

**Independent Auditor's Review Report  
to the members of Zahidjee 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 Zahidjee Textile Mills Limited (the Company) for the year ended June 30, 2023 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, 2023

Further, we highlight below instance of non compliance with the requirement of Regulations as reflected in the paragraph referred below where it is stated in the Statement of compliance:

Paragraph	Section 19 of Regulation state that it is encouraged that by June 30, 2023 atleast 75% of the directors on the Board 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. '
18	

However, during the course of review it was observed that directors has attended the training program.

**RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS**

Place: Faisalabad

Date: October 05, 2023

**Statement of Compliance with Listed Companies (Code of Corporate Governance)  
Regulations, 2019**

**Name of Company:** Zahidjee Textile Mills Limited

**Year ending:** June 30, 2023

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

1. The total number of directors are seven (7) as per the following:

Gender	Number
Male	6
Female	1

2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	Mr. Sajjad Hussain Shah Mr. Faisal Masood Afzal Mr. Shahbaz Haider Agha
Executive Director	Mr. Muhammad Zahid Mrs Mehreen Fahad
Non-Executive Directors	Mr. Muhammad Ali Mr. Ahmad Zahid

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. 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 have been duly exercised and decisions on relevant matters have been taken by 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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The board has 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.
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
11. The board has formed committees comprising of members given below:
- a. **Audit Committee**
- Mr. Sajjad Hussain Shah Chairman (Independent Director)
  - Mr. Faisal Masood Afzal Member (Independent Director)
  - Mr. Muhammad Ali Member (Non-executive Director)
- b. **Human Resource & Remuneration Committee**
- Mr. Shahbaz Haider Agha Chairman (Independent Director)
  - Mr. Muhammad Ali Member (Non-executive Director)
  - Mr. Ahmad Zahid Member (Non-executive Director)
  - Mr. Muhammad Zahid Member (Chief Executive)
12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings of the committee were as per following:
- a. Audit Committee: Four quarterly meetings during the financial year ended June 30, 2023.
  - b. HR and Remuneration Committee: One meeting during the financial year ended June 30, 2023.
14. The board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
15. 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;
16. 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.
17. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

As per regulation-19, Directors' Training: It is encouraged that: by June 30, 2023 at least 75% of the directors on the Boards have acquired the prescribed certification under any director training program. Presently, One of directors of the Company meet the exemption of requirement of the Director's Training Program, and Some Directors has obtained DTP certification.

Dated: October 05, 2023  
Lahore



**Ahmad Zahid**  
Director

For and on behalf of the Board



**MUHAMMAD ZAHID**  
Chief Executive Officer