

ALI ASGHAR TEXTILE MILLS LTD
STATEMENT OF COMPLIANCE
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019

YEAR ENDED JUNE 30, 2022

The Company has complied with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) in the following manner:

1. The total number of Directors are Seven (7) as per the following:

- a. Male : 7
- b. Female: 0

2. The composition of board is as follows:

Category	Names
Independent Director/Non Executive	Mr. Muhammad Zubair
Chief Executive/Executive Director	Mr. Nadeem Ellahi Sheikh
Non-Executive Director	Mr. Ahmed Ali
Executive Director	Mr. Muhammad Suleman
Non-Executive Director	Mr. Muhammad Afzal
Independent Director/Non Executive	Mr. Sultan Mehmood
Executive Director	Mr. Abdullah Moosa

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 ensures that appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedure.
5. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 (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 his purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board arranged in house orientation courses for its directors during the year to appraise them of their duties and responsibilities and to brief them regarding amendments in the companies ordinance/corporate laws.
10. The Board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements of the Company before approval of the Board.
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Name of Director	Designation
Mr. Muhammad Zubair.	Chairman
Mr. Sultan Mehmood	Member
Mr. Muhammad Afzal	Member

b) HR and Remuneration Committee:

Name of Director	Designation
Mr. Muhammad Zubair	Chairman
Mr. Ahmed Ali	Member
Mr. Muhammad Afzal	Member
Mr. Nadeem Ellahi	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 (quarterly/half yearly/yearly) of the committee were as per following:
- | | |
|----------------------------------|-------------------|
| a) Audit Committee | Quarterly Meeting |
| b) HR and Remuneration Committee | Annual Meeting |
15. The Board has set-up an effective Internal Audit Function, the chief internal auditor is suitable qualified and experienced person.
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 the International Federation of Accountants(IFAC) guidelines on the Code of Ethics as adopted by the ICAP and that 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 finance 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 n 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 other requirements of the Regulations have been complied with.



Mr. Muhammad Afzal
Chairman



Nadeem Ellahi
Chief Executive

Karachi
Date: 03.10.2022

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ALI ASGHAR TEXTILE MILLS LIMITED

On the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulation, 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 **Ali Asghar Textile 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 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.

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Following instances of non-compliance with the requirements of the Code were observed which are stated as under:

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.	Non-Compliances
01	The company has no female director.
02	The company has 3 executive directors, which is more than one third of board composition.
02	Independent Directors are not meeting the criteria as required u/s 166 of Companies Act, 2017 and Regulation.
09	Company is not meeting the requirement of director training program criteria. Half of the total directors are not trained up to 30.06.2022, as required by the Code.
10	Chief Financial Officer and Company Secretary are not meeting the eligibility criteria.

Based on our review, except for the above instances 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Karachi:

Date: 4th October, 2022

UDIN: CR202210043wsHChDRi8



MUSHTAQ & CO.

Chartered Accountants

Engagement Partner:

Zahid Hussain Zahid, FCA