

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019

This statement is being presented to comply with the Listed Companies Code of Corporate Governance Regulations 2019 (Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the Regulations in the following Manner:

1. The total Number of Directors are Eight as per the following
  - a. Male: 7
  - b. Female: 1
2. The composition of board is as follows:

Category	Name
Independent Director	Mr. Abdul Rehman Qureshi Mr. Muhammad Asghar
Non-Executive Directors	Mr. Khawaja Muhammad Ilyas Mr. Khawaja Muhammad Younus Mr. Khawaja Muhammad Muzaffar Iqbal Mr. Khawaja Muhammad Anees
Executive Directors	Mr. Khawaja Muhammad Iqbal Mrs. Farah Ilyas

The independent directors meet the criteria of independence under the Companies Act, 2017 (the Act).

3. The Directors has 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 and 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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. Out of eight Directors, five Directors are exempted from Directors Training Program (DTP) on the basis of their education and experience, and remaining three Directors have acquired the prescribed certifications under DTP offered by institutions that meet the criteria specified by the Commission.
10. The Board has approved the appointment of Chief Financial Officer and Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. There was no new appointment of Head of Internal Audit during the year, although all such appointments along with the remuneration and terms and conditions of employment are duly approved by the Board and complied with relevant requirements of the Regulations.
11. Chairman, Chief Executive Officer, Chief Financial Officer, and one Director 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 Ashgar (Chairman)  
Mr. Khawaja Muhammad Younus (Member)  
Mr. Khawaja Muhammad Anees (Member)
  - b) HR and Remuneration Committee  
Mr. Abdul Rehman Qureshi  
Mr. Khawaja Muhammad Ilyas  
Mr. Khawaja Muhammad Muzaffar Iqbal
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:
    - 1st Meeting: within four months of end of year
    - 2nd Meeting: within one months of end of quarter
    - 3rd Meeting: within two months of end of half year
    - 4th Meeting: within one month of end of quarter
  - b) HR and Remuneration Committee:
    - 1 meeting during the year.
15. The Board has set up an effective internal audit function. The Head of Internal Audit 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 (ICAP) 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. The Board has been reconstituted with 7 directors and Chief Executive Officer. One additional independent director and one female director have been added to the Board. The Company currently has 2 independent directors. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements. At the time of appointment of Directors in EOGM held on January 31, 2020, total number of directors appointed was seven including two independent directors which fulfill the requirements of the Code.
19. We confirm that all requirements of regulations 3,6,7,8, 27, 32, 33 and 36 of the Regulations have been complied.

For and on behalf of the Board of Directors.

Multan:

Sd/

Dated: 29th September, 2022

Chairman

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS

## **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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mahmood 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.

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.

**ShineWing Hameed Chaudhri & Co.**  
**Chartered Accountants.**

Date: 29th September, 2022  
UDIN: CR202210162xcPrCEUz0

**Multan**