

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019.**

**Ashfaq Textile Mills Limited
For the year ended June 30, 2023.**

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 eight as per the following:

Gender	Number
Male	6
Female	2

2. The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Aqeel Idrees Mr. Abdul Wahid Syed Abuzar Hussain
Other Non-Executive Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan
Executive Directors	Mr. Ashfaq Ahmad Mr. Nadeem Ashfaq Mr. Waseem Ashfaq
Female Directors	Mrs. Shazia Amjad Mrs. Nazia Irfan

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 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 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 the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings 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. The Board has approved appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Nisar Ahmad was assigned the responsibilities of Company Secretary of the Company in addition to his other responsibilities of the Company.

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee

1) Syed Abuzar Hussain	Chairman
2) Mr. Nisar Ahmad	Secretary
3) Mrs. Shazia Amjad	Member
4) Mr. Muhammad Aqeel Idrees	Member

b) HR and Remuneration Committee

1) Mr. Muhammad Aqeel Idrees	Chairman
2) Mrs. Nazia Irfan	Member
3) Mr. Abdul Wahid	Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings of the committee were as per following:

a. Audit Committee:	4(four) quarterly meetings
b. HR and Remuneration Committee:	1(one) annual meeting

14. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

15. 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 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.

16. 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.

17. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

18. Currently, six directors are exempt from the directors training certification requirement by virtue of their experience / training as prescribed by listing regulations of Pakistan Stock Exchange whereas female director is exempted from the directors training program. The Company has planned to arrange DTP for the remaining directors during the next year.

For and on behalf of the Board of Directors

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Waseem Ashfaq
Chairman

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Ashfaq Ahmad
Chief Executive Officer



**Independent Auditor's Review Report
to the members of Ashfaq Textile 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 Ashfaq Textile Mills Limited (the Company) for the year ended June 30, 2023 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, 2023.

Further, we highlight below instance of non-compliance with the requirement of Regulations, as reflected in the paragraph referred below, it is stated in the statement of compliance:

Reference : Description

- 19 Section 19 of Regulations state that it is encouraged that by June 30, 2022 all the 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 it.

However, during the course of review it was observed that no director has attended the training program.

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Place: Faisalabad
Date: October 03, 2023

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

UDIN: CR202310194RvMwK8cOt