

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF THE CRESCENT 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 The Crescent Textile Mills Limited (the Company) for the year ended 30 June 2024 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 30 June 2024.



RIAZ AHMAD & COMPANY

Chartered Accountants

Faisalabad.

Date: October 04, 2024

UDIN: CR2024101583Ytd7sNMI

STATEMENT OF COMPLIANCE

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

Name of Company: The Crescent Textile Mills Limited

Year ended: June 30, 2024

The Crescent Textile Mills Limited (the "Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the "Regulations") in the following manner

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

- a. Male: Six
- b. Female: One

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

Category	Name
Independent Director	Mr. Amin Anjum Saleem
	Mrs. Nazia Maqbool (female)
Executive Directors	Mr. Ahmad Shafi
	Mr. Muhammad Anwar
Non-Executive Directors	Mr. Aurangzeb Shafi
	Mr. Imran Maqbool*
	Mr. Khalid Bashir

* Mr. Imran Maqbool has resigned with effect from 20 July 2024. Subsequently appointment of Mr. Khurram Mazhar Karim has been made on 23 July 2024.

** 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

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 ensured that complete record of particulars of 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 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 has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

STATEMENT OF COMPLIANCE

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

9. The Board is fully compliant with the provision with regard to their training program. Three members of the Board have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 19(2) of the CCG. Four other directors have completed Directors' Training Program including two independent directors. The Board has approved appointment of Chief Financial Officer, 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. Amin Anjum Saleem | (Chairman) |
| Mr. Khalid Bashir | (Member) |
| Mr. Khurram Mazhar Karim | (Member) |
- Due to resignation of Mr. Imran Maqbool with effect from 20 July 2024, Mr. Khurram Mazhar Karim has been included as a member of the Audit Committee.
- b) HR and Remuneration Committee
- | | |
|--------------------------|---------------|
| Mrs. Nazia Maqbool | (Chairperson) |
| Mr. Ahmad Shafi | (Member) |
| Mr. Khurram Mazhar Karim | (Member) |
- Due to resignation of Mr. Imran Maqbool with effect from 20 July 2024, Mr. Khurram Mazhar Karim has been included as a member of the HR and Remuneration Committee.
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 aforesaid committees were as per following:
- a) Audit Committee: Four meetings during the financial year ended 30 June 2024
- b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2024
14. The board has set up an effective outsourced internal audit function 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.

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

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 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:

Sr. #	Requirement	Explanation for Non-compliance	Reg. #
1.	Training of Head of Department: At least one head of department every year is required to be trained under the Directors' Training program from July 2022.	The Company will organize the training of its one head of department each year from next financial year.	19(3)(ii)
2.	Company Secretary Same person shall not simultaneously hold office of Chief Financial Officer (CFO) and the Company Secretary.	Subsequent to the year end on 30 September 2024, Mr. Naseer Ahmad Chaudhary, the Company Secretary, has been appointed as Chief Financial Officer due to resignation of the previous CFO. The Company is deliberating on this issue and will hire separate person as CFO in future.	24
3.	Nomination Committee: The Board may constitute a separate committee, designated as the Nomination Committee (NC) of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR committee.	29(1)
4.	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 review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and appraises the Board accordingly.	30(1)

For and on behalf of the Board of Directors



Ahmad Shafi
Chief Executive Officer



Khalid Bashir
Director