

# AL-ABID SILK MILLS LIMITED

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2022

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are 4 (four) as per the following:

- a. Male : 2
- b. Female: 2

2. The composition of the Board is as follows:

|                                |                         |
|--------------------------------|-------------------------|
| <b>Executive Director</b>      | Mr.Naseem A.Sattar      |
| <b>Non-Executive Directors</b> | Mst. Adia Naseem        |
|                                | Mrs. Sadaf Nadeem       |
|                                | Syed Raza Abbas Jaffari |
| <b>Female Director</b>         | Mst. Adia Naseem        |
|                                | Mrs. Sadaf Nadeem       |

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 the 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 the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. All the directors on their Boards have acquired the prescribed certification under director training program offered by institutions.

10. The Board has approved appointment of chief financial officer, company secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

# AL-ABID SILK MILLS LIMITED

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has no committees during the year.

13. Since there is no committee as mentioned above the terms of reference of the aforesaid committees have been not been formed.

14. Since there is no committee during the year, no meetings could be held.

15. The board does not have internal audit function.

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 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 regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with except 6, 27.

| Regulation | Explanation  |
|------------|--|
| 6          | As per the regulation, the Company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, there are no independent director(s).  |
| 27         | As per the regulation, the audit committee of a company shall comprise of at least three member and they shall meet at least once every quarter of the financial year. However, the Audit committee has no member(s) and did not hold any meeting in the financial year. |

19. Explanation for non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

| Regulation | Explanation   |
|------------|---|
| 28         | As per the regulation, there shall be a human resource and remuneration committee. However, there is no human resource and remuneration committee since the company is not operational since a long time. |
| 31(1)      | As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company since the company is not operational since a long time.    |
| 15         | Since no audit committee meetings were held during the year, consequently the related party transactions were not first placed there, rather they were directly approved by the Board.                    |

Karachi: September 29, 2022

  
Chairman

# AL-ABID SILK 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 Al-Abid Silk Mills Limited (the Company) 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 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 Director's 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 requires 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.

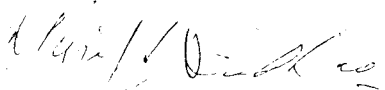
Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

1. The number of directors is less than the seven directors as prescribed under section 154 (1) (b) of the Companies Act, 2017. The casual vacancy of director has not been filled till date. Furthermore, the Company has not held election of directors which is past due.

Based on our review, except for the above instance of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note 18 and 19 in the Statement of Compliance:

| Regulation | Explanation   |
|------------|---|
| 6          | As per the regulation, the Company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, there are no independent director(s).   |
| 27         | As per the regulation, the audit committee of a company shall comprise of at least three member and they shall meet at least once every quarter of the financial year. However, there is no Audit committee and consequently did not hold any meeting in the financial year since the company is not operational since a long time. |
| 31(1)      | As per the regulation, there shall be an internal audit function in every company. However, there is no internal audit function in the company since the company is not operational since a long time.  |
| 15         | Since no audit committee meetings were held during the year, consequently the related party transactions were not first placed there, rather they were directly approved by the Board.  |
| 28         | As per the regulation, There shall be a human resource and remuneration committee. However, there is no human resource and remuneration committee since the company is not operational since a long time.   |

  
**MUNIFF ZIAUDDIN & CO.**  
**CHARTERED ACCOUNTANTS**  
**MUHAMMAD MOIN KHAN**

Karachi: September 29, 2022  
UDIN: CR2022101538eD1oinhY

Annual Report 2022