

### Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2019

#### IDEAL SPINNING MILLS LIMITED 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 is eight as per the following:
  - a. Male: Seven
  - b. Female: One
2. The composition of the board is as follows:

<b>Category</b>	<b>Name</b>
a. Independent directors	Mr. Muhammad Azhar Mr. Muhammad Asif
b. Non-executive directors	Mr. Muhammad Saeed Mr. Ahsan Saeed Mr. Khizer Saeed
c. Executive directors	Mr. Amjad Saeed Mr. Omer Saeed
d. Female director	Mrs. Rubina Amjad

Board of Directors is of the view that considering the volume of business, independent directors should not be more than two as required by these regulations. Hence, the fraction of independent directors has not been rounded up.

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 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting 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 already arranged Directors' Training program for the following:

<b>Name</b>	<b>Category</b>
Mr. Omer Saeed	Executive Director
Mrs. Rubina Amjad	Non-Executive Director
Mr. Ahsan Saeed	Non-Executive Director
Mr. Khizer Saeed	Non-Executive Director

Moreover, our following three directors meet the exemption criteria of minimum 14 years of education and 15 years of experience on the boards of listed companies, hence are exempt from Directors' Training Program:

Mr. Muhammad Saeed	Non-Executive Director
Mr. Amjad Saeed	Executive Director
Mr. Muhammad Asif	Independent Director

10. The Board has approved appointment of Chief Financial Officer, 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. Muhammad Azhar	Chairman
Mr. Muhammad Saeed	Member
Mr. Ahsan Saeed	Member

b. HR and Remuneration Committee

Mr. Muhammad Azhar	Chairman
Mr. Ahsan Saeed	Member
Mrs. Rubina Amjad	Member

c. Nomination Committee

Mr. Omer Saeed	Chairman
Mr. Ahsan Saeed	Member
Mr. Khizer Saeed	Member

d. Risk Management Committee

Mr. Ahsan Saeed	Chairman
Mr. Omer Saeed	Member
Mr. Khizer Saeed	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 aforesaid committees during the financial year ended June 30, 2022, were as per following:
- a. Audit Committee: Quarterly
  - b. HR and Remuneration Committee: Annually
  - c. Nomination Committee: Annually
  - d. Risk Management Committee: Annually
15. The Board has set up an effective internal audit function who 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 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. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Directors' Training</b> It is encouraged that by 30 June 2022, all directors on the Board	As per the <i>Chapter VI 19(iii)</i> ( <i>Directors' Training Program</i> ). The Independent director Mr.	19(1)

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
	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.	Muhammad Azhar did not attend the director's training program due to tight schedule. However, company is arranging directors' training program as early as possible.	
2	<b>Directors' Training</b> Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company is arranging directors' training program for its female executive.	19(3)




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 Signatures

**MUHAMMAD SAEED**
**CHAIRMAN**
**29 September 2022**



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 Signatures

**AMJAD SAEED**
**CHIEF EXECUTIVE OFFICER**

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Ideal 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 Ideal Spinning Mills Limited (the Company) for the year ended 30 June 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. 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 2022.

**RIAZ AHMAD & COMPANY**  
**Chartered Accountants****Faisalabad****Date:** September 29, 2022**UDIN:** CR202210158XOe5Lg1fC