



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

### 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 seven as per the following:
  - a) Male : 6
  - b) Female : 1
2. The composition of board is as follows:
  - a) Independent Director : Mr. Aziz-ul-Haque
  - b) Other Non-executive Directors : Mr. Ghazanfar Baber Siddiqi  
Mrs. Nida Jamil  
Mr. Abdul Basit  
Mr. Mehmood-Ul-Hassan Asghar  
Mr. Muhammad Hanif German
  - c) Executive Director : Syed Maqbool Ali
3. Six Directors have confirmed that they are not serving as Director in more than seven listed Companies including this Company, however, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.
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 decision 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 requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Two Directors are qualified under the Directors training program. During the year the board did not arrange training program for its directors. However, we will arrange the same in the next coming session.
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 before approval of the board.

## DEWAN FAROOQUE SPINNING MILLS LIMITED

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

- |                                  |   |                              |
|----------------------------------|---|------------------------------|
| a) Audit Committee               | : Mr. Aziz-ul-Haque<br>Mr. Abdul Basit<br>Mr. Ghazanfar Baber Siddiqi   | Chairman<br>Member<br>Member |
| b) HR and Remuneration Committee | : Mr. Aziz-ul-Haque<br>Mr. Mehmood-ul-Hassan Asghar<br>Syed Maqbool Ali | Chairman<br>Member<br>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               | : 4 meetings during the financial year ended June 30, 2023            |
| b) HR and Remuneration Committee | : 1 annual meeting held during the financial year ended June 30, 2023 |

15. The board has set up an effective internal audit function. The staffs 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 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.

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 other requirements of the Regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

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

S.No.	Non-Mandatory Requirement	Reg No.	Explanation
1	<p>Directors' Training.-</p> <p><b>It is encouraged that by June 30, 2022 all the directors on their Boards 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.</b></p>	19	Currently, two Directors are qualified under the directors training program. The Company is encouraging and planning to arrange DTP certification for the remaining Directors.



**Syed Maqbool Ali**

Chief Executive Officer & Director

Date : September 26, 2023

Place : Karachi



**Mehmood-ul-Hassan Asghar**

Chairman Board of Directors



## **FEROZE SHARIF TARIQ & CO.**

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### **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN FAROOQUE SPINNING 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 Dewan Farooque Spinning 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.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The Company is required to have at least two or one third members of the Board, whichever is higher, as independent directors on its board. However, the Company has only one independent director.
- b) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- c) The chairman of Audit committee and Human Resource and Remuneration Committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

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, 2023.

Furthermore, we highlight that one of the Director of the company is serving as directors in more than seven listed Companies, and Two of the directors are qualified under the Directors' Training Program as reflect in note 3 and 9 to the statement of Compliance.

Dated: October 4, 2023  
UDIN: CR2023101618UHJa5KhM  
Place: Karachi

CHARTERED ACCOUNTANTS