

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consist of seven (7) Directors out of which the five (5) Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"); The remaining two (2) Directors including chief executive of the Company meet the exemption requirement of the DTP.
10. During the year, there was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board of Directors have formed committees comprising of the members given below:

Audit Committee:	Ms. Nuzhat Kamran Ms. Tehniyat Mussaid Mr. Rana Kamal ud Din	Chairperson/ Member Member Member
Human Resource & Remuneration Committee:	Ms. Nuzhat Kamran Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/ Member Member 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 committee were as per following:
 - a. **Audit Committee** 4 quarterly
 - b. **HR and Remuneration Committee** 1 annual meeting
15. The Board has set up an effective internal audit function and the persons involved are considered 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 the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3,6,7,8,27,32,33 and 36 been complied with.
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Name of Company: ZEPHYR TEXTILES LIMITED (the “Company”)

For the year ended: 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” as per the following:
 - a) Male: 3
 - b) Female: 4
2. The composition of the Board of Directors is as follow:

Category	Names
Independent Directors	1. Ms. Nuzhat Kamran
	2. Mr. Rana Kamal-ud-Din
Executive Directors	3. Mr. Mussaid Hanif (CEO)
	4. Mr. Arbab Muhammad Khan
Non-Executive Directors	5. Ms. Tehniyat Mussaid (Chairperson)
	6. Ms. Sabah Burhan
	7. Ms. Sarah Naviwala

Determination of number of independent Directors comes to 2.33 (rounded to 2.0) which is based on seven elected Directors. The Fraction of one-third is not rounded up, as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

The Independent Directors meet the criteria of independence as defined under the Companies Act 2017.

3. The Directors have confirmed that none of them is serving as a Director of more than seven listed Companies (Excluding the listed subsidiaries of listed holding companies where applicable), 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 ensure that complete record of particulars of significant policies along with the date 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 Chairperson and, in her 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.

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
1.	<p>Policies</p> <p>The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company.</p> <p>As per regulations "Disclosure of significant policies on website" the Company may post the following on its website:</p> <ul style="list-style-type: none"> • Key element of its significant policies 	<p>The Company is in the process of developing significant policies in documented form and the same will be posted in the website.</p>	10
	<ul style="list-style-type: none"> • Brief synopsis of terms of reference of the Board Committees • Key element of the directors' remuneration policy 		35
2.	<p>Nomination Committee</p> <p>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.</p>	<p>The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.</p>	29
3.	<p>Risk Management Committee</p> <p>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.</p>	<p>Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. When needed so a separate committee is not considered to be necessary.</p>	30

Tehniyat Mussaid

Tehniyat Mussaid
Chairperson

September 27, 2023
Lahore

Mussaid Hanif

Mussaid Hanif
Chief Executive

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 Zephyr Textiles Limited 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.

LAHORE

DATED: 05 OCT 2023

UDIN: CR202310131p14hA5DSW

Muhammad Imran

CHARTERED ACCOUNTANTS

Engagement Partner: Muhammad Imran