

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**  
**AEL TEXTILES LIMITED (formerly Arshad Energy Limited)**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

1. The total number of directors are seven as per the following:

a) Male: Six

b) Female: One

2. The composition of the board of Directors (the Board) is as follows:

<b>Category</b>	<b>Name</b>
Independent Directors*	Mr. Waseem Ashfaq Mr. Zeeshan Ahmad
Non-Executive Directors	Mr. Nisar Ahmad Sheikh Mr. Shahzad Ahmed Sheikh Mr. Shehryar Arshad
Executive Directors	Mr. Muhammad Arshad
Female Director	Miss Resham Shahzad

\*The Company could not round up independent directors fraction due to challenges in inducting further independent directors. The Company will strive to fill this gap at the earliest.

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. 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 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 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.
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. Following directors have already attended director's training program
- Miss Resham Shahzad
  - Mr. Shehryar Arshad
  - Mr. Zeeshan Ahmad

Moreover, following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program

- Mr. Nisar Ahmad Sheikh
- Mr. Shahzad Ahmed Sheikh
- Mr. Muhammad Arshad

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and employment and complied with relevant requirements of the regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The Board has formed committees comprising of members given below:

a) Audit Committee

<b>Names</b>	<b>Designation held</b>
- Mr. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Mr. Shehryar Arshad	Member

b) HR and Remuneration Committee

<b>Names</b>	<b>Designation held</b>
- Mr. Waseem Ashfaq	Chairman
- Mr. Shahzad Ahmed Sheikh	Member
- Miss. Resham Shahzad	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 aforesaid committees were as per following:

a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2022

b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022

15. The Board has set up an effective internal audit function, which 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 the Institute of Chartered Accountants of Pakistan ("the ICAP") and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its 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 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 the Regulations 3,6,7,8,27,32,33 and 36 have been complied with.

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

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<p><b>Directors' Training</b></p> <p>It is encouraged that by 30 June 2022 all directors on the board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	<p>As per the Chapter VI 19 (iii) (Director Training Program). The independent Director Mr. Waseem Ashfaq did not attend the director's training program due to tight schedule. However, Company is arranging director's training program as early as possible.</p>	19(1)
2	<p><b>Nomination Committee</b></p> <p>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.</p>	<p>Due to closed operations of the Company and limited staff board has not constituted nomination Committee separately.</p>	29
3	<p><b>Risk Management Committee</b></p> <p>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.</p>	<p>Due to closed operations of the Company and limited staff board has not constituted risk management Committee separately.</p>	30
4	<p><b>Disclosure of significant policies on website</b></p> <p>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. Disclosure of significant policies on website.</p>	<p>The Company will upload the required policies and terms of references to comply these requirements soon.</p>	35



(Mr. Nisar Ahmad Sheikh)

Chairman



(Mr. Muhammad Arshad)

Chief Executive Officer

Date: October 05, 2022



**IJAZ TABUSSUM & CO.**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of AEL Textiles Limited (formerly Arshad Energy 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 AEL Textiles Limited (formerly Arshad Energy Limited) (the Company) for the year ended 30 June 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 30 June 2022.

*Ijaz Tabussum*

**HLB IJAZ TABASSUM & COMPANY**  
CHARTERED ACCOUNTANTS  
UDIN: CR202210189yQmiDz3e1



**PLACE:** Lahore  
**DATE:** October 07, 2022

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Office # 1, 3rd Floor, Madina Heights 87-E, Maulana  
Shaukat Ali Road, Johar Town, Lahore - Pakistan.  
Tel:042-35173258, 35173260  
E-mail:matabussum@yahoo.com