
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019; Year Ended June 30, 2022, for Khyber Textile Mills Limited

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (Regulations) in the following manner:-

1. The total number of directors are 7 as per the following,-
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board is as follows:
 - i. Independent director**
Mr. Hassan Ovais
 - ii. Female directors**
Mrs. Aamna Jadoon
 - iii. Non-executive directors**
Mr. Aurangzeb Khan
Mr. Amanullah Khan Jadoon
Mr. Muhammad Bahauddin
Mr. Omar Farid Jadoon
Mrs. Aamna Jadoon
 - iv. Executive directors**
Mr. Adam Jadoon
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 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 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 following members of the Board have completed the Directors' Training program:
 1. Mr. Adam Jadoon
 2. Mr. Muhammad Bahauddin
 3. Mrs. Aamna Jadoon
 4. Mr. Hassan Ovais

While three other Directors are exempt from Directors Training Program due to their experience in the Board;

10. The Board has approved the 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. Hassan Ovais (Chairman)
 - Mr. Muhammad Bahauddin
 - Mrs. Aamna Jadoon
 - b) HR and Remuneration Committee**
 - Mr. Hassan Ovais (Chairman)
 - Mr. Muhammad Bahauddin
 - Mr. Adam Jadoon
13. The terms of reference of the aforesaid committees have been formed, documented and shared with relevant Committees for compliance;
14. The frequency of meetings of the committee were as per following,-
 - a) Audit Committee; Four Quarterly Meetings during the financial year ended June 30, 2022
 - b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022;
15. The Board has set up an effective internal audit function who are 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 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 that the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the regulations 3, 7, 8, 27, 32, 33 and 36 have been complied with except Regulation No. 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, i.e. the independent directors should not be less than two etc. Whereas as the Company has only one independent director out of total seven directors; and

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

S. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	Independent Director Independent Director should be at least two or one third members of the Board.	Currently, only one independent director on the board and the term of current board will be expiring in October 2022. The Management of the Company will fulfill the requirement of Regulation 6 in the upcoming elections of Directors that will be held in the next Annual General Meeting for the year 2022.	6
2.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the Human Resource and Remuneration committee	29
3.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly.	30



MR. AURANGZEB KHAN
CHAIRMAN

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of : KHYBER 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 **KHYBER TEXTILE 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. 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 instance(s) of non-compliance with the requirements of the Regulations was / were observed which is/are not stated in the Statement of Compliance:

Independent Directors – As per Regulation No. 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the independent directors should not be less than two or one third of the total number of the board of directors, whichever is higher. The Company has only one independent director out of total seven directors.

Based on our review, except for the above instance 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, 2022.

**Clarkson Hyde Saud Ansari**

Chartered Accountants

Engagement Partner – **Saud Ansari**

Karachi

Dated: September 26, 2022

UDIN CR202210149o9UY7RGBO