

# 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 2017 (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

\*Note: Mr. Khawaja Muhammad Iqbal (CEO) passed away on 23-June-23.

3. The directors have confirmed that none of them was serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 had developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of 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 had been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (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 had complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The board of directors had a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of eight Directors, six Directors were exempted from Directors Training Program (DTP) on the basis of their education and experience, and remaining two Directors had acquired the prescribed certifications under DTP offered by institutions that meet the criteria specified by the Commission.
10. The board had approved appointment of 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. CEO and CFO duly endorsed the financial statements before approval of the Board.
12. The board had formed committees comprising of members given below:
  - a) Board 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 (Chairman)  
Mr. Khawaja Muhammad Ilyas (Member)  
Mr. Khawaja Muhammad Muzaffar Iqbal (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 (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 had 7 directors and Chief Executive Officer. The Company had 2 independent directors. Both the independent directors had requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which they fulfill the necessary requirements. At the time of election of Directors in EOGM at 31 January, 2023 total no. of directors elected were seven including two independent directors and one female director who fulfil requirement of law.
19. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors.

Multan:  
Dated: 6th October, 2023

Sd/  
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: 6th October, 2023  
UDIN: CR202310195txaW2TRLg

**Multan**