



Sanghar Sugar Mills Limited

HEAD OFFICE: Office # 204, 2nd Floor, Clifton Centre, Block-5, Clifton, Karachi - Pakistan.
Tel: (021) 35371441-3 Fax: (021) 35371444 E-mail: info@sangharsugarmills.com

Ref: SSML/CS/20230106-12

January 06, 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Sub: Dissemination of Information relating to Statement of Compliance of Listed Companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Dear Sir,

In compliance with the requirements of Regulation No. 5.23 of Pakistan Stock Exchange (Rule Book) Regulations, enclosed herewith please find the Statement of Compliance of the Company for the year ended September 30, 2022 in accordance with the Listed Companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019 along-with the Independent Auditors' Review Report thereon.

Yours sincerely,

Muhammad Mubeen Alam

Muhammad Mubeen Alam
Company Secretary



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SANGHAR 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 Sanghar 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.



Chartered Accountants

Karachi:

Date: January 02, 2023

UDIN: CR2022102225q3mXgjp6



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

Name of the Company: Sanghar Sugar Mills Limited

Year Ending : September 30, 2022

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

- The total number of Directors are Eight as per the following:
 - Male - Seven
 - Female - One
- The composition of Board is as follows:
 - Independent Directors
 - Male - Two
 - Female - One
 - Non-Executive Directors - Three
 - Executive Directors - Two
- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
- 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.
- 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.
- 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.
- 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.
- The Board have formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Seven Directors have completed Directors' Training Program (DTP) except one Director who is exempt from such training. The details are as follows:

Name of Directors completed DTP arranged by the Board:

- Mr. Ghulam Dastagir
- Mr. Rahim Bux
- Mr. Ghulam Hyder
- Mr. Muhammad Qasim
- Ms. Nazia Azam

Name of Directors already completed DTP before appointment:

- Mr. M. Abdul Jabbar
- Mr. Shahid Aziz

Name of Director exempt from DTP:

- Haji Khuda Bux Rajar



10. Subsequent to the year-end, the Board has approved appointment of Head of Internal Audit including his remuneration and terms and conditions of employment. No new appointment of Chief Financial Officer and Company Secretary has been made. The Board has approved the remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit 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:
 - a) Audit Committee:

Mr. Rahim Bux	Chairman
Mr. Shahid Aziz	Member
Mr. M. Abdul Jabbar	Member
 - b) Human Resource and Remuneration Committee:

Mr. Rahim Bux	Chairman
Mr. Ghulam Hyder	Member
Mr. M. Abdul Jabbar	Member
 - c) Risk Management Committee:

Mr. Shahid Aziz	Chairman
Haji Khuda Bux Rajar	Member
Mr. Ghulam Dastagir Rajar	Member
 - d) Corporate Social Responsibility Committee:

Mr. Ghulam Dastagir Rajar	Chairman
Mr. Muhammad Qasim	Member
Ms. Nazia Azam	Member
Syed Rehan Ahmad Hashmi	Member
 - e) Information Technology & Steering Committee:

Mr. Ghulam Hyder	Chairman
Syed Rehan Ahmad Hashmi	Member
Mr. Sheraz Khan	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 of the committee were as per following:
 - a) Audit Committee Five meetings
 - b) Human Resource and Remuneration Committee Two meetings
 - c) Risk Management Committee Two meetings
 - d) Corporate Social Responsibility Committee Two meetings
 - e) Information Technology & Steering Committee Two meetings
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 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 Companies Act, 2017, 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. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Regulation No.	Requirement	Explanation of Non-Compliance
1	5	Representation of Minority Shareholders - The minority members as a class shall be facilitated by the Board to contest election of directors.	None of the person representing minority shareholders, filed Consent to act as director with the Company during the timeline as specified in the Election of Directors held on October 31, 2020. Therefore, the elected Directors of the Company will take due care of minority shareholders.
2	10(1)	Responsibilities of the Board of Directors - Adoption of Corporate governance practices by the Company	Non-mandatory provision of the Regulations and are partially complied. The Company is deliberating on full compliance with all the provisions of Regulations.
3	29	Nomination Committee - 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. The Board may consider to constitute nomination committee.
4	35	Disclosure of Significant Policies on website - The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's Committees on its website and key elements of the Directors' remuneration policy.	All the policies are well circulated among the relevant employees and Directors, the Board shall consider posting such policies and synopsis on its website in near future.

Karachi: December 31, 2022


Ghulm Dastagir Rajar
Chairman