

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

Name of Company: **Tandlianwala Sugar Mills Limited**

Year Ended: **30 September 2022**

The statement is presented in compliance of Listed Companies (Code of Corporate Governance) Regulations, 2019 (herein referred as "The Regulations") providing a framework for corporate governance.

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

1. The total number of Directors are seven (07) as per the following:

a)	Male:	05
b)	Female:	02

2. The composition of the Board is as under:

Category	Names
<u>Executive Directors:</u>	
	Mr. Akbar Khan
	Mr. Haroon Khan
<u>Non-Executive Directors:</u>	
<i>Male:</i>	
	Mr. Ghazi Khan
	Mr. Tahir Farooq Malik
	Mr. Humayun Akhtar Khan
<i>Female:</i>	
	Mrs. Rasheeda Begum
	Mrs. Mobina Akbar Khan

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 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 Board;

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. All the Directors on the Board are well conversant with their responsibilities as Directors of corporate bodies as the Company had arranged briefing for its Directors to apprise them of their duties and responsibilities. All the Directors of the Company are exempt from obtaining certification under Directors' training programs (DTP) per criteria i-e 14 years of education and 15 years of experience on the board of a listed company.
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. However no new appointment was made during the year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed an audit committee. It comprises of following 03 (Three) Directors :

Name	Designation
Mr. Humayun Akhtar Khan	Chairman / Member
Mr. Ghazi Khan	Member
Mr. Tahir Farooq Malik	Member

The Board has formed a Human Resource and Remuneration committee. It comprises of following 03 (Three) Directors:

Name	Designation
Mr. Humayun Akhtar Khan	Chairperson / Member
Mrs. Rasheeda Begum	Member
Mr. Tahir Farooq Malik	Member

The Board has not constituted a separate "Nomination committee" and "Risk Management Committee" as the responsibilities of these committees is being taken care of at the Board level as when required. Therefore, a need for the separate formation of these committees does not exist.

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) of the committees were as per following:
 - a) Audit Committee: 05 meetings held during the year ended on September 30, 2022; and

- b) HR and Remuneration Committee: 01 meeting held during the year ended on September 30, 2022.
15. The Board has set up an effective internal audit function / or has outsourced the internal audit function to who are considered suitably qualified and experienced professional 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 Accountant 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 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 the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; except the following:
- a) The Company did not have any Independent Director during the year ended 30 September 2022 as per the requirement of clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - b) None of the members (including Chairman) of the Audit Committee is an Independent Director as per sub-clause (i)&(ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - c) None of the members of the Human Resource & remuneration Committee is an Independent Director as per Section 28(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - d) The CFO of the Company also holds the position of Company Secretary.

On Behalf of the Board

Lahore: January 06, 2023

GHAZI KHAN
CHAIRMAN

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Tandlianwala 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 **Tandlianwala Sugar Mills Limited** ("the Company") for the year ended September 30, 2022 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph reference	Description
i) Paragraph 18 (a)	<i>At present there is no independent director on the Company's Board of Directors as required under the clause (1) of Section 6 of Listed Companies (Code of Corporate Governance) Regulations, 2019.</i>
ii) Paragraph 18 (b)	<i>Under the sub-clause (i & ii) of clause 1 of Section 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Audit Committee shall have at least one independent director who shall preferably be the chairman of the committee. Since, there is no Independent Director on the Board, this requirement is not complied with.</i>
iii) Paragraph 18 (c)	<i>Under the clause 1 of Section 28 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Human Resource and Remuneration Committee shall have at least one independent director. Since, there is no Independent Director on the Board, this requirement is not complied with.</i>
iv) Paragraph 18 (d)	<i>The Chief Financial Officer of the Company also holds the position of Company Secretary.</i>

Place: Lahore

Date: January 2023

UDIN: CR202210300rRVZQuGXT

UHY Hassan Naeem & Co.
Chartered Accountants
(Mr. Ibne Hassan)