

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Name of the Company: **SHADAB TEXTILE MILLS LIMITED**

Period 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 7 and chief executive as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
a) Independent Directors*	Mr. Fahad Shafiq Mr. Ghazanfer Feroz
b) Executive Directors	Mian Aamir Naseem (Chief Executive) Mr. Yasir Naseem
c) Non-Executive Directors	Mian Farrukh Naseem Mr. Saad Naseem Mr. Hamza Naseem
d) Female Director	Mrs. Fatima Aamir

3. The directors have confirmed that none of them is serving as 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 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 board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The majority of 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;
10. The board has approved the appointment of CFO, 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. 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. Fahad Shafiq | (Chairman) |
| Mian Farrukh Naseem | (Member) |
| Mr. Hamza Naseem | (Member) |
- b) **HR & R Committee**
- | | |
|---------------------|------------|
| Mr. Fahad Shafiq | (Chairman) |
| Mr. Ghazanfer Feroz | (Member) |
| Mr. Saad Naseem | (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 / annually) were as per followings:
- a) Audit Committee Quarterly
- b) HR and R Committee Annually
15. The Board has set up an effective internal audit function 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 and 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 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

Note* Number of Directors are seven and one third of ID is 2.33, therefore, as a general principal 0.33 is not rounded off to one.

For and on behalf of the Board


(Mian Farrukh Naseem)
Chairman

September 27, 2023



Independent Auditor's Review Report to the Members of SHADAB 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 **SHADAB TEXTILE MILLS 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.

Fazal Mahmood & Co.

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 27, 2023
UDIN: CR202310338AX0xBc9q5