

Statement of Compliance

with Listed Companies (Code of Corporate Governance) Regulation, 2019

For the year ended June 30, 2023

The National Silk and Rayon Mills 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 Seven (7) as per the following:

- a. Male: Five
- b. Female: Two

2. The composition of Board is as follows:

Independent Director	Mr. Shahzad Ehsan
Non-executive directors	Sh. Mustafa Faisal Tauheed
	Mr. Muhammad Arif
	Mrs. Samira Faisal
	Mrs. Tahira Kashif
Executive Directors	Sh. Faisal Tauheed
	Sh. Kashif Tauheed

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 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 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 Chairperson and, in her 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 Board.

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has already arranged Director's Training program for the following:

Name Mr. Faisal Tauheed	Category Executive Director
Name Mr. Kashif Tauheed	Category Executive Director
Mrs. Samaira Tauheed	Non-Executive Director
Mrs. Tahira Kashif	Non-Executive Director
Mr. Shahzad Ehsan	Independent Director

10. 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. 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. Shahzad Ehsan	(Chairman)
Mrs. Tahira Kashif	(Member)
Mr. Mustafa Faisal Tauheed	(Member)

b) HR and Remuneration Committee

Mr. Shahzad Ehsan
Mrs. Tahira Kashif
Mrs. Samira Faisal

(Chairman)
(Member)
(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 of the committee were as per following:

- a) Audit Committee: Four meetings during the financial year ended June 30, 2023.
b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2023.

15. The board has set up an effective internal audit function which comprises the persons 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 other requirements of the Regulations 3, 7, 8, 32, 33 and 36 of the Regulations have been complied with, except for the requirements of regulation 6, against which compliance will be made in due course;

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation for Non-compliance	Reg. No.
1	Nomination Committee: The Board may constitute a separate committee, designated as the Nomination Committee (NC) of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR committee.	29(1)
2	Risk Management Committee: The Board may constitute the Risk Management Committee (RMC), of such number and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and apprises the Board accordingly.	30(1)
3	Directors' training and training of head of department It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it. Companies are also encouraged to arrange training for; at least one head of department every year under the Directors' Training program from July 2022.	The Non-Executive Director Sheikh Mustafa Faisal Tauheed and the Independent director Mr. Muhammad Arif did not attend the directors' training program due to tight schedule. However, company is arranging directors' training program as early as possible. The company will arrange the training program of one head of department under the Directors' Training program in the next financial year.	19(1)(III) 19(3)(II)
4	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	The Company will upload the required policies and terms of references to comply these requirements soon.	35

For and on behalf of the Board of Directors



Lahore: October 06, 2023

Sh. Kashif Tauheed
Director



Sh. Faisal Tauheed Puri
Chief Executive Officer

Independent Auditor's Review Report

To the Members of The National Silk And Rayon 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 **The National Silk And Rayon Mills Limited** 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 wherein it is stated in the Statement of Compliance:

Sr. No.	Paragraph reference	Description
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| (i) | 18 | There is one independent director on the Board of Directors of the Company. We have been explained that the Board is deliberating on this matter. |
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Faisalabad: October 06, 2023
UDIN: CR202310184MQbaWVYXo



RIAZ AHMAD & COMPANY
Chartered Accountants