

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the member of Shahtaj Sugar Mills Limited

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

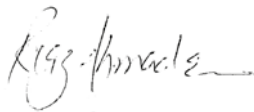
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahtaj Sugar Mills Limited (the Company) for the year ended 30 September 2023 in accordance with the requirements of 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 September 2023.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: 04 January 2024

UDIN: CR202310168CHV1MwWAj

## Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulations 2019

For the Year ended 30 September 2023

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

1. The total number of Directors are ten (10) as per the following:

- a. Male : Seven (07)
- b. Female : Three (03)

2. The composition of Board is as follows:

**Independent Directors** Mr. Zahid Ullah Khan  
Mr. Mushtaq Ahmad  
Mr. Sheikh Asim Rafiq  
Ms. Ava Ardeshir Cowasjee  
(Female Director)

**Non-Executive Directors** Mr. Toqueer Nawaz  
(Chairman)  
Mr. Rashed Amjad Khalid  
Mr. Abid Nawaz  
Mrs. Samia Shahnawaz Idris  
(Female Director)  
Mrs. Sadia Muhammad  
(Female Director)

**Executive Director** Mr. Muneer Nawaz  
(Chief Executive Officer)

3. The directors have confirmed that none of them is serving as a director on more than seven (07) 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 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 Companies Act, 2017 (the Act) and the 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 the Regulations;
9. The Board has obtained Directors' Training program for the following:

### Name of Directors

Ms. Ava Ardeshir Cowasjee  
Mr. Toqueer Nawaz  
Mr. Sheikh Asim Rafiq  
Mr. Zahid Ullah Khan  
Mr. Rashed Amjad Khalid  
Mrs. Sadia Muhammad

Following 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:

### Name of Directors

Mr. Muneer Nawaz  
Mrs. Samia Shahnawaz Idris

Following directors will be pursuing for the Directors' Training program in the financial year 2023-24:

### Name of Directors

Mr. Abid Nawaz  
Mr. Mushtaq Ahmad

10. There were no new appointments of the Chief Financial Officer, Company Secretary and 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 has formed committees comprising of members given below:

### Audit committee

Mr. Mushtaq Ahmad	Chairman
Mr. Toqueer Nawaz	Member
Mr. Zahid Ullah Khan	Member
Mr. Rashed Amjad Khalid	Member

### Human resource and remuneration committee

Mr. Sheikh Asim Rafiq	Chairman
Mr. Muneer Nawaz	Member
Mr. Toqueer Nawaz	Member
Mr. Abid Nawaz	Member
Mrs. Sadia Muhammad	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 meetings were held during the financial year ended September 30, 2023.
  - b) HR and Remuneration Committee  
One meeting of HR and Remuneration Committee was held during the financial year ended September 30, 2023.
15. The Board has set up an effective internal audit function with suitably qualified and experienced staff 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. Explanations for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33, and 36 are given below:

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
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> The Board is responsible for adoption of corporate governance practices by the Company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations.	10 (1)
3	<b>Directors' Training</b> It is encouraged that by June 30, 2022, all directors on the Board have acquired the prescribed certification under any director training program (DTP) offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Currently, 8 out of 10 directors have attained the Directors' Training program certification or are exempt from Directors' Training program. The Company has planned to arrange Directors' Training program for remaining two directors during the year ending on 30 September 2024.	19 (1)
4	<b>Requirement to attain certification</b> Companies are encouraged to arrange training for: i) at least one female executive every year under the Directors' Training Program from year July 2020; and ii) at least one head of department every year under the Directors' Training Program from July 2022.	Currently, there is no female executive employed by the Company. Further, the Company has planned to arrange DTP certification for head of department in the year ending on 30 September 2024.	19 (3)
5	<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.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
6	<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.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly.	30



TOQUEER NAWAZ  
Chairman

Karachi:  
02 January 2024