

# Statement of Compliance

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
OF EMCO INDUSTRIES LIMITED 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 11 as per the following:

- a) Male: 10
- b) Female: 01

2. The composition of the Board is as follows:

Category	Names
Independent Directors*	Ch. Imran Ali Syed Muhammad Mohsin Mrs. Ayesha Mussadaque Hamid Mr. Osman Hameed Chaudhri
Executive Directors	Mr. Tariq Rehman Mr. Salem Rehman Mr. Ahsan Suhail Mannan
Non-Executive Directors	Mr. Javaid Shafiq Siddiqi Mr. Usman Haq Mr. Pervaiz Shafiq Siddiqi Mr. Awais Noorani
Female Director	Mrs. Ayesha Mussadaque Hamid

\* As listed above, there were a total of 11 Directors including 04 Independent Directors (03 Male & 01 Female). After the death of Mr. Suhail Mannan in October 2022, Mr. Osman Hameed Chaudhri was appointed as Independent Director in January 2023 to fill casual vacancy and to fulfil the Corporate Governance requirements.

Moreover, the Board has been reconstituted with 12 directors and below is the Board Composition. These directors are elected for a term of three years starting from 1st July 2023.

Category	Names
Independent Directors*	Ch. Imran Ali Syed Muhammad Mohsin Mrs. Ayesha Mussadaque Hamid Mr. Osman Hameed Chaudhri
Executive Directors	Mr. Usman Haq Mr. Salem Rehman Mr. Tariq Rehman Mr. Ahsan Suhail Mannan
Non-Executive Directors	Mr. Javaid Shafiq Siddiqi Mr. Pervaiz Shafiq Siddiqi Mr. Salman Javaid Siddiqi Mr. Umair Noorani
Female Director	Mrs. Ayesha Mussadaque Hamid

\*The Board is reconstituted with effect from July 1, 2023. There are a total of 12 Directors including 04 Independent Directors (03 Male & 01 Female). The Company is continuously improving its governance structure.

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 has ensured that a complete record of particulars of the 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 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 meetings of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. Three members of the Board are exempted from Directors' Training Program by virtue of their requisite qualification and experience of serving on the Board of Listed Company and seven Directors have acquired prescribed certification under Directors' Training Program.

**NOTE:**

- Out of 11 Board Directors, 03 Directors are exempted from DTP (Mr. Tariq Rehman, Mr. Javaid Shafiq Siddiqi and Mr. Usman Haq) because they have minimum of 14 years of education and 15 years of experience on the Board of a listed Company.
  - Out of 11, 07 have completed Directors' Training Program (Mrs. Ayesha Mussadaque Hamid, Syed Muhammad Mohsin, Ch. Imran Ali, Mr. Osman Hameed Chaudhri, Mr. Salem Rehman, Mr. Ahsan Suhail Mannan and Mr. Awais Noorani).
  - Overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it.
10. The Board has approved the 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.
  11. The Chief Financial Officer and 02 Directors including Chief Executive Officer duly endorsed the financial statements before approval of the Board.
  12. The Board has formed committees comprising of members given below:-

a) Audit Committee:

Ch. Imran Ali	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member

The Board has appointed the following members of the Audit Committee for a period of three years w.e.f. 01.07.2023 in the meeting of the Board of Directors held on 04.07.2023.

Mr. Osman Hameed Chaudhri	Chairman
Syed Muhammad Mohsin	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Umair Noorani	Member

Mr. Ahsan Suhail Mannan is the Committee Secretary as required by Chapter IX, 27 (1) (iv) of the Code of Corporate Governance, Regulations 2019.



**b) Human Resource & Remuneration Committee:**

Mrs. Ayesha Mussadaque Hamid	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Awais Noorani	Member

The Board has appointed the following members of the HR & Remuneration Committee for a period of three years w.e.f. 01.07.2023 in the meeting of the Board of Directors held on 04.07.2023.

Mrs. Ayesha Mussadaque Hamid	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Salman Javaid Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

**c) Risk Management Committee:**

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Mr. Javaid Shafiq Siddiqi	Member
Mr. Salem Rehman	Member / Committee Secretary

The Board has appointed the following members of the Risk Committee for a period of three years w.e.f. 01.07.2023 in the meeting of the Board of Directors held on 04.07.2023.

Syed Muhammad Mohsin	Chairman
Mr. Tariq Rehman	Member
Ch. Imran Ali	Member
Mr. Salem Rehman	Member / Committee Secretary

**d) Nomination Committee:**

Ch. Imran Ali	Chairman
Mr. Pervaiz Shafiq Siddiqi	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary
Mr. Salem Rehman	Member

The Board has appointed the following members of the Nomination Committee for a period of three years w.e.f. 01.07.2023 in the meeting of the Board of Directors held on 04.07.2023.

Ch. Imran Ali	Chairman
Mr. Javaid Shafiq Siddiqi	Member
Mr. Usman Haq	Member
Mr. Ahsan Suhail Mannan	Member / Committee Secretary

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 (quarterly / half yearly / yearly) of the committees were as per following:
  - a) Audit Committee: (Quarterly).
  - b) Human Resource and Remuneration Committee: (Half Yearly).
  - c) Risk Management Committee: (Yearly).
  - d) Nomination Committee: (Yearly).
15. The Board has set up an effective Internal Audit Function led by HIA (who is also an employee of the Company) and has outsourced the Internal Audit Function to M/S. Zeeshan & Co., Chartered Accountants for the year ended 30th June 2023, who 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with and all other requirements of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Reference to clause 9 of Statement of Compliance "Directors' Training Programs (DTP)", overall, 90.90% of the Board of Directors have either completed the Directors' Training Program or are exempted from it. Out of 11 Directors, only 01 Director has to complete the course and he will attend the course in the coming year.

Moreover DTP, we confirm that all other requirements of the Regulations have been complied with.



(JAVAID SHAFIQ SIDDIQI)  
Chairman





# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF EMCO INDUSTRIES 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 EMCO Industries Limited ("the Company") 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.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Sr.No	Paragraph Reference	Description
1	9	One Director out of eleven Directors of the Company has not acquired the prescribed certification under the Directors' Training Program as required under Regulation 19 of the Regulations.

CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants

Lahore  
Dated: September 06, 2023  
UDIN: CR202310051PgEUkuyJV