



Determination and Delegation of Financial Power

Purpose

The purpose of this ‘better practice guideline’ is to provide information about the delegation of powers within the Al-Abbas Sugar Mills Limited (AASML). It primarily focuses on the delegation of Company Chief Executives’ or Executive Directors’ powers.

The intention of this ‘better practice guideline’ is not to cover all possible aspects of delegation, but rather provide broad guidance regarding the management of financial delegations.

1. Delegations and its management

The Board of Directors is primarily responsible for the delegation and determination of financial powers of the Chairman, Chief Executive Officer and Executive and Non-Executive Directors.

2. Definitions

“Delegation” is the efficient allocation of powers to people with the appropriate ability and/or experience. Delegation is necessary in order for senior management to achieve all required tasks in a timely manner.

“Delegate” means, a person invested with the authority to carry out the functions, powers and duties of, or to act on behalf of, or represent, others. From the Company’s perspective, a delegate is a person who occupies an official position within the Company, that position having been assigned authorities or powers by the Board of Director or under law by way of delegation.

The Board of Directors has empowered Chief Executives and Executive Director for the management of affair of the Company.

3. Responsibilities

Chief Executive/ Executive Director

Chief Executive and Executive Director of Company are responsible to Board for their Company’s administration and business. This includes ensuring that the expenditure of the Company does not exceed the limit of its appropriations and adequate control over assets and liabilities.

To assist Chief Executive/ Executive Director in meeting their responsibilities instructions were developed by the Board of Directors to provide an integral control mechanism for Chief Executive/Executive Director to ensure the efficient and effective financial management of AASML. The instruction should include schedules of all delegations issued by the Board of Directors.



In practice the management of financial delegations is administered by the Chief Financial Officer on behalf of the Chief Executive and Executive Director.

In summary, Chief Executives/Executive Director/ have a responsibility to ensure that:

- delegations are made in writing;
- delegations are made to positions at the most appropriate level in the department in terms of decision-making;
- delegations clearly state the maximum authority levels;
- delegations are current, documented and readily available to staff; and
- the appropriateness of delegations be reviewed on a regular basis, particularly following the reorganization, or restructure of the Company or when the duties for a position are substantially varied, or the position assumes a new role or responsibility.

4. Issuing and withdrawing of delegation

Issuing delegation

When issuing a delegation the following should be adhered to:

- the delegation should be in writing and issued to a position title or position number, not to a person; and
- the delegation instrument should clearly identify the delegate and the power being delegated.

Withdrawing delegation

It should be noted that when a delegation is repealed or withdrawn, this does not render any previous, duly authorized actions as invalid. Note also that a delegation is not negated through a change in the person occupying the position that holds a delegation. Therefore, new delegations are not required where a staff member, of the position that holds the delegation, changes. However, it may be necessary to familiarize the new staff member with their delegations and the skills required to exercise them.

5. Restrictions of delegation or further delegation

The principle of delegation is that the powers can be delegated, except for the power to delegate or where Company's Ordinance or Articles of Association of the Company specifically does not allow delegation.



6. Application issues for specific delegations

6.1. Banking Relation

The Board of Directors has authorized persons from Group “A” Jointly or Any Two of the authorized persons from Group “B” Jointly be and are hereby authorized to Open, Operate, maintain and close Bank Account(s) in any branches situated in Karachi of the commercial banks

NAME OF AUTHORIZED PERSON

GROUP A

1. MR. ASIM GHANI USMAN
2. MR. ZUHAIR ABBAS

GROUP B

1. MR. ASIM GHANI USMAN
2. MR. HAJI ABDUL GHANI
3. MS. DARAKSHAN GHANI
4. MR. MUHAMMAD IQBAL USMAN

Authorized persons from Group “A” Jointly or Any Two of the authorized persons from Group “B” Jointly may request above bank(s) to sanction finance of such nature as Running Finance, Cash Finance, Current Finance, Export Refinances, Financing in US\$ Currency or any other financing facility related to import and export, Murabaha Finance or Financing under the Islamic Banking on such terms & conditions, which they may consider appropriate and beneficial for the Company. They may also request banks to establish any kind of letter of Credit / Issue Bank Guarantee on behalf of the Company.

- In this respect, the authorized persons shall also have the authority on behalf of the Company:
- To create, charge, lien, mortgage, or allow hypothecation or pledge on any of the assets of the company in favor of the bank(s).
- To sign on behalf of the company any documents from time to time required by the bank relating to or for securing any present or future liabilities of the company to the bank on account of such Finance / Advance (both conventional and Islamic) or any profits, mark-up or other return on account of any banking facilities may become payable by the company to the bank.
- To instruct/request bank to provide online banking facility, including viewing of Bank statement over internet.
- To give instructions to the bank with regard to the carrying out of all or any of the matter mentioned in this resolution.
- The maximum amount which the management can borrow for short term against this resolution shall not exceed 6,000 Million at any time in a given year.



The Board of Directors has further authorized that any one of the above persons from group A or group B or Company Secretary or Chief Financial Officer may sign stock reports, Borrowers Basic Fact Sheet, L/C documents (both local and foreign L/Cs) including L/C opening and retirement documents, all documentation relates to export and local L/Cs (including negotiation of export documents) and export refinance or any document in respect of US \$ currency finance and also request bank to release pledged / hypothecated stock by issue of Delivery Order to Muccadam.

The finance manager of Mirwah Gorchani is also authorized to sign cheques for bank account in MCB Limited located at Mirwah Gorchani jointly with signatures of authorized persons from Group B.

This delegation shall remain in force till an amended resolution is passed by the Board for change.

6.2. Expenditures

Where an officer, subject to his job description, has a delegated authority to approve expenditure, before exercising that delegated authority the officer must be satisfied in regard to the following:

- that the expenditure would be in accordance with the approved budget for that year, both in term of amount and the purpose of the expenditure;
- that the incurring of the expenditure has been approved;
- the expenditure is necessary and reasonable;
- the expenditure is coded correctly and accurately portrays the nature of the expenditure incurred; and
- the expenditure is within the delegation limits.

All expenditure approvals are to be documented. The minimum requirement is for each payment invoice to be signed and approved by a person holding the relevant delegated authority for the type and level of expenditure concerned.

6.3. Procurement

The procurement of goods and services undertaken/approved by Chief Executive or Executive Directors without any delegation.

6.4. Investments

The Board of Directors has delegated the power of recommending investment or disinvestment of the Company's fund to the Investment Committee.