



KARAM CERAMICS LIMITED

# 2025 ANNUAL REPORT



[www.karamceramics.com](http://www.karamceramics.com)

## 46th ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mrs. Atiya Nasir	Chairperson
Mr. Syed Mazhar Ali Nasir	Chief Executive Officer
Lt. General (Rtd) Tariq Waseem Ghazi	Independent Non-Executive Director Mr.
Mr. Alireza M. Alladin	Executive Director
Mr. Shuja Ahmed Alvi	Independent Non-Executive Director
Ms. Samya Nasir	Executive Director
Mr. Syed Ahmed Ali Nasir	Non-Executive Director
Mrs. Sabika Zahid	Chief Financial officer
Mr. Shabbir Abbas	Company Secretary

### AUDLT COMMLTTEE

Mr. Shuja Ahmed Alvi	Chairman
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

### HUMAN RESOURCES & REMUNERATLON COMMLTTEE

Lt. General (Rtd) Tariq Waseem Ghazi	Chairman
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

### BANKERS

Soneri Bank limited  
Habib Bank limited JS  
Bank limited MCB  
Bank limited  
Habib Metropolitan Bank limited  
Habib Mertropolitan Islamic Banking Branch  
Faysal Bank limited  
Allied Bank limited Bank  
Alfalah limited Meezan  
Bank limited MCB Islamic  
Banking

### AUDITORS / REGLSTRAR AND SHARE TRANSFER OFFLCE

Crowe Hussain Choudhury & Co Chartered  
Accountant3  
Level 04, 31-C,  
Khayaban-e-Shamsheer, Phase 5, DHA,  
Karachi, Pakistan  
+92 21 35877806-10

THK Associates Pvt. Limited.  
Plot No. 32-C, Jami Commercial Street 2,D.H.A, Phase VII  
Karachi -75500

NATIONAL TAX NUMBER : 07108575 SALES  
TAX REGISTRATION NO : 02-02-6907-001-55

### HEAD OFFLCE

A-31, Sindhi Muslim Cooperative Housing Society, Karachi-75400(Ph #  
021-34555512-13)

### FACTORY

295/311, Deh Halkani, Hub Dam Road, Karachi

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46<sup>th</sup> Annual General Meeting (the Meeting) the members of **KaramCeramics Limited**(the Company) will be held on Wednesday, November 26, 2025, at **3:00 pm**, at the Registered Office A-31 S.M.C.H.S Karachi to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company together with the Chairman's Review Report, the Directors' Report and the Auditors' Reports there on for the year ended June 30, 2025.

In accordance with section 223 of the companies Act, 2017 and pursuant to the S.R.O 389(1)/2023 dated March 21,2023 the Annual Audited Financial Statements along with Reports of the Company can be accessed through the following QR enabled code and web link:



<https://karam.ceramics.com.pk/annual-reports-for-the-last-three-financial-years/?v=null>

2. To appoint auditors for the year ending on June 30, 2026 and fix their remuneration.  
The Board of Directors upon recommendation of the Audit Committee has recommended the name of M/s.Crowe Hussain Chaudhury & Co, Chartered Accountants, the retiring auditors, for reappointment as external auditors of the Company after obtaining their consent.
3. To elect directors of the Company, for a term of three years, commencing from November 26, 2025. The names of retiring directors are as follows:

1. Mr SYED MAZHAR ALI NASIR	2. MR. SYED AHMED ALI NASIR
3. MR. ALIREZA M. ALLADIN	4. LT. GENERAL (RTD) TARIQ WASEEM GHAZI
5. MRS. ATIYA NASIR	6. MR. SHUJA AHMED ALVI
7. MS. SAMYA NASIR	

The Board of Directors in accordance with section 159(1) of the Companies Act,2017, has fixed the number of directors to be elected at the upcoming Meeting as ten. Statement required under section 166(3) of the Companies Act, 2017 is annexed.

By order of the Board

Shabbir Abbas  
Company Secretary

Karachi November 05, 2025



**NOTES: .**

Closure of Share Transfer Books The share transfer books of the Company will remain closed from November 15, 2025 to November 26, 2025 (both days inclusive). Physical transfers / CDS Transaction IDs received in order by the Company's share registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street 2, D.H.A Phase-VII, Karachi, up to the close of business on November 14, 2025, be treated in time for the purpose of attending and voting at the meeting.

**2. Proxies**

A member of the Company entitled to participate and vote at this Meeting may appoint any other member of the Company as his/her proxy to participate, speak and vote on his/her behalf at the Meeting. A member shall not be entitled to appoint more than one proxy. The instrument appointing a proxy must be properly filled-in/ executed and in order to be valid, must be received at the share registrar office of the Company, not later than forty-eight (48) hours before the time scheduled for the Meeting.

Attested copy of Computerized National Identity Card (CNIC) of the member appointing the proxy shall be attached with the instrument. A company or a corporation being a member of the Company may appoint a representative through a resolution of its board of directors for attending and voting at the Meeting. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are further advised to follow the guidelines as laid down by the SECP vide Circular No. 1 of 2000.

An instrument of proxy applicable for the Meeting is being provided with the notice being sent to members. Further, copies of the instrument of proxy may also be obtained from the registered office of the Company during normal office

hours or downloaded from the Company's website: <http://www.karamceramics.com.pk>

**3. Online Participation Via Zoom**

Members and their proxies are being provided with the facility to participate in the meeting through electronic means via Zoom Video-Link. Interested members are requested to get themselves registered by sending the below mentioned particulars from their registered email address [tocompanysecretary-kcl@stargroup.com.pk](mailto:tocompanysecretary-kcl@stargroup.com.pk) Latest by the close of

Name of Member	CNIC No. /NTN No.	CDC Participant ID/Folio No.	Cell No	Registered email address

business hours (5:00 PM) on November 21, 2025:

Members, who are registered, after the necessary verification, will be provided a Zoom Video-Link by the Company. Only those members whose names appear in the register of members as of November 14, 2025 will be entitled to participate in the Meeting via Zoom Video Link.

**4. Video Link Facility**

Pursuant to section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding aggregate 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least seven days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

**5. Gifts at the Meeting**

As per SRO 452 (I)/2025 no gifts will be distributed at the meeting.

## 6. Statutory Code of Conduct at General Meetings

Members are advised to adhere to the Code of Conduct as provided in section 215 of the Companies Act, 2017 and regulation 28 of the Companies (General Provisions and Forms) Regulations, 2018. Members are further advised to take note of meeting etiquettes as prescribed in the Guidelines for Professional Conduct in General Meetings (the “Guide”) issued by SECP.

## 7. Transmission of Annual Report and Notice of Annual General Meeting.

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2025 along with the reports thereon on its website: [www.karamceramics.com.pk](http://www.karamceramics.com.pk) and the same have also been emailed to those members who had provided their email addresses. These are also available on PUCARS system of the Pakistan Stock Exchange Limited and can also be downloaded/viewed using the following QR enabled code and weblink:



<https://karam.ceramics.com.pk/annual-reports-for-the-last-three-financial-years/?v=null>

Any member requiring printed copy of the Annual Report 2025, may send a request using a Standard Request Form placed on Company’s website which shall be provided free of cost within seven (07) days.

The notice of Annual General Meeting containing QR enabled code and the weblink address to view and

to those members who had provided their email addresses. Furthermore, the notice has also been published in English and Urdu languages in a daily newspaper of respective language having nationwide circulation.

## 8. Election of Directors

Any member / nominee, who seeks to contest the election to the office of director shall, whether he/she is a retiring director or otherwise, file with the Company, at its Registered Office, A-31, S.M.C.H.S, Karachi not later than fourteen days before the date of the Meeting, a notice of his/her intention to offer himself/herself for election as a director. The application/nomination to contest the election should be accompanied with the following documents:

- a Duly signed and completed Consent to act as a director, on Appendix to Form 9 of the Companies Regulations, 2024, as required under section 167 of the Companies Act, 2017. Contesting person must be a member of the Company at the time of filing his / her consent for contesting the election of directors except in case of a person representing a member, which is not a natural person; Attested copy of valid CNIC/Passport and National Tax Number (NTN) certificate;
- b. Detail of other directorship and offices held;
- c. Detailed profile along with office address for placement on the Company’s website;
- d. Signed declaration to be provided, confirming being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria, for a director under section 153 and other provisions of the Companies Act, 2017 and applicable laws and regulations.

f. Independent directors will be elected in accordance with sections 159 and 166 of the Companies Act ,2017 and shall meet the criteria laid down under section 166 of the Companies act, 2017 and the Companies (Manner and Selection of independent Directors) Regulations, 2018 The following additional documents are required to be submitted by the candidates intending to contest the election as an independent director:

- a. Declaration of independence under regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019: and
- b. Undertaking on non-judicial stamp paper that he/she meets the requirements of regulation 4(1) of the Companies (Manner and selection of independent Directors) Regulations, 2018.

#### **9. Postal Ballot Facility and Scrutinizer**

In accordance with the Companies (Postal Ballot) Regulations, 2018 (the Regulations), the right to vote through electronic voting facility and voting by post shall be provided to members of the Company in the manner and subject to conditions contained in the Regulations. Under regulation 11 of the Regulations, M/s.Crowe Hussain Chaudhury & Co, Chartered Accountants (a QCR-rated audit firm), being the statutory auditors of the Company, having relevant experience, has been appointed to act as the Scrutinizer, if so required, in case of election of directors, and to undertake necessary relevant responsibilities as defined in the Regulations.

#### **10. General**

Members holding shares in physical form are requested to promptly notify Company's' share registrar, M/s Thk Associates (Private) Limited of any change in their postal /email addresses. Members maintaining their shares in CDS should have their address/email addresses updated with their relevant Participant/CDC account services.

Members who by any reason, could not claim their dividend /shares are advised to contact our shares registrar M/s. THK Associates (Private) Limited to collect/ enquire about their unclaimed dividends/shares, if any

In reference to section 72(2) of the Companies Act, 2017, all members holding physical shares are requested to get converted their shares into book entry form at the earliest. This would facilitate members in many ways including safe custody of shares, avoidance of formalities required for issuance of duplicate shares, etc. For the conversion of physical shares into book entry form, the members may contact their Brokers, CDC participants or CDC investor Account Service.

For any query/problem/information, members may contact THK Associates (Private) Limited at +92(21)111-000-322 EXT110, +92(21)5310191-5and e-mail address:sfc@thk.com.pk

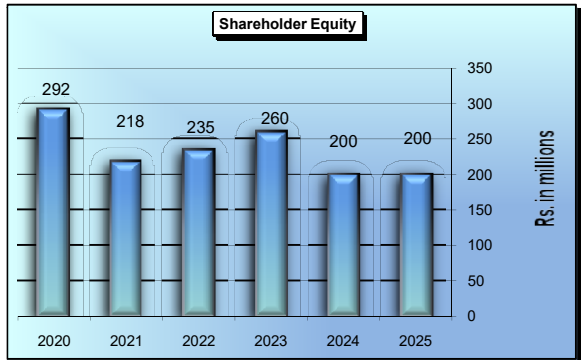
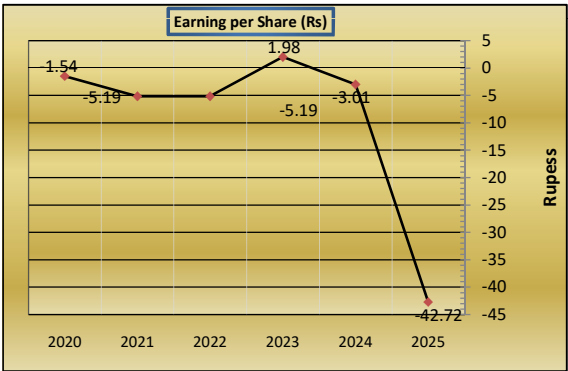
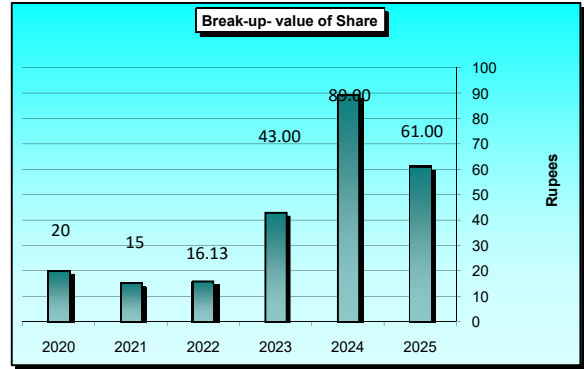
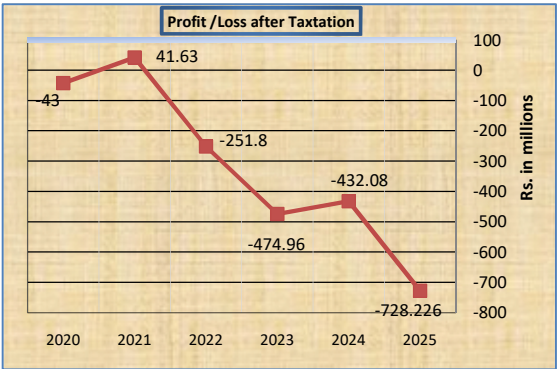
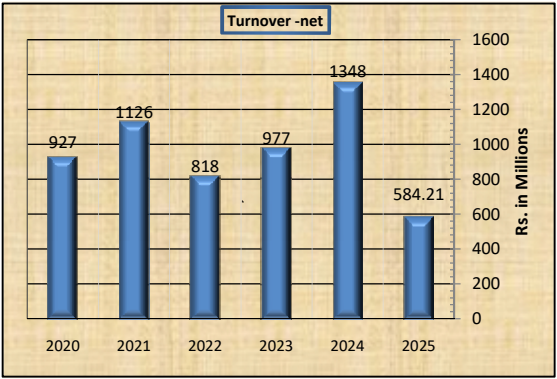
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**STATEMENT REQUIRED UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017 IN RESPECT OF ELECTION OF DIRECTORS, IS APPENDED BELOW:**

**AGENDA ITEM NO. 3.  
ELECTION OF DIRECTORS**

In compliance with section 166(3) of the Companies Act, 2017, in case of an independent director, consent papers will only be accepted from those persons who are eligible under section 153 of the Companies Act, 2017 and meet the criteria as set out for independence under section 166 of the Companies Act, 2017, after observing relevant requirements of rules/ regulations issued thereunder including availability of their names on the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance. Further, the Company while selecting independent directors shall exercise its due diligence and shall also assess respective competencies, diversity, skill, knowledge and experience of candidates.

However, it is noteworthy to mention here that independent directors will be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017. Final list of the contesting directors will be published in newspapers not later than seven days before the date of the said Meeting in terms of section 159(4) of the Companies Act, 2017. Further, the website of the Company will also be updated with the required information for each director. The present directors are interested in the business to the extent that they are eligible for re-election as directors of the Company





## CHAIRPERSON'S REVIEW REPORT

### Board Structure

Dated: November 05, 2025

The Board is made up of professionals with strong backgrounds in various fields. There are two committees reporting to the Board, namely the Audit Committee which incorporates Risk Management and the Human Resources and Remuneration Committee.

Memberships of the Board and its committees are detailed in the Directors' Report. Two of seven directors are now women.

### Dynamics and Functioning of the Board

Board meetings are held quarterly in a good atmosphere with full participation by those present. Attendance and participation are good and directors are available at other times to support management. Their input is highly valued and much appreciated by both management and myself.

Both Board and committee meetings take place with full participation by those present. Issues are discussed openly with the aim of resolution rather than confrontation.

### Business Strategy Governance

Operating in a mature market, the Company has developed a new production and marketing strategy to strengthen its competitive position. Strategy initiatives are typically introduced by management, with valuable input and guidance provided by the Board.

The Board maintains an oversight role throughout the implementation process, ensuring that strategic plans align with the Company's long-term objectives and shareholder interests.

### Financial Reporting Process, Internal Audit and Internal Controls

Systems are in place to ensure that financial management of all aspects of the Company's operations are managed with transparency, honesty and integrity. In view of financial constraints in house internal auditing role is being carried and has significantly improved the financial management of the business by giving an unbiased overview of the Company's operations. The findings are taken with positivity for improvement. Crowe Hussain Chaudhry and Co. is the Company's external auditor.

### Risk Management

The Board is very conscious of the need to evaluate and manage risk to ensure business continuity. The business is managed through financing by Directors and Family members.

As well, to facilitate the remittance of dividends to non-resident shareholders, the Company adopted the practice of issuing interim dividends rather than waiting until the end of the financial year. Remittance of dividends is much easier now and I am pleased to advise that all remittances are currently up-to-date.

Collection of receivables continues to be a challenge in the depressed economic situation. The new tax filing and payment requirements have further unsettled matters while businesses adjust.

### Monitoring Role

The Audit Committee and Board have implemented a programme whereby a number of Company policies and procedures are presented for review and updating at their meetings. Efforts are ongoing to maintain corporate governance compliance at a time of increasingly stricter requirements.

The Board also monitors itself. The annual evaluations of the Board and its committees has shown steady improvements over the years and the current ratings are at a high level. Weaknesses are highlighted and steps are taken to mitigate them.

### The Chairperson's Role

I see my role as Chairperson and facilitator and wish to thank my fellow directors for their continued support of both myself and the Company's management. The direction and guidance provided by the Board of Directors is hereby acknowledged.

It is with thanks that I sign off on this review.

Karachi:



**Atiya Nasir**  
Chairperson

## بورڈ کی ساخت

بورڈ مختلف شعبوں کے ماہر پیشہ ور افراد پر مشتمل ہے۔ بورڈ کے تحت دو کمیٹیاں کام کرتی ہیں: آڈٹ کمیٹی (جس میں رسک مینجمنٹ شامل ہے) اور ہیومن ریسورسز و معاوضہ کمیٹی۔

بورڈ اور اس کی کمیٹیوں کی رکنیت کی تفصیلات ڈائریکٹرز کی رپورٹ میں بیان کی گئی ہیں۔ سات میں سے دو ڈائریکٹر اب خواتین ہیں۔

## بورڈ کی حرکیات اور کارکردگی

بورڈ کے اجلاس سہ ماہی بنیادوں پر خوشگوار ماحول میں منعقد ہوتے ہیں جن میں تمام اراکین بھرپور شرکت کرتے ہیں۔ حاضری اور شرکت اطمینان بخش ہے، اور ڈائریکٹرز دیگر اوقات میں بھی مینجمنٹ کی معاونت کے لیے دستیاب رہتے ہیں۔ ان کی رائے اور مشورہ مینجمنٹ اور میری طرف سے بے حد قدر کی نگاہ سے دیکھا جاتا ہے۔

بورڈ اور کمیٹیوں کے اجلاسوں میں تمام شرکاء فعال طور پر حصہ لیتے ہیں۔ معاملات کو کھلے انداز میں زیر بحث لایا جاتا ہے، جس کا مقصد حل نکالنا ہوتا ہے نہ کہ تنازع پیدا کرنا۔

## کاروباری حکمت عملی کی نگرانی

ایک مستحکم مارکیٹ میں کام کرتے ہوئے، کمپنی نے اپنی مسابقتی پوزیشن کو مضبوط کرنے کے لیے نئی پیداوار اور مارکیٹنگ کی حکمت عملی تیار کی ہے۔ عام طور پر حکمت عملی کے اقدامات مینجمنٹ کی طرف سے متعارف کروائے جاتے ہیں، جبکہ بورڈ قیمتی رہنمائی اور تجاویز فراہم کرتا ہے۔

بورڈ عمل درآمد کے دوران نگرانی کا کردار ادا کرتا ہے تاکہ یہ یقینی بنایا جاسکے کہ حکمت عملی کمپنی کے طویل مدتی اہداف اور شیئر ہولڈرز کے مفادات کے مطابق ہے۔

## مالی رپورٹنگ کا عمل، داخلی آڈٹ اور اندرونی کنٹرولز

کمپنی کے تمام مالیاتی امور کو شفافیت، دیانت داری اور ایمانداری کے ساتھ چلانے کے لیے نظام موجود ہیں۔ مالی وسائل کی محدودیت کے باعث داخلی آڈٹ کا کردار اندرون خانہ انجام دیا جا رہا ہے جس سے کمپنی کے مالیاتی نظم و نسق میں نمایاں بہتری آئی ہے اور کاروبار کے مختلف پہلوؤں کا غیر جانبدارانہ جائزہ فراہم ہوا ہے۔ نتائج کو بہتری کے جذبے کے ساتھ قبول کیا ہے۔ Crowe Hussain Chaudhry & Co جاتا ہے۔ کمپنی کے بیرونی آڈیٹر

## رسک مینجمنٹ (خطرات کا نظم و نسق)

بورڈ اس حقیقت سے بخوبی آگاہ ہے کہ کاروبار کے تسلسل کو یقینی بنانے کے لیے خطرات کا جائزہ اور ان کا انتظام ضروری ہے۔ کاروبار کی مالی معاونت ڈائریکٹرز اور خاندانی اراکین کے ذریعے کی جا رہی ہے۔

غیر مقیم شیئر ہولڈرز کو منافع کی ترسیل میں سہولت فراہم کرنے کے لیے، کمپنی نے سال کے جاری کرنے کا طریقہ اختیار (interim dividend) اختتام کا انتظار کرنے کے بجائے عبوری منافع کیا ہے اب منافع کی ترسیل کافی آسان ہو گئی ہے، اور مجھے یہ بتانے ہوئے خوشی ہو رہی ہے کہ تمام ترسیلات بروقت ہیں۔

موصول ہونے والی رقم کی وصولی موجودہ کمزور معاشی حالات میں ایک چیلنج بنی ہوئی ہے۔ نئے ٹیکس فائلنگ اور ادائیگی کے تقاضوں نے بھی کاروباروں کے لیے صورتحال کو مزید پیچیدہ بنا دیا ہے۔

## نگرانی کا کردار

آڈٹ کمیٹی اور بورڈ نے ایک پروگرام نافذ کیا ہے جس کے تحت کمپنی کی مختلف پالیسیوں اور طریقہ کار کو ان کے اجلاسوں میں باقاعدگی سے نظر ثانی اور اپ ڈیٹ کیا جاتا ہے۔ سخت تر ضوابط کے دور میں کارپوریٹ گورننس کی تعمیل کو برقرار رکھنے کی کوششیں جاری ہیں۔

بورڈ اپنی کارکردگی کی خود بھی نگرانی کرتا ہے۔ بورڈ اور اس کی کمیٹیوں کی سالانہ جانچ کے نتائج میں مسلسل بہتری ظاہر ہوئی ہے اور موجودہ درجہ بندی اعلیٰ سطح پر ہے۔ کمزور پہلوؤں کو اجاگر کر کے ان کے تدارک کے اقدامات کیے جاتے ہیں۔

## چیئر پرسن کا کردار

میں اپنے کردار کو بطور چیئر پرسن اور سہولت کار دیکھتی ہوں، اور اپنے ساتھی ڈائریکٹرز کا شکریہ ادا کرتی ہوں جنہوں نے میری اور کمپنی کی مینجمنٹ کی مسلسل حمایت کی۔ بورڈ آف ڈائریکٹرز کی جانب سے فراہم کی جانے والی رہنمائی اور سمت کو تسلیم کیا جاتا ہے۔

میں شکرگزاری کے ساتھ اس جائزہ رپورٹ پر دستخط کرتی ہوں۔

کراچی:

  
عطیہ ناصر

نومبر ۲۵-۲۰۲۰  
چیئر پرسن

## ANNUAL REPORT 2025

### FINANCIAL HIGHLIGHTS

(Rs. In millions)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Sales	584.21	1348	977	818	1126	927	1439	1210	861	1196
Gross Profit	-1116.06	-419	-362	-198	35.74	-66	187	136	22	58
Expenses (Net)	-84.1	58	126	101	123	119	136	120	107	95
Loss before Taxtation	-623.376	-474	-484.5	-257.7	-7.8	-95	51	16	85	-0.16
Profit /Loss after Taxtatio	-728.226	-432.08	-474.96	-251.8	41.63	-43	28	14	-75	-22
Dividend %					-		5%	8%	-	-
Right Shares %	-	-	-	-	-	-	-	-	-	-
Earning per Share (Rs.)	-50.05	-29.70	-32.65	-17.30	2.86	-31.01	1.98	0.95	-5.12	1.54

## DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2025.

### Board of Directors

The Board of Directors of the Company as at reporting date is as follows:

1.	Mrs. Atiya Nasir- Chairperson	Non-Executive
2.	Mr. Syed Mazhar Ali Nasir - Chief Executive Officer	Non-Executive
3.	Mr. Alireza M Alladin	Executive
4.	Mr. Lt Gen (Rtd) Tariq Waseem Ghazi	Independent
5.	Mr Shuja Ahmed Alvi	Independent
6.	Ms. Samya Nasir	Executive
7.	Mr Syed Ahmed Ali Nasir	Non-Executive

\*Mrs. Suriya Nasir, Mr. Syed Azhar Ali Nasir and Mr. Syed Azfar Ali Nasir resigned on April 14, 2025.

The total number of Directors are seven as per the following:

a.	Male	5
b.	Female	2

The composition of the Board is as follows:

i.	Independent Directors	2
ii.	Non-executive directors	3
iii.	Executive director	2

The Board has formed committees comprising of members given below:

### Audit Committee

Mr. Shuja Ahmed Alvi	Chairman
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

### Human Resource and Remuneration Committee (HRRC)

Mr. Lt Gen (Retd) Tariq Waseem Ghazi	Chairperson
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

### Business Review

#### Economic Environment

In 2025, Pakistan's economy demonstrated gradual recovery, marked by easing inflation, reduced interest rates, improved foreign exchange reserves, and exchange rate stability. These developments helped sustain business activity, while the Company was consolidating to revive its operations efficiently. However, high



energy prices, elevated debt servicing requirements and structural weaknesses in the economy continue to pose significant challenges. The government has taken steps to support near-term stability; however, meaningful structural reforms remain essential to place the economy on a sustainable long-term growth trajectory.

### Company Affairs and Principal Activities

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports, and through the information portal of the Pakistan Stock Exchange as and when required.

The Board encourages shareholders' participation at the Annual General Meetings and Corporate Briefing Sessions to ensure a high level of accountability. The Company's financial statements are available on the Company's website ([www.karamceramics.com.pk](http://www.karamceramics.com.pk)) and an officer is designated to answer all shareholder enquiries.

The Company is principally engaged in the manufacture and sale of wall tiles.

### Operations and Business

Sales revenue for 2024-25 was Rs.584.210 million compared to Rs.1348.465 million in the previous financial year and the loss before tax was Rs.728.226 million Compared to Rs.423 million in the previous financial year.

### Financial Performance

Following are the summarized financial results of the Company for the year 2024-25:

	----- (Rupees '000') -----	
	<u>2024 - 25</u>	<u>2023 - 24</u>
Sales Revenue	<u>584.210</u>	<u>1348.465</u>
Gross Loss	<u>531.856</u>	<u>418.784</u>
Loss Before Taxation	<u>623.376</u>	<u>490.751</u>
Loss After Taxation	<u>728.226</u>	<u>432.087</u>
Earnings per Share in Rupees	<u>(50.05)</u>	<u>(29.70)</u>

### Future Outlook

The overall economic environment of the country will continue to affect the Company's operations for the foreseeable future. The Company has generally managed the situation well and management is confident that it has the resources to continue to do so. The Company holds a strong conviction in its management team, factory workforce, and the well-being of our customers' enterprises. This collective strength reinforces our confidence in attaining the sales targets for the upcoming year.

### Environment, Social and Governance

#### a. Health, Safety and Environmental Impact

Health and Safety has always been a priority for the Company and we take the wellbeing of our employees very seriously. This responsibility also extends outside the Company. The Company has worked with the owner of the bulk tank storage facility at the port to upgrade the handling and storage of methanol. Extending from this has been to work with the transport provider to utilise OGRA compliant vehicles for transportation of methanol to ensure we are in line with safety regulations.

On the environmental side the Company is extending its waste recycling initiative. In line with ISO guidelines, the HSE management system is incorporated into our Continuous Improvement Programme.

#### b. Corporate Social Responsibility

The Company takes its responsibilities to its community environment seriously by contributing in health, education and environmental issues.

#### c. Risks, Uncertainties and their Management

The Company is committed to maintaining standards and has implemented a risk management framework to assess and mitigate risks across the organization. The Board has assessed that the biggest

risks to Company and sector performance generally relate to the current economic environment. Increasing fuel and energy costs

coupled with declines in demand for our products contribute to a high level of uncertainty.

**d. Performance Evaluation of Board of Directors and its Committees**

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Chairman has carried out an evaluation of performance of Board members, the Board as a whole and the performance of its committees.

Overall, the evaluation outcome was positive and the members of the Board feel that the Board functions effectively and contributes to the operational wellbeing of the Company.

**e. Remuneration of Executive Director**

Disclosure with respect to the remuneration of Directors and Executives is given in note No.31 to the Financial Statements.

**f. Directors' Training Programme**

All directors have duly complied with the Directors' Training Programme requirement and criteria as prescribed in the regulations.

**Diversity and Inclusion**

The Company has a policy in place to promote gender diversity within the organization. We actively encourage female employees to pursue senior positions and take on additional responsibilities based on their performance. This approach reinforces our company culture and helps us retain and cultivate top talent at all levels.

**g. Gender Pay Gap**

The gender pay gap calculated for the year 2024-25 is:

	Mean	Median
Non-management	100%	100%

Management	Mean	Median
Upper	58%	46%
Middle	(16)%	10%
Lower	-1%	5%

**Adequacy of Internal Financial Controls**

Based upon the results achieved from reviews, ongoing testing of financial reporting controls and in house audits conducted during the year, the Company considers that the existing system of internal controls is adequate and is being effectively implemented and monitored. the new ERP system shall be successfully implemented, enhancing financial management and control. The Directors continuously monitor the adequacy, effectiveness and promptness of internal financial controls.

**Transactions with Related Parties**

All transactions with related parties as entered into by the Company in its ordinary course of business are at an arm's length basis and they have been disclosed in the financial statements under the relevant notes.

**Material Changes and Commitments**

There have been no material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of the report, other than disclosed in the financial statements, or in this report.

### **Dividend and Appropriations**

In view of the Company's performance during the outgoing financial year, no dividend has been declared.

### **Trading of Shares of the Company**

During the year ended June 30, 2025 the Directors, the Executives, and their spouses and minor children have not carried out any trading of shares of the Company other than that disclosed in the Pattern of Shareholding.

### **Code of Corporate Governance**

The Directors and management of the Company are committed to good corporate governance. As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- i. The financial statements prepared by the management of the Company present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- ii. Proper books of accounts of the Company have been maintained.
- iii. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- iv. International Financial Reporting Standards have been used as the basis for the preparation of the financial statements and any departure therefrom has been adequately disclosed and explained.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts upon the Company's ability to continue as a going concern. Information about this issue is being presented separately in this report.
- vii. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations. A Code of Conduct has been prepared and delivered to every director and employee.
- viii. The Board of Directors has adopted Vision and Mission Statements.
- i. Statements are annexed in respect of the following:
  - Key financial data for the last six years.
  - Pattern of shareholding.
- ii. During the year under review the Board of Directors convened six times and attendance of the respective directors was as follows:

<b>Name of Board Members</b>	<b>Meetings Attended</b>
Mrs Atiya Nasir (Chairperson)	1/4
Mr. Syed Mazhar Ali Nasir(Chief Executive Officer)	4/4
Mr. Mr. Alireza M Alladin	4/4
Mr. Lt Gen (Rtd) Tariq Waseem Ghazi	4/4
Mr Shuja Ahmed Alvi	4/4
Ms. Samya Nasir	1/4
Mr. Syed Ahmed Ali Nasir	1/4
Mrs. Suriya Nasir	3/4
Mr. Syed Azhar Ali Nasir	3/4
Mr. Syed Azfar Ali Nasir	3/4

\*Mrs. Suriya Nasir, Mr. Syed Azhar Ali Nasir and Mr. Syed Azfar Ali Nasir resigned on April 14, 2025. The Board acknowledges their valuable contribution for the Company and Mrs Atiya Nasir , Ms. Samya Nasir and Mr. Syed Ahmed Ali Nasir was appointed in their place.

- iii. The Audit Committee convened four times and attendance of the respective directors was as follows:

Name of Directors	Meetings Attended
Mr. Shuja Ahmed Alvi	4/4
Ms. Samya Nasir	1/4
Mr. Syed Ahmed Ali Nasir	14
Mr. Lt Gen (Retd) Tariq Waseem Ghazi	3/4
Mr. Syed Azhar Ali Nasir	3/4

\* On April 29, 2025, the Audit Committee was reconstituted

- iv. The Human Resource and Remuneration Committee convened two times and attendance of the respective directors was as follows:

Name of Directors	Meetings Attended
Mr. Lt Gen (Retd) Tariq Waseem Ghazi	1/2
Ms. Samya Nasir	1/2
Mr Syed Ahmed Ali Nasir	1/2
Mr Syed Azfar Ali Nasir	1/2
Mr Shuja Ahmed Alvi	1/2

\*

On April 29, 2025, the Human Resource and Remuneration Committee was reconstituted

- v. All Board and Committee meetings have option of alternating meeting through video conferencing.

### Appointment of Auditors

M/s. Crowe Hussain Chaudhry & Co., Chartered Accountants, consented to act as auditor for the ensuing year. They have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan. The Directors recommend that they be appointed for the upcoming year.

### Chairman's Review

The Directors of the Company endorse the contents of the Chairperson's Review dealing with the overall performance of the Company, future outlook and report on the performance and effectiveness of the Board.

### Acknowledgement

The Directors acknowledge and extend their appreciation to all the stakeholders for their efforts in contributing to the satisfactory outcome for the current financial year, especially, customers and employees of the Company.

On behalf of the Board of Directors



Chief Executive Officer



Chairperson

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو یہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے کہ وہ مالی سال جو 30 جون 2025 کو ختم ہوا، اس کی سالانہ رپورٹ بمعہ کمپنی کے آڈٹ شدہ مالی بیانات پیش کر رہے ہیں۔

بورڈ آف ڈائریکٹرز

رپورٹنگ کی تاریخ تک کمپنی کے بورڈ آف ڈائریکٹرز حسب ذیل تھے:

مسز عطیہ ناصر – چیئر پرسن (نان ایگزیکٹو)  
مسٹر سید مظہر علی ناصر – چیف ایگزیکٹو آفیسر (نان ایگزیکٹو)  
مسٹر علی رضا ایم علاء الدین – ایگزیکٹو  
لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی – آزاد ڈائریکٹر  
مسٹر شجاع احمد علوی – آزاد ڈائریکٹر  
مسز سمیہ ناصر – ایگزیکٹو  
مسٹر سید احمد علی ناصر – ایگزیکٹو  
مسز ثریا ناصر، مسٹر سید اظہر علی ناصر اور مسٹر سید اظفر علی ناصر نے 14 اپریل 2025 کو استعفیٰ دیا۔

کل ڈائریکٹرز کی تعداد - 7

جنس کے لحاظ سے

5- مرد

2- خواتین

بورڈ کی ساخت

آزاد ڈائریکٹرز: 2

نان ایگزیکٹو ڈائریکٹرز: 2

ایگزیکٹو ڈائریکٹرز: 3



## آڈٹ کمیٹی

مسٹر شجاع احمد علوی - چیئرمین  
مسز سمیہ ناصر - رکن  
مسٹر سید احمد علی ناصر - رکن

## (HRRC) ہیومن ریسورس اینڈ ریمونریشن کمیٹی

لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی - چیئرمین  
مسز سمیہ ناصر - رکن  
مسٹر سید احمد علی ناصر - رکن

## کاروباری جائزہ

### معاشی حالات

سال 2025 میں پاکستان کی معیشت بتدریج بحالی کی طرف گامزن رہی۔ مہنگائی میں کمی، شرح سود میں کمی، زرمبادلہ کے ذخائر میں بہتری اور کرنسی کے استحکام سے کاروباری سرگرمیوں کو سہارا ملا، جبکہ کمپنی نے اپنی کارکردگی بہتر بنانے کے لیے آپریشنز کو مستحکم کیا۔

تاہم، توانائی کی بلند قیمتیں، قرضوں کی زیادہ ادائیگیاں اور ساختی کمزوریاں اب بھی چیلنجز بنی ہوئی ہیں۔ حکومت نے قلیل مدتی استحکام کے لیے اقدامات کیے ہیں، لیکن پائیدار ترقی کے لیے ساختی اصلاحات ناگزیر ہیں۔

### کمپنی کے امور اور بنیادی سرگرمیاں

بورڈ اس امر کو یقینی بناتا ہے کہ حصص یافتگان کو کمپنی کی کارکردگی اور اہم پیش رفت سے باخبر رکھا جائے۔ سالانہ اور سہ ماہی رپورٹس کے ذریعے معلومات فراہم کی جاتی ہیں، اور پاکستان اسٹاک ایکسچینج کے پورٹل پر حسب ضرورت اعلانات کیے جاتے ہیں۔

پر (www.karamceramics.com.pk) کمپنی کے مالی بیانات کمپنی کی ویب سائٹ کی تیاری اور فروخت میں (Wall Tiles) دستیاب ہیں۔ کمپنی بنیادی طور پر دیواری ٹائلز مصروف ہے۔

مالی کارکردگی  
مالی سال 2024-25 میں کمپنی کی فروخت 584.210 ملین روپے رہی جو گزشتہ سال کی 1,348.465 ملین روپے سے کم ہے۔  
ٹیکس سے پہلے خسارہ 585 ملین روپے رہا جبکہ پچھلے سال 432 ملین روپے کا خسارہ تھا۔  
خلاصہ مالی نتائج: (ہزار روپے میں)  
تفصیل 2024-25 2023-24 فروخت 584,210,348,465 مجموعی  
خسارہ 531.856 ٹیکس سے پہلے خسارہ 623.376 ٹیکس کے بعد  
(خسارہ 608.330 فی حصص آمدنی (روپے میں) 41.81)

مستقبل کا لائحہ عمل  
ملک کی مجموعی معاشی صورتحال مستقبل میں کمپنی کی کارکردگی پر اثر انداز ہوتی رہے گی۔ کمپنی نے چیلنجنگ حالات کے باوجود اپنی پوزیشن مستحکم رکھی ہے، اور انتظامیہ ریاضتاً اعتماد ہے کہ آنے والے سال میں فروخت کے اہداف حاصل کیے جائیں گے۔

ماحولیات، سماجی ذمہ داری اور حکمرانی  
(a) صحت، سلامتی اور ماحولیاتی اثرات  
کمپنی اپنے ملازمین کی صحت و سلامتی کو اولین ترجیح دیتی ہے۔ میتھانول کی ترسیل و ذخیرہ کے لیے حفاظتی معیارات کے مطابق اپ گریڈ کیا گیا ہے۔  
معیار کے مطابق جاری ہے۔ ISO فضلہ جات کی ری سائیکلنگ کا عمل

(b) سماجی ذمہ داری  
کمپنی صحت، تعلیم اور ماحولیاتیات سے متعلق کمیونٹی پروگراموں میں فعال کردار ادا کرتی ہے۔

## (c) خطرات اور غیر یقینی صورتحال

کمپنی نے خطرات کی نشاندہی اور تدارک کے لیے ایک جامع فریم ورک نافذ کیا ہے۔ موجودہ معاشی حالات اور ایندھن کی بڑھتی ہوئی قیمتیں بڑے خطرات تصور کیے جاتے ہیں۔

(d) بورڈ کی کارکردگی کا جائزہ کے کوڈ آف کارپوریٹ گورننس کے مطابق چیئرمین نے بورڈ اور کمیٹیوں کی 2019 کارکردگی کا جائزہ لیا، جو مجموعی طور پر اطمینان بخش قرار پایا۔

(e) ایگزیکٹو ڈائریکٹر کی معاوضہ ڈائریکٹرز اور ایگزیکٹو کی تنخواہوں کی تفصیل مالی بیانات کے نوٹ نمبر 31 میں دی گئی ہے۔

(f) ڈائریکٹرز ٹریننگ پروگرام تمام ڈائریکٹرز نے مقررہ تربیتی پروگرام مکمل کر لیا ہے۔

(g) تنوع اور شمولیت کمپنی میں خواتین کی نمائندگی بڑھانے کے لیے مؤثر پالیسی نافذ ہے۔ خواتین ملازمین کو کارکردگی کی بنیاد پر ترقی کے مساوی مواقع فراہم کیے جاتے ہیں۔

(h) صنفی اجرت کا فرق سال 2024-25 کے لیے صنفی اجرت کے اعداد و شمار نان مینجمنٹ 100% مینجمنٹ (بالائی MeanMedian) 100% مینجمنٹ (16%) 10% نچلی سطح-1% 5% سطح) 58% 46% درمیانی سطح (16%) 10% نچلی سطح-1% 5%

داخلی مالی کنٹرول سسٹم کے نفاذ سے مالیاتی نظام مزید مضبوط ہوا ہے۔ ڈائریکٹرز ERP اندرونی آڈٹ اور ان کنٹرولز کی مؤثریت پر مسلسل نظر رکھتے ہیں۔

متعلقہ فریقوں سے لین دین

تمام لین دین تجارتی بنیادوں پر بازاری قیمتوں کے مطابق کیے گئے اور مالی بیانات میں ظاہر کیے گئے ہیں۔

منافع، شیئرز اور آڈٹ تجویز نہیں (Dividend) کارکردگی کے پیش نظر مالی سال 2024-25 میں کوئی منافع کیا گیا۔  
سال کے دوران ڈائریکٹرز یا ان کے اہل خانہ نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔  
کارپوریٹ گورننس کمپنی کے مالی بیانات منصفانہ طور پر اس کی مالی حالت اور نتائج کو ظاہر کرتے ہیں۔ مناسب اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں، اور بین الاقوامی مالیاتی رپورٹنگ معیارات کی پیروی کی گئی ہے۔ (IFRS)  
اندرونی کنٹرول کا نظام مؤثر طریقے سے نافذ اور مانیٹر کیا جا رہا ہے۔ کمپنی کے لیے کا خطرہ نہیں پایا جاتا۔ "Going Concern" کوئی

آڈٹ اور اجلاسوں کی تفصیل  
بورڈ کے اجلاس سال کے دوران چھ مرتبہ منعقد ہوئے۔ ڈائریکٹرز کی حاضری رپورٹ میں درج ہے۔  
کے دو اجلاس منعقد ہوئے۔ تمام اجلاس ویڈیو HRRC اسی طرح آڈٹ کمیٹی کے چار اور کانفرنسنگ کے ذریعے بھی قابل عمل تھے۔

آڈیٹرز کی تقرری  
نے آئندہ سال M/s Crowe Hussain Chaudhry & Co., Chartered Accountants کے لیے آڈیٹرز کے طور پر خدمات جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ ان کی تقرری کی سفارش کرتا ہے۔

چیئر پرسن کا جائزہ  
بورڈ چیئر پرسن کی رپورٹ کی مکمل توثیق کرتا ہے، جس میں کمپنی کی مجموعی کارکردگی اور مستقبل کے اہداف پر روشنی ڈالی گئی ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے تمام اسٹیک ہولڈرز، صارفین، اور ملازمین کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی کے بہتر نتائج کے حصول میں تعاون کیا۔

چیئر پرسن

چیف ایگزیکٹو آفیسر

کراچی: 5 نومبر 2025

فائل، PDF یا Word مثلاً) کیا آپ چاہیں گے کہ میں اس ترجمے کو پیشہ ورانہ فارمیٹ میں بھی تیار کر دوں؟ (بورڈ رپورٹ کے لیے موزوں لے آؤٹ کے ساتھ



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## **Karam Ceramics Limited**

### **Vision Statement**

- To become leading Ceramic manufacturing Industry in Pakistan with complete unit of Tiles and Floor Tiles.

### **Mission Statement**

- To produce unique designs, cost effective and durable product so as to compete with the imported tiles.

### **Corporate Goal**

- Increase market share in Pakistan and export to other countries

### **Overall Corporate Strategy**

- Maintain quality management system i.e. ISO 9002
- Contain cost and improve quality by automation of production line and training to personnel

### **RANGE OF PRODUCTS**

#### **COLOURED & DECORATIVE /EFFECT GLAZED WALL TILES**

- 300mm x 300mm
- 250mm x 500cm
- 400mm x 400mm

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

**KARAM CERAMIC LIMITED**

**FOR THE YEAR ENDED JUNE 30, 2025**

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

1. The total number of directors are seven as per the following:

<b>Male</b>	<b>5</b>
<b>Female</b>	<b>2</b>

2. The composition of the Board is as follows:

i. Independent directors (Including female director)	Mr. Lt Gen (Rtd) Tariq Waseem Ghazi Mr. Shuja Ahmed Alvi
ii. Non-executive directors (Including female director)	Mrs. Atiya Nasir- Chairperson Mr. Syed Mazhar Ali Nasir - Chief Executive Officer
iii. Executive director	Mr. Alireza M Alladin Ms. Samya Nasir Mr. Syed Ahmed Ali Nasir

3. During the year, three casual vacancies occurred in the Board of Directors which was filled up within the regulatory time frame;
4. Election of Directors will be held on November 26, 2025 and the related pre/post requirements of the relevant laws and regulations have also been complied with;
5. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
6. 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;
7. 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;
8. 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;
9. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
10. All Directors have either completed Directors' Training program or are exempt from doing so under these Regulations. During the year the Company has arranged a directors' training program for its executives Director (Ms. Samya Nasir). In Current financial year Mrs. Atiya Nasir and Syed Ahmed Ali Nasir will conduct the directors' training program.
11. The Board has approved appointment of head of internal audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, no new appointments or change in terms and conditions of chief financial officer and company secretary took place during the year

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

12. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;  
13. The Board has formed committees comprising of members given below:

**a) Audit Committee (BAC)**

Mr. Shuja Ahmed Alvi	Chairman
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

**b) Human Resource and Remuneration Committee (HRRC)**

Mr. Lt Gen (Rtd) Tariq Waseem Ghazi	Chairperson
Ms. Samya Nasir	Member
Mr. Syed Ahmed Ali Nasir	Member

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance;  
15. The frequency of meetings of the Committees were as per following:  
a) Audit Committee: Four- quarterly meetings during the year.  
b) HR and Remuneration Committee: Two meetings during the year.  
16. The Board has established an internal audit function, designating a team of officials who are suitably qualified and experienced for the purpose and are well conversant with the Company's policies and procedures.  
17. 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;  
18. 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; and  
19. We confirm that all requirements of regulations 3 (Number of Directorship), 6 (Independent Director), 7 (Female Director), 8 (Executive Director), 27 (Audit Committee), 32 (Terms of appointment of external auditor), 33 (Rotation of auditors) and 36 (Compliance Statement and Auditor Review) of the Regulations have been complied with.



**Syed Mazhar Ali Nasir**  
Chief Executive Officer



**Atiya Nasir**  
Chairman

**Independent Auditor's Review Report**  
**To the members of Karam Ceramics 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 Board of Directors of **Karam Ceramics Limited** (the 'Company'), for the year ended June 30, 2025 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 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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, except for the non-compliance highlighted, 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, 2025.

We highlight below instances of non-compliance with the requirements of the Regulations as reflected or not in the paragraph references where these are stated in the Statement of Compliance.

S.R NO	PARAGRAPH REFERENCE	DESCRIPTION
1	6 (1)	The number of independent directors appointed is less than the number prescribed by the Regulation 6 i.e., at least two or 1/3 members of the Board, whichever is higher and is not rounded up as one.

**Crowe Hussain Chaudhury & Co.**  
**Chartered Accountants**

**Karachi.**

**Dated:** 05 November 2025

**UDIN:** CR2025102078paEC1XRn

**Independent Auditor's Report  
To the members of Karam Ceramics Limited  
Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the annexed financial statements of the **Karam Ceramics Limited (the Company)** which comprise the statement of financial position as at June 30, 2025 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and except for the matter stated in the Basis for Qualified Opinion section of our report, we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of its loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We noted that the company made disclosures related to contingencies which are not confirmed by the legal consultant. Moreover, external legal confirmation disclosed several pending cases that are not being disclosed the current year's financial statements. The legal confirmation is also not detailed and covering the assessment of the possible outcome of the cases. Due to differences in disclosures reported and matters of external confirmation, we were unable to satisfy ourselves as to the adequacy of provisions recorded and disclosure of contingent liabilities.

**Material Uncertainty Relating to Going Concern**

We draw attention to Note 1.1 to the financial statements, which indicates that as at June 30, 2025, the Company is incurring losses since past several years. During the current year, it has incurred a gross loss of Rs. 531.85 million and a net loss before income tax and levy of Rs. 616.07 million. The accumulated losses of the Company stood at Rs. 1,575.30 million. Moreover, the current liabilities also exceeded its current assets by Rs. 349.06 million at the year end and has negative operating cash flows of Rs. 196.24 million. These conditions indicate the existence of material uncertainty that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Independent Auditor's Report  
To the members of Karam Ceramics Limited  
Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the annexed financial statements of the **Karam Ceramics Limited (the Company)** which comprise the statement of financial position as at June 30, 2025 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and except for the matter stated in the Basis for Qualified Opinion section of our report, we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of its loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We noted that the company made disclosures related to contingencies which are not confirmed by the legal consultant. Moreover, external legal confirmation disclosed several pending cases that are not being disclosed the current year's financial statements. The legal confirmation is also not detailed and covering the assessment of the possible outcome of the cases. Due to differences in disclosures reported and matters of external confirmation, we were unable to satisfy ourselves as to the adequacy of provisions recorded and disclosure of contingent liabilities.

**Material Uncertainty Relating to Going Concern**

We draw attention to Note 1.1 to the financial statements, which indicates that as at June 30, 2025, the Company is incurring losses since past several years. During the current year, it has incurred a gross loss of Rs. 531.85 million and a net loss before income tax and levy of Rs. 616.07 million. The accumulated losses of the Company stood at Rs. 1,575.30 million. Moreover, the current liabilities also exceeded its current assets by Rs. 349.06 million at the year end and has negative operating cash flows of Rs. 196.24 million. These conditions indicate the existence of material uncertainty that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. no.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Revenue from contracts with customers</b></p> <p><b>Refer note 20 to the annexed financial statements</b></p> <p>The Company is engaged in the manufacturing and sale of tiles. Revenue is recognised when performance obligation is satisfied by transferring control of a promised good to a customer. The Company recognised revenue aggregating to Rs. 584.21 million, net of taxes for the year ended June 30, 2025.</p> <p>We considered revenue as a key audit matter, being one of Company's key performance indicators. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition;</li> <li>• Understood and evaluated the accounting policy with respect to revenue recognition;</li> <li>• Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices;</li> <li>• Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period;</li> <li>• Performed audit procedures to analyze variation in the price and quantity sold during the year; and</li> <li>• Assessed the adequacy of disclosures made by the Company in accordance with the applicable financial reporting framework.</li> </ul>
2	<p><b>Existence and valuation of stock in trade</b></p> <p><b>Refer note 8 to the annexed financial statements</b></p> <p>As at the reporting date, the stock-in-trade balance amounting to Rs. 132.22 million which constitutes approximately 8.62% of total assets of the Company. This comprises raw and packing material, work-in-process (WIP) and finished goods.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis and assessing its valuation.</p>	<p>Our key audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the Company's procurement and consumption process for raw and packing materials, and tested the design and operating effectiveness of related internal controls.</li> <li>• Observed the year-end physical stock count to confirm the existence and condition of inventory.</li> <li>• Reviewed management's procedures for evaluating the NRV of stock-in-trade.</li> <li>• Performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the year-end and comparing the cost for a sample of products.</li> </ul>



3	<p><b>Subordinated Loan</b></p> <p><b>Refer note 14 to the annexed financial statements</b></p> <p>One of the significant audit matters requiring our attention relates to the subordinated loan disclosed in Note 14 of the financial statements, with a total value of Rs. 1,701.73 million. Since this matter holds importance due to its materiality and potential impact on the financial statements, this is considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Evaluated the appropriateness and accuracy of provision for slow moving stock-in-trade assessed by the management, on a sample basis.</li> <li>• Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis.</li> <li>• Assessed the adequacy and appropriateness of related financial statement disclosures in accordance with the applicable financial reporting framework.</li> </ul> <p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> <li>• Independently confirmed the existence and terms of the subordinated loan by directly communicating with the lending parties.</li> <li>• Conducted a thorough assessment of the valuation of the subordinated loan, ensuring that it was appropriately presented and disclosed in accordance with applicable accounting standards.</li> <li>• Reviewed the disclosures in Note 14, assessing the accuracy, completeness, and compliance with relevant accounting standards.</li> </ul>
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### Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For the matters described in the Basis for Qualified Opinion section above, we conclude that the other information is also materially misstated with respect those matters.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, except for the matters described in the Basis for Qualified Opinion section, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Shaikh.

**Crowe Hussain Chaudhury & Co.**

Chartered Accountants

**Place:** Karachi

**Date:** 05 November 2025

**UDIN:** AR202510207xgnsW6SuO

**KARAM CERAMICS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2025**  
**(Expressed in Pakistani Rupees)**

	Note	2 0 2 5	2 0 2 4
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,187,916,387	1,270,245,989
Long term deposits	6	66,326,223	66,326,223
		<u>1,254,242,610</u>	<u>1,336,572,212</u>
<b>Current assets</b>			
Stores and spares	7	53,658,830	91,238,128
Stock in trade	8	132,222,530	586,865,412
Loans and advances - considered good	9	29,995	959,995
Advance tax		3,714,929	15,853,365
Refunds due from the government	10	25,512,249	77,886,084
Deposits, prepayments and other receivables		77,274	44,085
Cash and bank balances	11	23,501,007	11,484,767
		<u>238,716,814</u>	<u>784,331,836</u>
<b>TOTAL ASSETS</b>		<u><u>1,492,959,424</u></u>	<u><u>2,120,904,048</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
45,000,000 (2024: 45,000,000) ordinary shares of Rs.10 each	12.1	<u>450,000,000</u>	<u>450,000,000</u>
Issued, subscribed and paid-up capital	12.2	145,486,760	145,486,760
Accumulated losses		(1,575,302,084)	(888,419,088)
Revaluation surplus on property, plant and equipment	13	630,926,498	552,373,934
Remeasurement of retirement benefit obligation		2,340,702	2,340,702
Subordinated loan	14	<u>1,701,734,796</u>	<u>1,487,734,796</u>
		<u>905,186,672</u>	<u>1,299,517,104</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation	15	-	15,045,680
<b>Current liabilities</b>			
Trade and other payables	16	310,371,208	444,557,584
Short term borrowing	17	116,500,000	111,500,000
Contract liability		133,746,825	210,968,887
Post employment benefits	18	16,190,497	18,797,376
Unclaimed dividend		513,191	513,191
Dividend payable		3,148,406	3,148,406
Levy		<u>7,302,625</u>	<u>16,855,820</u>
		<u>587,772,752</u>	<u>806,341,264</u>
<b>Total liabilities</b>		<u>587,772,752</u>	<u>821,386,944</u>
<b>Contingencies and Commitments</b>	19	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,492,959,424</u></u>	<u><u>2,120,904,048</u></u>

The annexed notes form an integral part of these financial statements.

CHL

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**KARAM CERAMICS LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(Expressed in Pakistani Rupees)**

	Note	2025	2024
Revenue - net	20	584,210,014	1,348,465,550
Cost of sales	21	(1,116,066,734)	(1,767,249,944)
Gross loss		(531,856,720)	(418,784,394)
Selling and distribution expenses	22	(5,130,958)	(30,161,278)
Administrative expenses	23	(36,380,826)	(25,805,312)
Other expenses	24	(38,254,432)	(741,363)
		(79,766,216)	(56,707,953)
Operating loss		(611,622,936)	(475,492,347)
Other income	25	736,007	3,122,027
Finance cost	26	(5,186,559)	(1,525,514)
		(4,450,552)	1,596,513
Loss before levy and income tax		(616,073,488)	(473,895,834)
Levy	27	(7,302,625)	(16,855,819)
Loss before income tax		(623,376,113)	(490,751,653)
Deferred tax (expense) / income		(104,850,337)	58,663,837
Loss after taxation		(728,226,450)	(432,087,816)
Loss per share - basic and diluted	28	(50.05)	(29.70)

The annexed notes form an integral part of these financial statements.

Cur



Chief Executive Officer

For



Chief Financial Officer



Director

**KARAM CERAMICS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(Expressed In Pakistani Rupees)**

	2025	2024
Loss after taxation	(728,226,450)	(432,087,816)
<b>Other comprehensive Income</b>		
Items that will not be subsequently reclassified to statement of profit or loss		
Surplus on revaluation of land and buildings	-	217,347,245
Deferred tax on surplus of buildings	119,896,018	(41,437,301)
	119,896,018	175,909,944
<b>Total comprehensive loss for the year</b>	<b>(608,330,432)</b>	<b>(256,177,872)</b>

The annexed notes form an integral part of these financial statements.

For

  
Chief Executive Officer

For

  
Chief Financial Officer

  
Director

**KARAM CERAMICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
(Expressed in Pakistani Rupees)

	Share capital	Subordinated loan	Accumulated losses	Surplus on revaluation of property, plant and equipment	Remeasurement of retirement benefit obligation	Total
Balance as at July 01, 2023	145,486,760	1,452,734,796	(477,674,448)	367,807,166	2,340,702	1,520,694,976
Loss after taxation for the year ended June 30, 2024	-	-	(432,087,816)	-	-	(432,087,816)
Subordinated loan from directors	-	35,000,000	-	-	-	35,000,000
<b>Other comprehensive income for the year</b>						
Surplus on revaluation of land and building - net of deferred tax	-	-	-	175,909,944	-	175,909,944
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	-	21,343,176	(21,343,176)	-	-
	-	-	21,343,176	154,566,768	-	175,909,944
<b>Balance as at June 30, 2024</b>	<b>145,486,760</b>	<b>1,487,734,796</b>	<b>(888,419,088)</b>	<b>552,373,934</b>	<b>2,340,702</b>	<b>1,299,517,104</b>
Loss after taxation for the year ended June 30, 2025	-	-	(728,226,450)	-	-	(728,226,450)
Subordinated loan from directors	-	214,000,000	-	-	-	214,000,000
<b>Other comprehensive income for the year</b>						
Surplus on revaluation of land and building	-	-	-	119,896,018	-	119,896,018
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year	-	-	41,343,454	(41,343,454)	-	-
	-	-	41,343,454	78,552,564	-	119,896,018
<b>Balance as at June 30, 2025</b>	<b>145,486,760</b>	<b>1,701,734,796</b>	<b>(1,575,302,084)</b>	<b>630,926,498</b>	<b>2,340,702</b>	<b>905,186,672</b>

The annexed notes form an integral part of these financial statements.

  
Chief Executive Officer

For

  
Chief Financial Officer

  
Director



**KARAM CERAMICS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(Expressed In Pakistani Rupees)**

	Note	2 0 2 5	2 0 2 4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before levy and income tax		(616,073,488)	(473,895,834)
<b>Adjustments for non-cash items</b>			
Depreciation	5.3	87,977,416	81,030,327
Provision for refundable taxes	10	37,701,865	-
Gain on disposal of property, plant and equipment	25	(97,539)	-
Exchange loss	24	38,254,432	741,363
Finance cost	26	5,186,559	1,525,514
		169,022,733	83,297,204
<b>Operating loss before working capital changes</b>		<b>(447,050,755)</b>	<b>(390,598,630)</b>
<b>(Increase) / decrease in current asset</b>			
Long term deposits		-	(65,427,770)
Stores and spares		37,579,298	(6,106,471)
Stock in trade		454,642,882	66,875,174
Loans and advances		930,000	586,541
Deposits, prepayments and other receivables		(33,189)	49,280
		493,118,991	(4,023,246)
<b>(Decrease) / Increase in current liabilities</b>			
Trade and other payables		(172,440,808)	265,357,832
Contract liability		(77,222,062)	199,682,259
		(249,662,870)	465,040,091
<b>Cash flows (used in) / generated from operations</b>		<b>(203,594,634)</b>	<b>70,418,215</b>
Taxes refunded / (paid) - net		9,954,587	(26,470,220)
Gratuity paid		(2,606,879)	(3,333,098)
		7,347,708	(29,803,318)
<b>Net cash flows (used in) / generated from operations</b>		<b>(196,246,926)</b>	<b>40,614,897</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(5,650,275)	(127,837,939)
Proceeds from disposal of property, plant and equipment		100,000	-
<b>Net cash flows used in investing activities</b>		<b>(5,550,275)</b>	<b>(127,837,939)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subordinated loan obtained during the year		214,000,000	35,000,000
Finance cost paid		(5,186,559)	(1,525,514)
Short term borrowing obtained during the year - net		5,000,000	21,500,000
<b>Net cash flows generated from financing activities</b>		<b>213,813,441</b>	<b>54,974,486</b>
<b>Net increase in cash and cash equivalents</b>		<b>12,016,240</b>	<b>(32,248,556)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>11,484,767</b>	<b>43,733,323</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>23,501,007</b>	<b>11,484,767</b>

The annexed notes form an integral part of these financial statements.

For

  
Chief Executive Officer

For

  
Chief Financial Officer

  
Director



**KARAM CERAMICS LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**(Expressed in Pakistani Rupees)**

**1 THE LEGAL STATUS AND OPERATIONS**

Karam Ceramics Limited (the Company) was incorporated in Pakistan on April 8, 1979 as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at A-31, S.M.C.H.S, Karachi, Pakistan. The principal activity of the Company is manufacturing and sale of tiles.

<b>Business Unit</b>	<b>Geographical Location</b>
Factory	295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi.

On November 12, 2021, an intention for the acquisition of upto 95.6% shares by Swat Ceramics (Private) Limited (SCPL) was made in accordance with Securities Act 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. However, the proposed acquisition was changed by changing the proposed acquisition through the sponsors of SCPL Company.

On March 04, 2022 the proposed acquirer entered in to an share purchase agreement with the sponsors of the Company for the purchase of 10,613,259 shares which represents 72.95% of the total capital of the Company at a price of Rs. 20 per ordinary share. Further, a public announcement was made on May 13, 2022 for the purchase of additional 1,967,700 ordinary shares which represents 13.52% of the total capital of the Company at a price of 62.77 per ordinary share, in which 536,813 shares obtained from minority share holders.

On July 26, 2023 the proposed shares has been transferred to the new sponsors as per the share purchase agreement. Thereafter new sponsors enjoy all the rights and benefits of and be subject to all the obligations of the outgoing sponsors.

The registered office of the Company, which is owned by the Director of the Company, is given to the Company for its use without any consideration.

**1.1 GOING CONCERN ASSUMPTION**

The Company is incurring losses since past several years. During the current year, it has incurred a gross loss of Rs. 531.85 million (2024: 418.78 million) and a net loss before income tax and levy of Rs. 616.07 million (2024: 473.89 million). The accumulated losses of the Company stood at Rs. 1,575.30 million (2024: 888.41 million). Moreover, the current liabilities also exceeded its current assets by Rs. 349.06 million (2024: 22.01 million) at the year end and has negative operating cash flows of Rs. 196.24 million. These conditions indicate the existence of material uncertainty that may cast doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The new management, which has assumed charge of the Company during the year 2023, is well aware of the prevailing challenges and has plans for undertaking comprehensive strategy to reform multiple corporate policies and strategies. This includes further capital injection, enhancement of plant capacity and actual production, introduction of new product ranges, streamlining of production controls and processes, refinement of marketing strategies, introduction of cost control measures, and efficient human resource management.

The Company has largely completed a multi-phase capital investment program focused on plant modernization and technology upgrades. This initiative is expected to materially increase production capacity, improve efficiency, and strengthen cost competitiveness in the coming financial years.

The new sponsors had injected Rs. 35 million in the last year and Rs. 214 million during the current year as a subordinated loan. The directors and associated companies have assured full financial support to the Company, wherever funds are needed by the Company.

## 2. BASIS FOR PREPARATION

### 2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in respective accounting policy notes.

### 2.2 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees (PKR or Rupee) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

### 2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- (a) Property, plant and equipment (refer note 4.1 & 5)
- (b) Stock in trade and stores and spares (refer note 4.3 & 8)
- (c) Loans, advances, deposits and other receivables (refer note 4.4 & 9)
- (d) Staff retirement benefits (refer note 4.9 & 18)
- (e) Provisions (refer note 4.14)
- (f) Taxation (refer note 4.8 & 15)
- (g) Impairment of non-financial assets (refer note 4.5)
- (h) Contingent assets and contingent liabilities (refer note 4.16 & 4.17 & 19)

## 3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO THE APPROVED ACCOUNTING AND REPORTING STANDARDS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following amendments are effective for the year ended June 30, 2025. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
IAS 01: Presentation of Financial Statements (Amendments)	January 01, 2024
IAS 07: Amendments to IAS 7 "Statement of Cash Flows"	January 01, 2024
IFRS 07: Amendments to IFRS 7 "Financial Instruments Disclosures" - Supplier Finance Agreements	January 01, 2024
IFRS 16: Amendments to IFRS 16 "Leases" - Classification on how seller - lessee subsequently measure sale and leaseback transactions	January 01, 2024

### 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following amendments are effective from the year next year. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
IAS-21 Amendments to lack of exchangeability	January 01, 2025
IFRS 7 and 9: Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 01, 2026
IFRS 7 and 9: Contracts referencing Nature-dependant Electricity	January 01, 2026
IFRS 1, 7, 9 and 10: Annual Improvement to IFRS Accounting Standards 9, 10, and 7	January 01, 2026
IFRS S1 General requirements for disclosure of sustainability - related financial information.	July 01, 2025
IFRS S2 Climate - related disclosures	July 01, 2025

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2025;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

## 4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are set out below.

### 4.1 Property, Plant and Equipment

#### Owned

#### Measurement

Items of property, plant and equipment other than land, buildings, leasehold improvements and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Freehold land is measured at the revalued amount, and buildings on freehold land are measured at the revalued amount less accumulated depreciation and impairment loss (if any).

Capital work in progress is stated at cost less impairment loss (if any).

#### Revaluation

Any revaluation increase arising on the revaluation of freehold land and building on freehold land is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land and building on freehold land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation of building on freehold land to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

## 4.2 Depreciation

Depreciation is charged so as to write off the cost or revalued amount of assets (other than freehold land and capital work in progress) over their estimated useful lives, using the reducing balance method at rates specified in note 5 to the financial statements.

### Disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in as other income in the statement of profit or loss. In case of the derecognition of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.

### Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 4.3 Inventories

### 4.3.1 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realizable value. Cost is determined as follows:

Raw materials in stock	- Lower of weighted average cost or net realizable value (NRV)
Raw materials in transit	- Lower of actual cost or net realizable value (NRV)
Work-in-process	- Lower of weighted average cost or net realizable value (NRV)
Finished goods	- Lower of weighted average cost or net realizable value (NRV)

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

### 4.3.2 Stores and spares

The Company reviews the carrying amounts of stores and spares on an on going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

## 4.4 Trade debts, loans, advances, deposits and other receivables

Trade debts are carried at original invoice amount less provision for impairment. Known bad debts are written off, while provisions are made against debts considered doubtful based on review of outstanding amount at the end of the year.

Loans, advances, deposits and other receivables are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the asset's recoverable amount and its carrying value.

## 4.5 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).



The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

#### **4.7 Foreign currency transactions**

Transactions in foreign currencies are translated to Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of profit or loss.

#### **4.8 Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

##### **Current**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### **Deferred**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses and credits.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### **Levy**

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

#### **Judgement and estimates**

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

#### **Off-setting**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **4.9 Employee benefits - retirement benefits**

##### **Defined Benefit Plan - Gratuity**

Based on the legal opinion, the company has discontinued the gratuity scheme in the year 2022.

#### **4.10 Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within one year of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **4.11 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

#### **4.12 Financial instruments**

##### **Financial Assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**a) Financial assets at amortised cost**

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

**b) Financial assets at fair value through other comprehensive**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**d) Impairment of financial assets**

Expected Credit Loss (ECL) is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.



At each statement of financial position date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

**e) Financial Liabilities**

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

**4.13 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**4.14 Share capital**

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**4.15 Provisions**

**Recognition and measurement**

Provisions for legal claims and make good obligations are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**Judgement and estimates**

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

**4.16 Dividend and appropriation in / from reserves**

Dividend is recognised as a liability in the period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

**4.17 Unclaimed dividend**

This is recognised at the amount of dividend declared and unclaimed by shareholders from the date it became due and payable.

**4.18 Unpaid dividend**

This is recognised at the amount of dividend declared and claimed by shareholders but remained unpaid for the period of 3 years from the date it became due and payable.

**4.19 Contingent assets**

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation becomes virtually certain.

**4.20 Contingent liabilities**

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**4.21 Revenue from contract with customers**

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control is transferred when the goods are dispatched to the customers. A contract liability is recognised against the short-term advances that the Company receives from its customers. Profit on bank balances are recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

**4.22 Basic and diluted (loss) / earnings per share**

The Company presents basic and diluted (loss) / earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of "the company" by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

**4.23 Operating segments**

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Executive Management Committee i.e., the Chief Operating Decision Maker (CODM), that includes Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	2 0 2 5	2 0 2 4
Operating fixed assets	5.1	<b>1,100,994,479</b>	1,119,476,770
Capital work in progress	5.6	<b>86,921,908</b>	150,769,219
		<b>1,187,916,387</b>	1,270,245,989

### 5.1 Operating fixed assets

	Freehold Land	Factory building on free hold land	Plant and machinery	Furniture and fittings	Moulds	Laboratory equipment	Vehicle	Total
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2025</b>								
Opening net book value	262,800,000	461,017,049	382,396,818	922,954	185,727	22,704	12,131,518	1,119,476,770
Additions (at cost)	-	-	385,000	74,500	5,190,775	-	-	5,650,275
Transfers from CWIP	-	-	63,847,311	-	-	-	-	63,847,311
Depreciation charge	-	(46,101,705)	(38,260,348)	(92,916)	(1,093,873)	(2,270)	(2,426,304)	(87,977,416)
Disposal	-	-	-	-	-	-	(2,461)	(2,461)
<b>Closing net book value</b>	<b>262,800,000</b>	<b>414,915,344</b>	<b>408,368,781</b>	<b>904,538</b>	<b>4,282,629</b>	<b>20,434</b>	<b>9,702,753</b>	<b>1,100,994,479</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2025</b>								
Cost	262,800,000	914,806,894	1,917,005,569	12,771,954	13,546,946	1,505,565	34,796,380	3,157,233,308
Accumulated depreciation	-	(499,891,550)	(1,508,636,788)	(11,867,416)	(9,264,317)	(1,485,131)	(25,093,627)	(2,056,238,829)
<b>Net book value</b>	<b>262,800,000</b>	<b>414,915,344</b>	<b>408,368,781</b>	<b>904,538</b>	<b>4,282,629</b>	<b>20,434</b>	<b>9,702,753</b>	<b>1,100,994,479</b>
<b>Net carrying value basis</b>								
<b>Year ended June 30, 2024</b>								
Opening net book value	188,340,000	353,477,560	424,544,378	1,025,505	265,324	25,227	15,164,398	982,842,392
Additions (at cost)	-	-	317,460	-	-	-	-	317,460
Surplus on revaluation	74,460,000	142,887,245	-	-	-	-	-	217,347,245
Depreciation charge	-	(35,347,756)	(42,465,020)	(102,551)	(79,597)	(2,523)	(3,032,880)	(81,030,327)
<b>Closing net book value</b>	<b>262,800,000</b>	<b>461,017,049</b>	<b>382,396,818</b>	<b>922,954</b>	<b>185,727</b>	<b>22,704</b>	<b>12,131,518</b>	<b>1,119,476,770</b>
<b>Gross carrying value basis</b>								
<b>At June 30, 2024</b>								
Cost	262,800,000	914,806,894	1,852,773,258	12,697,454	8,356,171	1,505,565	35,220,380	3,088,159,722
Accumulated depreciation	-	(453,789,845)	(1,470,376,440)	(11,774,500)	(8,170,444)	(1,482,861)	(23,088,862)	(1,968,682,952)
<b>Net book value</b>	<b>262,800,000</b>	<b>461,017,049</b>	<b>382,396,818</b>	<b>922,954</b>	<b>185,727</b>	<b>22,704</b>	<b>12,131,518</b>	<b>1,119,476,770</b>
<b>Depreciation Rates</b>	<b>0%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>30%</b>	<b>10%</b>	<b>20%</b>	

## 5.2 Particulars of immovable fixed assets

The freehold land disclosed in Note 5.1 is located on agricultural land bearing Survey No. 295, Deh Halkani, Tappo Manghopir, Taluka District Karachi, comprising an area of 21.9 acres, and is valued at Rs. 262.8 million as at the year end.

## 5.3 The depreciation charge for the year has been allocated as follows:

	Note	2 0 2 5	2 0 2 4
Cost of sales	21	86,898,095	80,036,234
Selling and distribution expenses	22	520,104	479,034
Administrative expenses	23	559,217	515,059
		<u>87,977,416</u>	<u>81,030,327</u>

## 5.4 Revalued freehold land and factory building on freehold land

During the year ended June 30, 2005, the Company elected to measure freehold land and factory building on freehold land (classified as property, plant and equipment) using the revaluation model. The fair value of the Company's freehold land and factory building on freehold land are determined on periodic, but at least triennial, by an independent professionally qualified valuer.

The carrying values of the freehold land and factory building on freehold land would have been Rs.188,340,000 (2024: Rs. 188,340,000) and Rs. 42,824,258 (2024: Rs. 47,582,509) under the cost model.

## 5.5 Fair value measurements under revaluation model for property, plant and equipment

The fair value measurements of the Company's freehold land and factory building on freehold land as at June 30, 2024 were performed by Dimensions Evaluators and Consultants (Private) Limited, who are independent valuers not related to the Company. Dimensions Evaluators and Consultants (Private) Limited are members of Pakistan Banks' Association and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined through market study of trend of sale and purchase in the area. The fair value of factory building on freehold land was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age. The significant inputs include the estimated construction costs and other ancillary expenditure.

## 5.6 CAPITAL WORK IN PROGRESS

	Note	2 0 2 5	2 0 2 4
Balance as at July 1,		150,769,219	23,248,740
Addition during the year		-	127,520,479
Transferred during the year		(63,847,311)	-
Balance as at June 30,		<u>86,921,908</u>	<u>150,769,219</u>

## 6 LONG TERM DEPOSITS

The balance mainly represents cheques amounting to Rs. 65.43 million, deposited with the Nazir of the Sindh High Court pursuant to Suit No. 249/2024 against Sui Southern Gas Company Limited regarding the gas tariff increase from January 2024, as disclosed in the Note 19.1 to the financial statements.

## 7 STORES AND SPARES

	Note	2 0 2 5	2 0 2 4
Spares		52,857,027	90,177,454
Stores		801,803	1,060,674
		<u>53,658,830</u>	<u>91,238,128</u>

## 8 STOCK IN TRADE

Raw material	71,900,594	260,809,464
Packing material	7,113,677	19,115,405
Work-in-process	9,590,273	2,587,011
Finished goods	8.1 43,617,986	304,353,532
	<u>132,222,530</u>	<u>586,865,412</u>

8.1 As at June 30, 2025, finished goods has been valued at estimated net realizable value.

## 9 LOANS AND ADVANCES - CONSIDERED GOOD

Note	2 0 2 5	2 0 2 4
Loans to employees	29,995	559,995
Advance to seller of land	9.1 400,000	400,000
Less: advance written off	(400,000)	-
	-	400,000
	<u>29,995</u>	<u>959,995</u>

9.1 This represents advance given for purchase of land in Lahore to Mr. Muhammad Latif Bhatti (deceased). As per the original terms of the agreement, this was the token money given by the Company to the landlord whilst an amount of Rs. 3.5 million was required to be made in order to execute the transfer deed. Subsequent to the death of the landlord, the legal heirs refused to execute the agreement, resultantly, the Company filed a civil suit in Lahore for the specific performance of the agreement. As on the reporting date, this case is pending. However, the legal counsel of the Company is confident that the case will be decided in favor of the Company.

## 10 REFUNDS DUE FROM THE GOVERNMENT

Note	2 0 2 5	2 0 2 4
Sales tax receivable	12,295,163	20,511,947
Income tax refundable	50,918,951	57,374,137
Less: provision against refundable taxes	10.1 (37,701,865)	-
	<u>25,512,249</u>	<u>77,886,084</u>

10.1 The Company is pursuing the process of refund applications with taxation authorities and is confident of favorable outcome. However, on prudent basis, it has recorded provision against these refund amounts.

## 11 CASH AND BANK BALANCES

Cash in hand	7,772	198,773
Cash at bank		
- deposit accounts	11.1 7,721,237	10,492,454
- current accounts	15,771,998	793,540
	<u>23,493,235</u>	<u>11,285,994</u>
	<u>23,501,007</u>	<u>11,484,767</u>

11.1 This carries mark-up at rates ranging from of 9.5% to 11% (2024: 16.5% to 18%) per annum.

## 12 SHARE CAPITAL

### 12.1 Authorized Share Capital

45,000,000 ordinary shares of Rs. 10 each	450,000,000	450,000,000
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### 12.2 Issued, subscribed and paid up Share Capital

13,267,786 ordinary shares of Rs. 10 each fully paid in cash	132,677,860	132,677,860
1,280,890 ordinary shares of Rs. 10 each issued as bonus shares	12,808,900	12,808,900
	<u>145,486,760</u>	<u>145,486,760</u>

Voting rights and Board selection are in proportion to the shareholding.

<b>13 REVALUATION SURPLUS ON PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>Note</b>	<b>2 0 2 5</b>	<b>2 0 2 4</b>
Balance as at July 1,		<b>672,269,952</b>	484,983,518
Surplus for the year		-	217,347,245
Transfer to unappropriated profit in respect of incremental depreciation charged during the year		<b>(41,343,454)</b>	(21,343,176)
Related deferred tax liability		-	(8,717,635)
Balance as at June 30,		<b>630,926,498</b>	672,269,952
Less: related deferred tax liability			
Balance as at July 1,		<b>(119,896,018)</b>	(87,176,352)
On surplus for the year		-	(41,437,301)
Reversal of deferred tax liability		<b>119,896,018</b>	-
On incremental depreciation charged during the year		-	8,717,635
Balance as at June 30,		-	(119,896,018)
		<b>630,926,498</b>	<b>552,373,934</b>
13.1 Incremental depreciation charged on revalued factory building on freehold land has been transferred to the statement of changes in equity to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the			
<b>14 SUBORDINATED LOAN</b>	<b>Note</b>	<b>2 0 2 5</b>	<b>2 0 2 4</b>
Balance as at July 1,		<b>1,487,734,796</b>	1,452,734,796
Additional loan obtained during the year		<b>214,000,000</b>	35,000,000
Balance as at June 30,		<b>1,701,734,796</b>	1,487,734,796
14.1 These loans are provided by the directors and is repayable at the discretion of the Company. These loans are classified in accordance with the guidance provided by the Institute of Chartered Accountants of Pakistan through Technical Release (TR-32 "Accounting Director's Loan") and are measured at their face values as initially recognized.			
<b>15 DEFERRED TAXATION</b>			
Deferred tax is recognised in respect of all temporary differences arising from carrying value of assets and liabilities in financial statements and their tax base.			
<b>Taxable / (deductible) differences</b>	<b>Note</b>	<b>2 0 2 5</b>	<b>2 0 2 4</b>
- Accelerated tax depreciation		-	75,476,574
- Revaluation surplus on property, plant and equipment		-	119,896,018
- Provision for post employment benefit obligations		-	(5,451,240)
- Unused tax loss		-	(174,875,672)
		-	<b>15,045,680</b>
<b>15.1 Deferred tax movement</b>			
Balance as at July 1,		<b>15,045,680</b>	32,272,216
Charge for the year - statement of profit or loss		<b>(15,045,680)</b>	(58,663,837)
Charge for the year - statement of comprehensive income		-	41,437,301
Balance as at June 30,		-	<b>15,045,680</b>

16	TRADE AND OTHER PAYABLES	Note	2 0 2 5	2 0 2 4
	Trade creditors		235,029,308	226,658,635
	Accrued expenses		71,972,507	208,082,170
	Workers' welfare fund		2,616,070	2,616,070
	Withholding tax payable		753,323	7,200,709
			<u>310,371,208</u>	<u>444,557,584</u>

#### 17 SHORT TERM BORROWING

Balance as at July 1,	111,500,000	90,000,000
Loan obtained during the year	5,000,000	21,500,000
Balance as at June 30,	<u>116,500,000</u>	<u>111,500,000</u>

This balance represents short term borrowing payable to Swat Ceramics (Private) Limited [SCPL], a related party of the Company. This amount is interest free. However, under the terms of the agreement (Musharka arrangement), the Company is obliged to make profit payments linked to its financial performance. Specifically, portion of the profit before tax (PBT), close to market based returns, will be payable to SCPL, while no payment will be due in the event of a loss. The loan is unsecured and is repayable on demand.

18	POST EMPLOYMENT BENEFITS	Note	2 0 2 5	2 0 2 4
	Balance as at July 1,		18,797,376	22,130,474
	Charge for the year		-	-
	Benefits paid during the year		(2,606,879)	(3,333,098)
	Balance as at June 30,		<u>16,190,497</u>	<u>18,797,376</u>

#### 19 CONTINGENCIES AND COMMITMENTS

##### Contingencies

The Company has following contingent liabilities in respect of legal and other claims arising in the ordinary course of business.

##### 19.1 Claims subject to legal proceedings

The details of claims by the company which are currently subject to the legal proceedings are detailed

- During the year 2011, the Gas Infrastructure Development Cess (GIDC) was levied at Rs 13 per unit of gas consumption through the Gas Infrastructure Development Cess Act, 2011 (the Act). The rate was increased to Rs 100 per unit w.e.f. July 2012 whereas subsequently it was reduced to Rs 50 per unit through a notification dated September 7, 2012. The High Court of Sindh through its order dated September 19, 2012, however, has restrained Sui Southern Gas Company Limited (SSGCL), being the company required to charge and collect the cess, from charging cess over and above Rs 13 per unit from the Company. In case of a separate petition on June 13, 2013, the GIDC Act was declared unconstitutional by the Peshawar High Court (PHC) and such judgment was also upheld by the Honorable Supreme Court of Pakistan (SCP) on August 22, 2014.

On September 25, 2014, the Gas Infrastructure Development Cess Ordinance, 2014 (the GIDC Ordinance) was promulgated which levied GIDC at Rs 150 per unit. Section 8 of the Ordinance inter alia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the Act shall be deemed to have been validly levied under the provision of the Ordinance (i.e. retrospective application). The Company filed a petition to invalidate the promulgation of the Ordinance which is pending adjudication. In the meantime on the basis of the Company's application on October 10, 2014, the High Court of Sindh issued a stay order in favour of the Company refraining SSGCL from collecting GIDC under the GIDC Ordinance.



On May 23, 2015, the Gas Infrastructure Development Cess Act, 2015 (the new GIDC Act) was promulgated which levied GIDC at Rs 100 per unit. Section 8 of the new GIDC Act inter alia states that notwithstanding anything to the contrary contained in any decree of any court, the cess levied under the new GIDC Act shall be deemed to have been validly levied under the provision of the new GIDC Act (i.e. retrospective application). The Company filed a petition to invalidate the promulgation of the new GIDC Act which is pending adjudication. On the basis of the Company's application on July 24, 2015, the High Court of Sindh issued a stay order in favour of the Company refraining SSGCL from collecting GIDC under the GIDC Act, 2015.

Subsequent to the reporting date, the Honorable Supreme Court of Pakistan (SCP) issued judgment on August 13, 2020 regarding applicability of Gas Infrastructure Development Cess (GIDC). The Court has ordered that GIDC shall be recovered in 24 equal monthly installments starting from August 1, 2020 without the component of late payment surcharge.

The Company, in this regard, filed Suit No. Nil of 2020 before the Honourable High Court of Sindh challenging the bills issued to the Company by SSGC allegedly in view of the Supreme Court judgement. While presenting arguments before the Honorable High Court of Sindh, reference was made to paragraph 37 and 42 of the Supreme Court Judgement whereby the Company has never collected GIDC from its clients / customers and have not even passed GIDC to their clients / customers.

The High Court of Sindh passed a restraining order preventing SSGC from taking any coercive action against the Company for non-payment of any bills showing arrears.

Further, the Company is considering filing a review petition with the SCP in due course of time. The Company, based on the legal advice of its legal counsel, is confident of a favourable outcome and, therefore, has not provided for GIDC amount in these financial statements.

**Name of the court, agency or authority:**

High Court of Sindh

**Principal parties**

Karam Ceramics Limited VS Federation of Pakistan , Oil & Gas Regulatory Authority and Sui Sothern Gas Company Limited.

**Date instituted**

- October 10, 2014  
- July 24, 2015  
- August 30, 2020

- ii) Through amendment order passed under section 122 (1) of the Income Tax Ordinance, 2001; the Company's return of total income for Tax Year 2018 was amended and taxable income was assessed at Rs. 60,029,594 against declared income of Rs. 56,032,053 before Workers Welfare Fund, however no tax liability emerged due to availability of income tax refunds. The Company preferred an appeal filed on March 2020 before Commissioner Inland Revenue (Appeals - 1), Karachi. Order against this appeal is yet to be issued. The Company's management and legal advisor feel that there are strong grounds to defend the Company's stance and the liability will not materialize, hence, no adjustment has been made in these financial statements.

**Name of the court, agency or authority:**

Commissioner Inland Revenue (Appeals-1)

**Principal parties**

Karam Ceramics Limited VS Federal Board of Revenue.

**Date instituted**

March 20, 2020



- iii) The Company filed suit no. 249/2024 with High Court of Sindh against the increase of higher gas tariff rate from January 2024 by the Sui Southern Gas Company Limited (SSGC). The Honorable High Court passed an interim injunction and ordered to deposit cheques monthly for the price differential amount with the Nazir of Sindh High Court, which amounted to Rs. 65,427,770 for the period of January 2024. The High Court of Sindh has reserved the judgement and now the case has been shifted to District City Court. The Company, based on the legal advice of its legal counsel, is confident of a favourable outcome from District City Court of Sindh and, therefore, has not provided for this amount in these financial statements.

**Name of the court, agency or authority:**

District and Session Court of Sindh

**Principal parties**

Karam Ceramics Limited VS Federation of Pakistan , Oil & Gas Regulatory Authority and Sui Sothern Gas Company Limited.

**Date instituted**

February 13, 2024

- iv) The Company filed suit no. 250/2024 with High Court of Sindh against Sui Southern Gas Company Limited to challenge Notice for Tariff of Gas considered as 80% indigenous gas and RLNG 20% in 2023. The Honorable High Court passed an interim injunction and ordered to not to force for payment of the exorbitant unjustified charges for which it has no agreement with nor has been informed/initiated of such change in billing formula, which amounted to Rs.28,811,017 for the period of January 2024. The case been shifted to District City Court of Sindh The Company, based on the legal advice of its legal counsel, is confident of a favourable outcome from and, therefore, has not provided for this amount in these financial statements.

**Name of the court, agency or authority:**

District and Session Court of Sindh

**Principal parties**

Karam Ceramics Limited VS Federation of Pakistan, Oil & Gas Regulatory Authority and Sui Sothern Gas Company Limited.

**Date instituted**

February 13, 2024

19.2 Commitments	Note	2025	2024
Letters of credit other than for capital expenditure		-	6,022,080
Commitments in respect of bank guarantees issued by a commercial banks in respect of:			
- Sui Southern Gas Company		150,000,000	150,000,000
- Nazir of Sindh High Court		13,787,000	114,650,000
		<u>154,787,000</u>	<u>264,650,000</u>
<b>20 REVENUE - NET</b>			
Revenue from contracts with customers		685,864,982	1,596,377,096
Less: Sales tax		(101,654,968)	(247,911,546)
		<u>584,210,014</u>	<u>1,348,465,550</u>

	Note	2 0 2 5	2 0 2 4
<b>21 COST OF SALES</b>			
Opening stock		260,809,464	315,040,735
Purchases		95,166,902	381,913,581
Closing stock		(71,900,594)	(260,809,464)
Raw materials consumed		284,075,772	436,144,852
Fuel, power and water		292,933,900	822,247,136
Salaries, wages and benefits		104,172,057	235,092,057
Stores and spare parts consumed		42,860,376	1,643,994
Packing material consumed		27,710,164	66,361,055
Repairs and maintenance		17,301,048	81,334,117
Freight charges		3,032,977	10,706,340
Depreciation	5.2	86,898,095	80,036,234
Directors' remuneration		810,000	3,240,000
Insurance		167,748	824,209
Vehicles running and maintenance		1,650,917	4,599,347
Other		721,396	6,659,593
Manufacturing expenses		578,258,678	1,312,744,082
Opening work in process		2,587,011	3,029,011
Closing work in process	8	(9,590,273)	(2,587,011)
Cost of goods manufactured		855,331,188	1,749,330,934
Opening stock of finish goods		304,353,532	322,272,542
Closing stock of finished goods	8	(43,617,986)	(304,353,532)
		<u>1,116,066,734</u>	<u>1,767,249,944</u>
<b>22 SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries, wages and benefits		3,949,165	7,065,714
Freight charges		-	21,452,591
Vehicles running and maintenance		-	382,500
Travelling and conveyance		199,386	638,085
Advertisement		275,400	100,000
Depreciation		520,104	479,034
Postage, telegraph and telephone charges		-	26,000
Entertainment		186,903	17,354
		<u>5,130,958</u>	<u>30,161,278</u>
<b>23 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits		19,990,242	12,925,459
Fees and subscription		2,845,593	4,333,910
Repairs and maintenance		2,702,834	478,800
Legal and professional charges		2,487,372	627,700
Fuel, power and water		2,469,716	1,936,416
Vehicles running and maintenance		1,398,180	2,200,112
Travelling and conveyance		1,003,350	231,580
Auditor's remuneration	23.1	967,398	877,617
Rent, rates and taxes		854,891	150,708
Depreciation	5.3	559,217	515,059
Entertainment		400,360	342,912
Printing and stationery		318,030	536,255
Postage, telegraph and telephone charges		170,894	214,337
Advertisement expenses		-	393,947
Insurance		167,749	40,500
Donation		45,000	-
		<u>36,380,826</u>	<u>25,805,312</u>

<b>23.1 Auditor's remuneration</b>	<b>Note</b>	<b>2 0 2 5</b>	<b>2 0 2 4</b>
Audit fee		829,818	754,380
Fee for review of half yearly		52,580	47,800
Out of pocket expenses		85,000	75,437
		<u>967,398</u>	<u>877,617</u>
<b>24 OTHER EXPENSES</b>			
Provision for refundable taxes		37,701,865	-
Advance written off		400,000	-
Exchange loss		152,567	741,363
		<u>38,254,432</u>	<u>741,363</u>
<b>25 OTHER INCOME</b>			
<b>From financial assets</b>			
Profit on deposit accounts		638,468	3,122,027
<b>From non-financial assets</b>			
Gain on disposal of property, plant and equipment		97,539	-
		<u>736,007</u>	<u>3,122,027</u>
<b>26 FINANCE COST</b>			
Markup on short term borrowings		180,691	1,551
Bank charges	26.1	5,005,868	1,523,963
		<u>5,186,559</u>	<u>1,525,514</u>
26.1 These charges include the finance cost incurred on the amount released by the Bank under the bank guarantee, issued in favor of Sui Southern Gas Company Limited.			
<b>27 LEVY</b>			
This represents tax under section 113 of Income Tax Ordinance, 2001 representing levy in terms of the requirements of IAS 37/IFRIC 21.			
<b>27.1 Reconciliation of current tax charge as per tax laws for the year, with current tax recognized in the statement of profit or loss, is as follows:</b>			
	<b>Note</b>	<b>2 0 2 5</b>	<b>2 0 2 4</b>
Current tax charge for the year as per applicable tax laws		112,152,962	(370,717)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(7,302,625)	(16,855,819)
Portion of current tax liability as per tax laws, representing income tax under IAS12		(104,850,337)	17,226,536
		<u>-</u>	<u>-</u>
<b>27.2 Relationship between accounting profit and tax expense</b>			
Provision for taxation has been made in accordance with section 113 of Income Tax Ordinance, 2001. There is no relationship between aggregate income tax expense and accounting profit before income tax. Accordingly, no numerical reconciliation is presented.			
<b>28 LOSS PER SHARE - BASIC AND DILUTED</b>			
Profit after taxation attributable to ordinary shareholders		<u>(728,226,450)</u>	<u>(432,087,816)</u>
Weighted average number of shares		<u>14,548,676</u>	<u>14,548,676</u>
Loss per share (Rupees) - Basic and diluted		<u>(50.05)</u>	<u>(29.70)</u>
There is no dilutive effect on the basic loss per share of the Company.			

## 29 TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the year, in addition to remuneration of key management personnel whose details have been separately disclosed in note 32.

Related party	Relationship	Nature of transaction	2 0 2 5	2 0 2 4
Directors	Associated persons	Loan received	214,000,000	35,000,000
Directors	Associated persons	Short term loan received	5,000,000	21,500,000
Directors	Associated persons	Remuneration and allowances	3,280,000	3,240,000

## 30 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to chief executive and director of the Company are as follows:

	Chief Executive		Director		Executives		Total	
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4
Managerial remuneration and allowances	-	-	1,410,000	3,240,000	11,953,656	14,427,151	13,363,656	17,667,151
House rent	-	-	-	-	4,229,754	5,049,503	4,229,754	5,049,503
Utilities	-	-	-	-	2,390,731	2,885,430	2,390,731	2,885,430
Other	-	-	1,870,000	-	-	-	1,870,000	-
	-	-	3,280,000	3,240,000	18,574,141	22,362,084	21,854,141	25,602,084
Number of persons	1	1	1	1	11	11	13	13

30.1 The Chief Executive and Director of the Company are also provided with free use of Company maintained cars in accordance with their terms of employment.

30.2 No remuneration is paid to any non-executive directors.

## 31 PLANT CAPACITY AND PRODUCTION

	Note	2 0 2 5	2 0 2 4
Installed Capacity (In Square Meters)		6,480,000	6,480,000
Actual Production (In Square Meters)	31.1	442,462	1,775,976

31.1 Difference is due to the current supply / demand situation in the market.

## 32 NUMBER OF EMPLOYEES

Total permanent employees at the year end	8	8
Total contractual employees at the year end	293	301
Average employees at the year end	315	339

## 33 SHARIAH COMPLIANCE DISCLOSURE

2 0 2 5			2 0 2 4		
Coventional	Shariah Compliant	Total	Coventional	Shariah Compliant	Total

### Statement of financial position

#### Assets

Bank balances	18,389,399	5,103,836	23,493,235	8,812,685	2,473,309	11,285,995
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### Statement of profit or loss

#### Other income

Profit on deposit accounts	1,689	646,779	648,468	72,851	3,049,176	3,122,027
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**39 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison of and for better presentation. However, no significant re-classification has been made during the year.

**40 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on \_\_\_\_\_ by the Board of Directors of the Company.

**41 GENERAL**

Figures have been rounded off to the nearest Pakistani Rupee unless otherwise stated.

gtr

  
\_\_\_\_\_  
Chief Executive Officer

Fot

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director

PATTERN OF SHAREHOLDER  
AS AT 30 JUNE 2025

<---- HAVING SHARES ---->				
NO. OF SHAREHOLDERS	From	To	SHARES HELD	PERCENTAGE
186	1	100	1704	0.0117
77	101	500	32654	0.2244
18	501	1000	14393	0.0989
15	1001	5000	28136	0.1934
1	5001	10000	6666	0.0458
1	30001	35000	32751	0.2251
4	320001	325000	1293586	8.8914
4	3280001	3285000	13138786	90.3092
306			100.0000	
		Company Total	14548676	

## CATEGORY OF SHAREHOLDERS AS AT 30 JUNE 2025

Folio No	Name	Code	Balance Held	Percentage
000000000772	MR. ALIREZA M. ALLADIN	001	200	0.0014
012484055376	SYED AHMED ALI NASIR	001	3608093	22.5773
012148055533	SYED SAMYA NASIR	001	500	22.5773
003525121871	SURAIYA NASIR	001	500	22.5773
003889000028	NATIONAL BANK OF PAKISTAN	004	202	0.0014
000000000773	GULF INSURANCE COMPANY LTD.	005	1500	0.0103
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	32751	0.2251
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	1149	0.0079
012148055210	ATIYA NASIR	001	500	0.0000

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	4	3609293	24.81
BANKS, DFI & NBF	1	0	-
INSURANCE COMPANIES	1	1500	300.00
GENERAL PUBLIC (LOCAL)	295	10902279	2,180,455.80
GENERAL PUBLIC (FOREIGN)	3	1502	300.40
OTHERS	2	33900	6,780.00
	306	14548676	100.0000

Dear Shareholder(s)

Dated:

**MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE**

In pursuance of Section 242 of the recently promulgated Companies Act, 2017, it is now mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.

Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account. In order to enable us to follow the directives of the regulators in regard to payment of dividend only through electronic mode, you are requested to please provide/ update your bank account details in below mentioned format.

1. I hereby authorize **Karam Ceramics Limited** to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

**Bank Account Details of Transfer for Cash Dividend**

\*( Mandatory to provide)

<b>i) Shareholder's Detail</b>	
Name of Company	
Name of Share holder	
Folio No. / CDC Participants ID A/c No.	
CNIC No*	
Passport No ,( in case of foreign Shareholder )**	
Land Line Phone Number	
Cell Number	
<b>ii) Shareholder's Bank detail</b>	
Title of Bank Account	
International Bank Account Number (IBAN)	<b>PK</b>
<b>Mandatory</b>	
Bank's Name	
Branch Name And Address	

2. It is stated that the above-mentioned information is correct, that I will intimate the changes in the above mentioned information to the above addresses as soon as these occur.

(signature of shareholder)

**KINDLY NOTE: COMPANY MAY WITHHOLD THE PAYMENT OF DIVIDEND OF A MEMBER WHERE THE MEMBER HAS NOT PROVIDED THE COMPLETE INFORMATION OR DOCUMENTS AS SPECIFIED,**

The shareholders who hold share in Central Depository Company are requested to submit the above mentioned dividend mandate form after duly filed in to their participants/ investor account services of the central depository company limited.

The shareholder who hold shares in physical form are requested to submit the above-mentioned dividend mandate form after duly filled in to Company's registrar office, as mentioned below:

**M/s THK Associates (Pvt.) Limited**  
Plot No.32-C, Jami Commercial Street2,  
D.H.A Phase-VII, Karachi-75500

For any query, you may please contact on Tel # 021-111-000-322 or email at [sfc@thk.com.pk](mailto:sfc@thk.com.pk)  
Thanking you.

**Shabbir Abbas**  
(Company Secretary)  
Karam Ceramics Limited

Note : This is a computer generated letter and does not require signature.

\*Please attach attested photocopy of CNIC

\*\* please attach attested photocopy of the Passport



## FORM OF PROXY

I / We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **KARAM CERAMICS LIMITED** and holder of \_\_\_\_\_  
ordinary shares as per Registered Folio No. \_\_\_\_\_  
hereby appoint Mr. \_\_\_\_\_  
of \_\_\_\_\_ of failing him  
Mr. \_\_\_\_\_  
of \_\_\_\_\_ who is also  
a member of **KARAM CERAMICS LIMITED** vide Registered Folio No. \_\_\_\_\_ as my proxy to vote  
for and on my behalf at the 46th Annual General Meeting of the Company to be held on  
Wednesday, November 26, 2025 at 3:00 Pm Company's Registered Office situated at A-31, S.M.C.H.S,  
Karachi.

### WITNESS:

(1) Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
NIC or Passport No. \_\_\_\_\_

2) Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
NIC or Passport No. \_\_\_\_\_

Signature on  
Rupees Five  
Revenue Stamp

(Signature should agree with the specimen  
Signature registered with the company)

Dated \_\_\_\_\_

### Important:

This form of proxy, duly completed must be deposited at the Company's Registered Office A-31, S.M.C.H.S., Karachi not less than 48 hours before the meeting.  
CDC Shareholder and their Proxied must attached either an attested photocopy of their Computerized National Identity Card or Passport with this proxy from. \_\_\_\_\_

## پراکسی فارم

میں/ہم \_\_\_\_\_ رجسٹرڈ فوئیو نمبر \_\_\_\_\_ اپنی جانب سے جتاب  
بطور ممبر کرم سیراکس لمیٹڈ اور عارضی شیئرز \_\_\_\_\_ کا تقرر کرتا ہوں جو کہ کرم سیراکس لمیٹڈ رجسٹرڈ فوئیو نمبر کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمپنی کی ۴۴ ویں  
سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد 26 نومبر 2025 بروز بدھ دوپہر 3:00 بجے کمپنی کے رجسٹرڈ آفس واقع  
A-31, S.M.C.H.S. کراچی میں ہوگا۔

گواہ:

(پانچ روپے والے ریونیو اسٹیپ  
پر دستخط)

(دستخط جو کہ کمپنی میں رجسٹرڈ کردہ  
دستخط کے نمونہ سے مطابقت رکھتا ہو)

ا۔ نام: \_\_\_\_\_  
دستخط: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
شناختی کارڈ/ پاسپورٹ نمبر: \_\_\_\_\_

ا۔ نام: \_\_\_\_\_  
دستخط: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
شناختی کارڈ/ پاسپورٹ نمبر: \_\_\_\_\_

مورخہ: \_\_\_\_\_

نوٹ:

پراکسی فارم کو مکمل پر کر کے کمپنی کے رجسٹرڈ آفس واقع A-31, S.M.C.H.S. کراچی میں میٹنگ سے کم از کم 48 گھنٹے قبل جمع کرائیں۔ CDC  
شیئرز ہولڈرز اور ان کے پراکسی اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹوکاپی پراکسی فارم کے ساتھ \_\_\_\_\_ تک جمع کرا دیں۔