

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:
  - a) Male: 9
  - b) Female: 1


2. The composition of the Board is as follows:


Category	Names
Independent directors	Mr. Farooq Hassan
	Mr. Amir Amin
	Mr. Syed Nadeem Ali Kazmi
Non-executive directors	Mr. Muneer Nawaz
	Mr. Toqueer Nawaz
	Mr. Muhammad Usman Khalid
	Mr. Abid Nawaz
Female non-executive director	Mrs. Sadia Muhammad
Executive directors	Mr. Muhammad Naeem – Chief Executive Officer Lt. Col(Retd.) Rashiduddin Shams

- \* The requirement of Independent Directors is at least two or one-third of members of the Board, whichever is higher. Three independent directors were appointed/elected on the Company's Board and the fraction of 0.33 was not rounded up as one since the Board considers that the three Independent Directors have adequately protected the interests of the minority shareholders.
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 complete record of particulars of 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 Companies Act, 2017 (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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
  9. The Board remained fully compliant with the provision with regard to director's training program. Out of total ten directors of the Company, three have minimum of 14 years of education and 15 years of experience on the board of a listed company and therefore are exempt from director's training program. Six other directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG). The Company, however, intends to facilitate further training for the remaining Director in near future as defined in these Regulations;
  10. There was no fresh appointment of Chief Financial Officer (CFO), Company Secretary (CS) and Head of Internal Audit (HOIA) during the year ended June 30, 2023. The Board has approved 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 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 Mr. Amir Amin (Chairman) Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Abid Nawaz	b) HR and Remuneration Committee Mr. Farooq Hassan (Chairman) Mr. Muneer Nawaz Mr. Muhammad Naeem Mr. Toqueer Nawaz Mrs. Sadia Muhammad
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- The Board has not formed the 'Nomination Committee' and 'Risk Management Committee' as responsibilities of these committees are being taken care of at the Board Level as and when required. Therefore, a need for the separate formation of these committees does not exist.
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
  14. The frequency of meetings of the committee were as per following:
    - Audit Committee: Four quarterly meetings during the financial year ended June 30, 2023;
    - HR and Remuneration Committee: One meeting during the financial year ended June 30, 2023.
  15. The Board has outsourced the internal audit function to a firm of Chartered Accountants 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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

for and on behalf of the Board of Directors

  
(M. NAEEM)  
Chief Executive

  
(MUNEER NAWAZ)  
Chairman

**TO THE MEMBERS OF SHAHTAJ TEXTILE LIMITED**

**Review Report on Statement of the Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

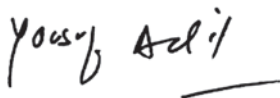
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahtaj Textile Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of Regulation 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.



Chartered Accountants

Karachi: September 26, 2023

UDIN: CR202310099pQnli1PVo