

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GUL AHMED 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 Gul Ahmed Textile Mills Limited ("the Company") for the year ended 30 June 2023 in accordance with the requirements of Regulation No. 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 of 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 2023.

Date: 05 October 2023

Place: Karachi

UDIN: CR202310106MFDL7chbz

KPMG Taseer Hadi & Co.
Chartered Accountants

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

For the year ended June 30, 2023

Gul Ahmed Textile Mills Limited (hereinafter referred to as "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 (7) as per the following:
 - a) Male: Six (6)
 - b) Female: One (1)
2. The composition of Board is as follows:
 - a) Independent Directors
Ms. Zeeba Ansar
Mr. Kamran Y. Mirza
 - b) Non-Executive Directors
Mr. Mohomed Bashir
Mr. Ziad Bashir
Mr. Ehsan A. Malik
 - c) Executive Directors
Mr. Zain Bashir
Mr. Mohammed Zaki Bashir
 - d) Female Directors
Ms. Zeeba Ansar

*Following the election of Directors, the Board was reconstituted on 1 April, 2023 comprising 7 directors including 2 independent directors. One third of 7 come to 2.33 and the fraction was not rounded upward to one to have 3 independent directors in observance of general mathematic principle.

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) 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 the 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 the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board. However, minutes of five meeting of Board were circulated late due to oversight by 5, 42, 37, 18 & 23 days respectively.
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. All the directors, except chairman, have attended and completed directors' training course conducted by Pakistan Institute of Corporate Governance (PICG). The Chairman has the prescribed education and experience required for exemption under clause 19(2) of CCG Regulations accordingly he is exempted from attending directors' training program pursuant to the clause 19(2) of the CCG Regulations.
10. The Board has approved appointment of Chief Financial Officer (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. 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:

Mr. Kamran Y. Mirza	Chairman
Mr. Ehsan A. Malik	Member
Mr. Mohomed Bashir	Member
 - b) HR and Remuneration Committee:

Ms. Zeeba Ansar	Chairman
Mr. Mohomed Bashir	Member
Mr. Zain Bashir	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 committee were as per following:
 - a) Audit Committee Four quarterly meetings
 - b) HR and Remuneration Committee One annual meeting
15. The Board has outsourced the internal audit function to Grant Thornton Anjum Rahman Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has also designated a full-time employee as Head of Internal Audit.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of Institute of Chartered Accountants of Pakistan (ICAP) 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; and
19. Explanation for non-compliance with non-mandatory requirements i.e., other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
 - i) The requirement of Nomination Committee is optional in regulation no. 29. The Board takes care of the responsibilities prescribed for nomination committee, so a separate nomination committee is not considered necessary.
 - ii) The requirement of Risk Management Committee is optional in regulation no. 30. The Risk management carried out at the overall Company's level by the executive management of the Company headed by the CEO. The Company's management monitors potential risks and risk management procedures are carried out to identify, assess and mitigate any identified or potential risks. Therefore, it is not considered necessary to have a separate committee in this respect.
 - iii) Since the requirement with respect to disclosure of significant policies on the website is optional in regulation no. 35(1), the Company

has uploaded only limited information in this respect on the Company's website. However, significant related information related to policies, like risk management etc. is disclosed in the annual reports of the Company which are duly uploaded on the website and are available for everyone accessing the website. The Company will however, review and place key elements of other policies if considered necessary.

Mohomed Bashir - Chairman

Mohammed Zaki Bashir - Chief Executive Officer

Karachi
25 September 2023