

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

Name of company: **Sana Industries Limited**

Year ending: **30<sup>th</sup> June, 2023**

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

1. The total number of directors are 7 as per the following,-

Male: 06  
Female: 01

2. The composition of the Board is as follows:

Independent directors	Mr. Shaikh Abdus Sami Ms. Zainab Hanif Dhedhi (Female)
Non-Executive directors	Mr. Mohammad Younus Nawab Mr. Ibrahim Younus Mr. Ismail Younus
Executive directors	Mr. Mohammad Irfan Nawab Mr. Mohammad Faizan Ullah

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 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 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. the board have a formal policy and transparent procedure for remuneration of directors in accordance with the companies Act, 2017 and the Regulation:

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.-

<b>Audit Committee</b>	
Ms. Zainab Hanif Dhedhi	Chairman
Mr. Mohammad Younus Nawab	Member
Mr. Ismail Younus	Member
Mr. Abdul Hussain Antaria	Secretary
<b>HR and Remuneration Committee</b>	
Ms. Zainab Hanif Dhedhi	Chairman
Mr. Mohammad Faizanullah	Member
Mr. Ismail Younus	Member
Mr. Syed Amjad Ahmed	Secretary

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,-

Audit Committee	Quarterly
HR and Remuneration Committee	Annual

15. The Board has outsourced the internal audit function to M/s. Muhammad Farooq Dandia & Co., Chartered Accountants 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 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 requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Company currently has two elected independent directors out of total seven directors on the board. Both the independent directors have requisite competencies skill, knowledge and experience to discharge and execute their duties competently as per laws and regulation under which hereby fulfill necessary requirements; therefor, not warrant the appointment of a third independent director.

20. We confirm that all other requirements of the regulation have been complied with.

For Sana Industries Limited



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Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of M/s. Sana Industries 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 Sana Industries Limited (the Company) for the year ended June 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.

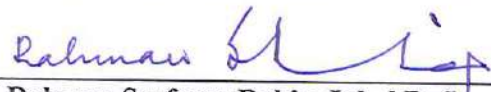
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent 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 June 30, 2023.

Further, we highlight below the instances of non-compliance made by the Company with certain requirements of the Code as stated in paragraphs 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
(1)	Explanation for non-compliance is required	19	As per Regulation no. 06 of the Regulations, a listed company shall have at least two or one-third members of the Board, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third numbers is not rounded up as one.  Since the total number of directors of the Company is 7, its one-third fraction comes to 2.33. In contrast, during the year ended June 30, 2023, the number of independent directors of the Company has been 2 (as stated in S. no. 19 of the Statement of Compliance). The Company is of the view that the two independent directors on the board had requisite competencies, skills knowledge and experience to discharge and execute their duties competently as per laws and regulations therefore the appointment of a third independent director is not considered.

Karachi.  
Date: October 06, 2023  
UDIN: CR20231021380H6NFLas

  
**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants