

# REPORT OF THE BOARD AUDIT COMMITTEE

## IN ADHERENCE TO THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2023 and reports that:

### Corporate Governance

1. The Company has adhered in full, without any material departure, to both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019 the Company's Code of Conduct and Values, and the international best practices of governance throughout the year.
2. The Company has issued a Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 which has also been reviewed and certified by the auditors of the Company.
3. Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in the preparation of the financial statements of the Company on a going concern basis for the financial year ended June 30, 2023, which fairly presents the state of affairs, results of operations, profits, cash flows, and changes in equity of the Company for the year under review.
4. The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman and Directors' Reports. They acknowledge their responsibility for a true and fair presentation of the financial statements, the accuracy of reporting, compliance with regulations and applicable accounting standards, and establishment and maintenance of internal controls and systems of the Company.
5. Accounting estimates are based on reasonable and prudent judgment. Proper, accurate, and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
6. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017, and applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) notified by the SECP.
7. All direct and indirect trading in and holdings of the Company's shares by directors and executives or their spouses were duly notified in writing to the Company Secretary along with the price, the number of shares, form of shares, and the nature of the transaction. All such transactions were disclosed at the PSX and reported to the Board of Directors.

### Risk Management and Internal Control

1. The Company has in place a Risk Management Framework through which risks are identified, analyzed, evaluated and mitigated through appropriate actions in the form of policies and procedures. The company periodically monitors the emerging risks, suggests actions and obtain reports on the implementation status of risk mitigating actions.
2. Identified risks and actions to mitigate such risks are also periodically reported to and monitored by the Audit Committee.
3. No material risk was noted during the period that has not been appropriately mitigated by the management.

## Internal Audit Function

1. The Company has a well-resourced in-house Internal Audit function which is led by a suitably qualified Chief Internal Auditor in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. To ensure its independence, Chief Internal Auditor reports functionally to the Chairman of the Board Audit Committee and administratively to the CEO.
2. The Internal Audit function continually evaluates the Company's system of internal control to ensure its effectiveness as per Audit Plan. This is done by following a risk-based audit approach whereby Internal Audit focuses and provides reasonable assurance on risks that matter most to the business.
3. The Board Audit Committee has ensured the achievement of operational, compliance, and financial reporting objectives, safeguarding of the assets of the Company and shareholders' wealth through effective financial, operational, and compliance controls and risk management at all levels within the Company.
4. Coordination between the external and internal auditors was facilitated to ensure efficiency and Contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.
5. During the year, undeterred access to the BAC was provided to the Chief Internal Auditor. Further, BAC met the Chief Internal Auditor in the absence of CFO, CEO and External Auditors to comply with the regulatory requirements. However, no material issue warranting mitigating actions was highlighted by the CIA during such interaction.
6. The BAC has reviewed the performance of the Internal Audit Function based on the coverage of Annual Audit Plan and management feedback against the value added by the Internal Audit function.

## Whistle Blowing Policy

The company has implemented a comprehensive Whistle blowing Policy to strengthen governance. It provides a platform for all stakeholders to raise alerts in a transparent and efficient manner to maintain accountability and integrity in all areas of Company operations.

Any employee or volunteer wishing to report a matter of concern shall approach the Chairman Board Audit Committee directly to raise concerns.

## External Auditors

1. The statutory auditors of the Company, A.F. Ferguson & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2023, and shall retire on the conclusion of the 75th Annual General Meeting.
2. The final Management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations 2019 and shall therefore accordingly be discussed at the next Board Audit Committee meeting.

3. The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
4. Being eligible for reappointment under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations, 2019, M/S A.F. Ferguson & Co., Chartered Accountants have given their consent and the Board Audit Committee recommended their reappointment for the financial year ending June 30, 2024, on the terms and remuneration negotiated by the Chief Executive Officer.

## ANNUAL REPORT 2023

The Company has issued a very comprehensive Annual Report, which gives fair, balanced and understandable information in excess of the regulatory requirements to offer an in depth understanding of the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.

The Audit Committee believes that the Annual Report 2023 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability.



**Jehangir Shah**

Chairman-Board Audit Committee

Dated: August 22, 2023  
Karachi