



A.F.FERGUSON & Co.

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL STEELS LIMITED

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

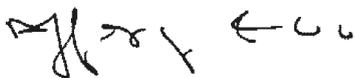
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of International Steels Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of 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. 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, 2022.



**Chartered Accountants**  
Karachi

Dated: September 5, 2022

UDIN: CR202210073p7bzkGySD



# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

## International Steels Limited June 30, 2022

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

1. The total number of directors are eleven (11) as per the following:

<b>a</b>	<b>Male</b>	<b>Ten (10)</b>
<b>b</b>	<b>Female</b>	<b>One (1)</b>

2. The composition of Board is as follow:

<b>Category</b>	<b>Name(s)</b>
Independent Directors	<b>Dr. Amjad Waheed</b>
	<b>Mr. Babar Badat</b>
	<b>Mr. Nihal Cassim</b>
Non-Executive Directors	<b>Mr. Fuad Azim Hashimi</b>
	<b>Mr. Haroun Rashid</b>
	<b>Mr. Kamal A. Chinoy</b>
	<b>Mr. Mustapha A. Chinoy</b>
	<b>Mr. Shuji Tsubota</b>
Executive Directors	<b>Mr. Yousuf H. Mirza</b>
	<b>Mr. Samir M. Chinoy</b>
Female Director (Independent Director)	<b>Ms. Nausheen Ahmad</b>

3. The directors have confirmed that none of them are serving as a director in 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 a 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 Companies Act 2017 ("Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman. 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 has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations;
9. The directors were apprised of their duties and responsibilities from time to time. All the Directors of the Company have completed or are exempted from the requirement of Director's Training program. In case of one foreign Director, the Company is in the process of obtaining confirmation from the Securities and Exchange Commission of Pakistan regarding the equivalency of his training from institution outside Pakistan.
10. The Board has approved the appointment of the 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. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed the following committees comprising of the following members:

#### a) Board Audit Committee

<b>1. Mr. Nihal Cassim</b>	Chairman	Independent Director
<b>2. Mr. Fuad Azim Hashimi</b>	Member	Non-Executive Director
<b>3. Mr. Kamal A. Chinoy</b>	Member	Non-Executive Director

#### b) Human Resources & Remuneration Committee

<b>1. Ms. Nausheen Ahmad</b>	Chairperson	Independent Director
<b>2. Mr. Babar Badat</b>	Member	Independent Director
<b>3. Mr. Kamal A. Chinoy</b>	Member	Non- Executive Director
<b>4. Mr. Mustapha A. Chinoy</b>	Member	Non- Executive Director
<b>5. Mr. Yousuf H. Mirza</b>	Ex-Officio-Member	Chief Executive Officer

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 of the committees were as follows:
 

<b>i. Board Audit Committee:</b>	Quarterly
<b>ii. HR &amp; Remuneration Committee:</b>	Quarterly or as and when needed
15. The Board has set up an effective Internal Audit function 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 (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 ICAP 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 any 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; and.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

S.No.	Requirement	Explanation	Reg. No
1	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	Nine (9) Directors attended the 14th Annual General Meeting of the Company. Mr. Kamal A. Chinoy and Mr. Samir M. Chinoy could not attend due to personal reasons.	10(6)
2	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.	The responsibilities as prescribed for the nomination committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.	29
3	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.	The Board has tasked the Board Audit Committee to oversee risk management matters of the Company.	30

**On behalf of the Board**

**Yousuf H. Mirza**  
Chief Executive Officer  
International Steels Limited

**Dr. Amjad Waheed**  
Chairman  
International Steels Limited

Karachi: August 18, 2022