

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

### ALLAWASAYA TEXTILE AND FINISHING MILLS LIMITED For the year ended June 30, 2023

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 11 as per the following:

- a. Male: 8
- b. Female: 3

2. The composition of Board is as follows:

- i. Independent Directors
  - 1. Mr. Abdul Rehman Qureshi Independent Director
  - 2. Mr. Javed Musarrat Independent Director
  - 3. Mr. Imran Hussain Independent Director
- ii. Non-executive Directors
  - 1. Mian Tauqir Ahmed Sheikh Non-Executive Director
  - 2. Mr. Muhammad Umar Farooq Non-Executive Director
- iii. Executive Directors
  - 1. Mian Muhammad Jamil Executive Director
  - 2. Mr. Mohammad Alamgir Jamil Khan Executive Director (CEO/MD)
  - 3. Mian Idrees Ahmed Sheikh Executive Director
- iv. Female Directors
  - 1. Mrs. Nusrat Jamil Non-Executive Director (Chairperson)
  - 2. Mrs. Bushra Tauqir Non-Executive Director
  - 3. Mrs. Misbah Idrees Sheikh Non-Executive Director

- 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 the dates of approval or updating has been 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 Chairperson and, in her 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Four out of eleven Directors have already attended Directors' Training Program (DTP), one Independent Director namely Mr. Abdul Rehman Qureshi has gotten exemption from SECP in year 2019, four Directors are exempted from the requirement of DTP as per regulation No. 19(2) of the CCG Regulations, 2019 and out of remaining two female directors, one female director joined the Board during financial year 2021-2022 and other female director joined the Board during financial year 2022-2023. Both the female directors will attend DTP during the financial year 2023-2024. All the Directors are fully conversant with their duties and responsibilities as Directors of the Company.
10. There was no change with respect to appointment of CFO, Company Secretary and Head of Internal Audit during the year.
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:
    1. Mr. Javed Musarrat- Independent Director- Chairman
    2. Mr. Abdul Rehman Qureshi- Independent Director- Member
    3. Mrs. Nusrat Jamil- Non-Executive Director- Member
  - b) HR and Remuneration Committee:
    1. Mr. Abdul Rehman Qureshi- Independent Director- Chairman
    2. Mr. Mohammad Alamgir Jamil Khan- Executive Director- Member
    3. Mrs. Misbah Idrees Sheikh- Non-Executive Director- Member
  - c) Nomination Committee (not mandatory)
  - d) Risk Management Committee (not mandatory)
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 4 quarterly meetings
  - b) HR and Remuneration Committee 1 annually meeting
15. The Board has set up an effective internal audit function headed by the Head of Internal Audit. The staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company and is involved in the internal audit function on a full time basis.
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 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with except following;
  - As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as Independent Directors and currently, there are three Independent Directors in a Board of Eleven Directors. With regard to compliance with the requirements of the CCG Regulations pertaining to fraction not rounded up as one, the Board of a company with minority interest of 1.66%, three independent directors are sufficient enough to maintain independence at Board level. Moreover the skill set on the Board is diverse enough to provide the necessary strategic direction to the company to achieve its vision and accomplish its goal.

On behalf of the Board

Sd/-

Mohammad Alamgir Jamil Khan  
Chief Executive Officer

Sd/-

Mrs. Nusrat Jamil  
Chairperson

Multan, October 6, 2023



**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Allawasaya Textile and Finishing 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 **Allawasaya Textile and Finishing 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.

**Yousuf Adil**  
**Chartered Accountants**

**Place:** Multan

**Date:** October 06, 2023

**UDIN Number:** CR202310180XefnVruxI