

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

- a) Male 9
- b) Female 2

2. The composition of Board is as followed;

Category	Name
Independent Directors	Ms. Azra Yaqub Vawda Mr. Farooq Hassan Mr. Faisal Hanif
Executive Directors	Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood Mr. Naveed Ahmed
Non-Executive Directors	Mian Shahzad Ahmed Mr. Shahwaiz Ahmed Mrs. Fadia kashif Mian Imran Ahmed Mr. Irfan Ahmed
Female Director	Ms. Azra Yaqub Vawda Mrs. Fadia kashif

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 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 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 the remuneration of the directors in accordance with the Act and these Regulations;
9. Majority of the directors of the company are exempt from the requirement of the directors training program or has obtained the exemption certificate.
10. No new appointment of Head of Internal Audit, Company Secretary and Chief Financial Officer (CFO) has been made during the year except their remuneration and terms and conditions of employment which was approved by the Board and the Board complied with relevant requirements of the Regulations;
11. The Financial Statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

12. The board has formed committees comprising of the members given below:

a) Audit Committee

Chairman	Mr. Faisal Hanif
Members	Mrs. Fadia Kashif Mr. Shahwaiz Ahmed

b) HR and Remuneration Committee

Chairman	Mr. Faisal Hanif
Member	Mrs. Fadia Kashif Mr. Irfan Ahmed

13. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of the meeting of the committee were as per following:
- a) Audit Committee (Quarterly)
- b) HR and Remuneration Committee (yearly)
15. The board has set up an effective internal audit function;
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 (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Directors 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 regards;
18. We confirm that all requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with except following;
- As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as Independent Directors and currently, there are three Independent Directors in a Board of Eleven Directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three Independent Directors are sufficient to represent minority shareholders which are only 12.69% of total shareholders.

On behalf of the Board of Directors



Mian Imran Ahmed
Chairman

Karachi:October 04, 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNRAYS 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 **Sunrays 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.



Chartered Accountants

Place : MULTAN

Date : October 05, 2023

UDIN: CR202310180mSOHhM7iK