

ELAHI COTTON MILLS LIMITED
STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE)
FOR THE YEAR ENDED JUNE 30, 2022

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:

Category	Names
Independent Directors	Ahmed Shaffi, M. Azeem Afzal Hashmi
Executive Directors	Mahfooz Elahi, Mahmood Elahi
Non-Executive Directors	Mahboob Elahi, Farrukh Ahmad
Female Director	Samina Begum

Fractional figures on account of Independent Directors and Executive Directors have been rounded off to the nearest digit.

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 the 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 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 the Board.

8 The Board of directors has a formal policy and transparent procedure for remuneration of directors in accordance with the Act and Regulations.

9 Three Directors of the Company are exempt from Directors Training Program due to their qualification and relevant experience and SECP has granted exemption to these three Directors. One Board member has attained certification of Directors Training Program. The remaining Directors shall obtain certification under the DTP program in due course of time.

10 There was no new appointment of CFO & Company Secretary. New Head of Internal Audit was appointed during the year and Board has approved the appointment including the remuneration and terms & conditions of appointment and complied with relevant requirements of the Regulations.

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

12 The Board has formed Committees comprising of members given below:

- a) Audit Committee;
 - Ahmed Shaffi – Chairman

- Mahboob Elahi – Member
- Farrukh Ahmed – Member

b) Human Resource and Remuneration Committee;

- M. Azeem Afzal Hashmi– Chairman
- Mahmood Elahi – Member
- Farrukh Ahmed – 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 Committees were as per following:

a) Audit Committee

- 1st Quarter: 1 meeting.
- 2nd Quarter: 1 meeting.
- 3rd Quarter: 1 meeting.
- 4th Quarter: 2 meetings.

b) Human Resource and Remuneration Committee

- 1st Quarter: -
- 2nd Quarter: -
- 3rd Quarter: 1 meeting
- 4th Quarter: 2 meetings.

15 The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is 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 Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

19 We confirm that the Company has complied with respect to all other material requirements of the Regulations.

ON BEHALF OF THE BOARD


(MAHFOOZ ELAHI)
Chief Executive


(MAHBOOB ELAHI)
Director

Islamabad,
September 26, 2022.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 Elahi Cotton 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.

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, 2022.

ISLAMABAD

DATED: 26 Sep 2022
UDIN: CR202210094hQkebHPm5

Bdo ebrahim & Co.
BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS
Engagement Partner: Iffat Hussain