



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
FOR THE YEAR ENDED 30 June 2023

Service Industries Textile 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 7 as per the following:
 - a. Male: 5
 - b. Female: 2
2. The composition of the Board is as follows:

Category	Names
Independent Director *	Mr. Omar Mohyud Din Malik Ms. Zainab Khan
Executive Directors	Mr. Mohammad Hameed Mr. Murtaza Hameed
Non-Executive	Mr. Aamer Hameed Mr. Tariq Hameed Ms. Sadia Hameed
Female Director	Ms. Zainab Khan Ms. Sadia Hameed

*For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, hence it fulfills the requirement of minimum two (2) independent directors. Furthermore, the two independent directors have the requisite skills and knowledge to take independent decisions. Therefore, the fraction of 0.33 in such one-third is not rounded up as one this time.

3. The directors have confirmed that none of them is serving as a director in 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 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 the Act and these regulations.
7. The meeting of the Board was 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 this Act and regulations with respect to frequency, recording and circulating minutes of the meetings 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. Three members of the Board are exempted from Directors' Training Program by virtue of their requisite qualification and required experience of serving on the Board of a listed company, and three have attended the Directors' Training Program as prescribed.
10. The Board has approved appointment of CFO, Company Secretary, and Internal Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.
11. CFO and CEO duly endorsed the financial statements before the approval of the Board.



12. The Board has formed committees comprising of the members given below:
- a) Audit Committee
- | | |
|--------------------------|----------|
| i) Omar Mohyud Din Malik | Chairman |
| ii) Zainab Khan | Member |
| iii) Tariq Hameed | Member |
- b) HR & Remuneration Committee
- | | |
|----------------------------|-------------|
| i) Zainab Khan | Chairperson |
| ii) Aamer Hameed | Member |
| iii) Omar Mohyud Din Malik | Member |
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 was as per following:
- | | |
|-----------------------------------|---|
| a) Audit Committee: | 4 |
| b) HR and Remuneration Committee: | 2 |
15. The Board has outsourced the internal audit function to Awan & Co Chartered Accountants who are considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company. They are involved in the internal audit functions on full time basis.
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 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.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are given below:

Sr. No.	Paragraph Reference	Description	Explanation
1.	19	By June 30, 2022, all directors shall acquire certification under director training program	Directors' Training Program shall be organized for remaining one Director by or before end of June 30, 2024.

For & on behalf of the Board of Directors

(AAMER HAMEED)
Chairman

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
 SERVICE INDUSTRIES TEXTILES 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 Service Industries Textiles 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 requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	9 & 19	One Director out of Seven Directors have not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.



(CROWE HUSSAIN CHAUDHURY & CO.)
 Chartered Accountants

Lahore
 05 October, 2023
 UDIN: CR202310169ivIZCUEJY