

Allawasaya Textile and Finishing Mills Ltd.

TERMS OF REFERENCE OF AUDIT COMMITTEE

Mr. Nazir Ahmad Khan (Independent Director)- Chairman
Mr. Abdul Rehman Qureshi (Independent Director)- Member
Mrs. Nusrat Jamil (Non-Executive Director)- Member

The Audit Committee is reconstituted for a term of three years effective from 30-05-2024 and its terms of reference are defined as follows:

EXTERNAL AUDITORS:

- Recommend to the Board of Directors the appointment or retention of external auditors, who are ultimately accountable to the Shareholders and shall consider any question of law.
- Review and approve the fees to be paid to the external auditors for audit services.
- Ensuring the coordination between the internal and external auditors.
- Review and discuss separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restriction on the scope of work or access to required information.
- Review and discuss with the external auditors the management letter provided by the auditors and the management response to that letter.

INTERNAL AUDIT:

- Review and discuss with the head of internal audit department the internal audit plans, their scope and extent of ongoing audit activities.
- Review and discuss with the head of internal audit, relevant staff of internal audit any other department and the management, the significant internal audit reports, examinations findings, investigation results and response to these observations.
- Review the internal audit department responsibilities, budget and staffing and suggest / recommend changes, if required.
- The Company shall protect all its assets (Financial and non financial) against various risks by taking appropriate measures including effective and efficient internal controls and adequate insurance coverage of Company's fixed assets.

FINANCIAL STATEMENTS:

To Review Company's quarterly, half-yearly and annual Financial Statements prior to the approval of Board of Directors, and consider the following points among other things:

- Key assumptions used.
- Major judgmental areas.
- Ensuring the applicability of going concern concept for preparing accounts of the Company after taking into consideration the financial health and future viability.
- Significant changes in the accounting policies. Compliance of accounting standards, as applicable in Pakistan.
- Compliance review of all statutory and regulatory requirements including the listing regulations in relation to the financial statements.

STATUTORY REQUIREMENTS:

To ensure:

- Effective implementation of Corporate Governance and best practices and highlighting the major variations on a continuous basis.
- That the relevant statutory and regulatory requirements are complied with.

Any other matter referred by the Board of Directors.