

Nazir Cotton Mills Limited Annual Report 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NAZIR COTTON 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 Nazir Cotton Mills Limited for the year ended June 30, 2022, in accordance with the requirements of regulation 36 of the Regulations.

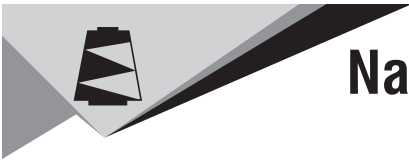
The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight 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, because of the significance of non-compliance to Regulation no. 6, 7, 18, 19, 27, 28 and 31, we believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirement contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Reference of Regulation	Description	Explanation
6, 27 & 28	Independent Directors are not from the database as notified.	Independent Directors are to be appointed from the database as notified under the relevant regulations, and independent director is to be the chairman of Audit, Hr & Remuneration Committee
7	There is no Female Director in the Company.	According to Regulation Every Company Must have at least one female director.



Nazir Cotton Mills Limited **Annual Report 2022**

18,19	TherequirednumberofDirectorshavenotparticipatedintheDirectorTrainingProgram.	AccordingtoRegulationbyJune30,2022alldirectors on the panel of Board of directors musthavegonethroughDirectorTrainingProgram.
31	Thereisnointernalauditfunction.	AccordingtoRegulation,everyCompanymusthaveaninternalauditfunction.

Wehavealsoexpressedanadverseopinioninourauditreporttothefinancialstatementsfortheyearended30June2022.

KAMRAN&CO
CHARTEREDACCOUNTANTS

ISLAMABAD
December01,2022
CR202210107qIOEjygSM

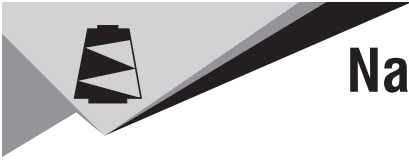


STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2017

The Nazir Cotton Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors is Seven as per the following.
 - a. Male: Seven
 - b. Female: None
2. The composition of the Board of Directors (the Board) is as follows:
 - a. Category Independent Mr. Muhammad Irfan
Asim Mehmood Bhatti
 - b. Director Executive Directors Mian Shahzad Aslam
 - c. Non-Executive Directors Mian Farrukh Naseem
Mian Amir Naseem
Maqbool Husain Bhutta
Mr. Muhammad Abbas
3. Directors have confirmed that none of them is 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 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 the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
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 remained fully compliant with the provision with regard to their training program. The majority of the Board members have the prescribed qualifications and experience required for exemption from training program of directors pursuant to regulation 20 of the Regulations.
10. The Board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.



Nazir Cotton Mills Limited **Annual Report 2022**

11. CFO and CEO 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 Irfan	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Asim Mahmood Bhatti	(Member)

We have appoint independent director as Chairman of the Audit Committee in due course.

b. HR and Remuneration Committee

Mr. Asim Mahmood Bhatti	(Chairman)
Mr. Muhammad Abbas	(Member)
Mr. Muhammad Irfan	(Member)

We have appointed independent director as member of HR and Remuneration Committee in due course.

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 aforesaid committees were as per following:

- Audit Committee: Four meetings during the financial year ended 30 June 2022
- HR and Remuneration Committee: one meeting during the financial year ended 30 June 2022.

15. The board has not set up an internal audit function because the operation of the company has been suspended since last many years.

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 have been complied with.