. However, during the year September 30, 2023, the Company had only three independent directors which is less than one third of the total board members. As explained in paragraph 18 to the Statement of Compliance, as per management the three elected directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations and therefore appointment of the fourth director is not required.

Karachi.

Date: December 30, 2023

UDIN: CR202310210spUbDVrw4

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants



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

Name of the Company: SINDH ABADGAR'S SUGAR MILLS LIMITED  
Year Ending: 30.09.2023.

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

1. The total number of directors are 10 as per the following:
  - a. Male: 09
  - b. Female: 01
2. The composition of Board of Directors (BOD) is as follows:

a) Independent Director	3
b) Non-Executive Director	5
c) Executive Director	2
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 BOD have been duly exercised and decisions on relevant matters have been taken by BOD/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of BOD were presided over by the Chairman and, in his absence, by a director elected by the BOD for this purpose. BOD has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of BOD.
8. The BOD have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The company is compliant to Clause 19 of the COCG with respect to Directors' Training Programme.
10. The Board has approved appointment of CFO, Company Secretary and Head of International Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations. There was a new appointment of Internal Auditor during the year Mr. Mohammad Moin was appointment in place of Mr. Ali Raza Shamjee on 18/09/2023.

11. CFO and CEO duly endorsed the financial statements before approval of the BOD.
12. BOD has formed committees comprising of members given below:
 

a)	Audit Committee:	Mr. Zafar Ahmed Ghori Mr. Pehlaj Rai Mr. Dileep Kumar Dr. Besham Kumar	Chairman Member Member Member
b)	HR and Remuneration Committee:	Ms. Maheshwari Oasha Mr. Mohan Lal Mr. Dileep Kumar	Chairman Member Member
13. Terms of reference of aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee: Four quarterly meeting were held during the year ended 30th Sept. 2023.
  - b) HR and Remuneration Committee:  
One meeting was held during the Financial Year ended 30th September, 2023.
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 ICAP and registered with Audit Oversight Board of Pakistan, that they and or all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied and
19. The three elected independent directors have enough competencies, skills, knowledge and experience to execute their duties competently as per laws and regulations; as such appointment of Fourth director is not required.

**(Deoo Mal Essarani)**  
**Chairman**