

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GADOON 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 **Gadoon Textile Mills Limited** (the Company) for the year ended **June 30, 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 **June 30, 2024**.

Further, we highlighted below instances of non-compliance with the requirements (non-mandatory) of the Regulations as reflected in the note/paragraph referred below where these are stated in the Statement of Compliance.

S. No	Paragraph reference	Description
I	5	Election of directors was not held during the year as it was not due.
ii	19	The Company plans to arrange training for the female executive in next financial year.
iii	29 & 30	Non-constitution of Nomination Committee and Risk Management Committee.
iv	10A	The requirement introduced relating to Environmental, Social & Governance matters by the SECP will be complied with in due course.

Yousuf Adil
Chartered Accountants

Place: Karachi

Date: August 22, 2024

UDIN: CR202410099PVfLp0qFN

Statement of Compliance with CCG 2019

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

Name of Company: Gadoon Textile Mills Limited (the Company)

Year ended: June 30, 2024

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the CCG Regulations") in the following manner:

1. The total number of Directors are Eight including the Chief Executive as a deemed Director as per the following:
 - a. Male: 7
 - b. Female: 1

2. The composition of the Board is as follows:

Category	Names
a) Independent directors	Syed Muhammad Shabbar Zaidi Mr. Moin M. Fudda
b) Non-executive directors	Mr. Muhammad Ali Tabba (Chairman) Mr. Imran Yunus Tabba Mr. Jawed Yunus Tabba Mr. Muhammad Hassan Tabba
c) Executive director	Mr. Muhammad Sohail Tabba (CEO)
d) Female non-executive director	Ms. Zulekha Tabba Maskaitya

The independent director meets the criteria of independence under the Companies Act, 2017 ("the Act").

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 to safeguard the rights and well-being of employees and for protection against harassment at the workplace 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 ensured that complete record of particulars of the significant policies along with their date of approval 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 the 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the Directors have either completed the Director's Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG. Further, during the year the Company has arranged the Directors Training Program for one of its Head of Department to cater the non-mandatory requirement of Clause 19(3) of the CCG Regulation;
10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board and complied with relevant requirements of the Regulations;
11. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

Committee	Name of members and Chairman
a) Audit Committee	Syed Muhammad Shabbar Zaidi (Chairman) Mr. Moin M. Fudda Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Moin M. Fudda (Chairman) Mr. Jawed Yunus Tabba Ms. Zulekha Tabba Maskatiya

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 committees were as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The Board has set up an effective internal audit function and its members 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 ("ICAP") and registered with Audit Oversight Board of Pakistan ("AOBP"), that they and all their partners are in compliance with International Federation of Accountants ("IFAC") guidelines on code of ethics as adopted by the 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 is aware of both current and emerging sustainability / ESG related risks and opportunities, and it consistently monitors and oversees the organization's progress in achieving its set goals in these areas;

19. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the CCG Regulations have been complied with;

20. Regulation 6 (1) of the CCG Regulations stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 7 members, one-third works out to 2.66. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently; and

21. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No	Non-Mandatory Requirements	Explanation	Regulation No.
1	Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No Election of Directors was held during the year as it was not due.	5
2	Directors' Training: Requirement to arrange training for at least one female executive every year from year July 2020:	The Company plans to arrange training for the female executive in next financial year. The Company further plans to enhance the gender diversity through increasing the female representation at executive position for an inclusive and equitable organizational culture.	19(3)
3	Nomination Committee:	The Board itself takes care of the responsibilities as prescribed for the nomination committee.	29(1)
4	Risk Management Committee:	The Board itself takes care of the responsibilities as prescribed for the Risk Management Committee.	30(1)
5	Environmental, Social and Governance (ESG) matters: The Board is responsible for setting the Company's sustainability strategies, priorities and targets to create long term corporate value. The Board may establish a dedicated sustainability committee having at least one female director.	At present the Board provides governance and oversight in relation to the Company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by the SECP through notification dated June 12, 2024 will be complied with in due course.	10A(5)



Muhammad Ali Tabba

Chairman

Karachi: August 6, 2024



Muhammad Sohail Tabba

Chief Executive Officer