



KARAM CERAMICS LIMITED

2026 ANNUAL REPORT



www.karamceramics.com



KARAM CERAMICS LIMITED

47rd Annual Report — Year Ended 30 June 2026
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KARAM CERAMICS LIMITED

COMPANY INFORMATION

Board of Directors:

• Mrs. Atiya Nasir	Chairperson
• Mr. Syed Mazhar Ali Nasir	Chief Executive Officer
• Mr. Aamir Maqbool	Independent Non-Executive Director
• Mr. Abeezar Noordin Poonawala	Independent Non-Executive Director
• Mr. Qasim Bashir Habib	Independent Non-Executive Director
• Mr. Shuja Ahmed Alvi	Independent Non-Executive Director
• Mr. Alireza M. Aladin	Executive Director
• Miss. Samya Nasir	Executive Director
• Mr. Syed Ahmed Ali Nasir	Non-Executive Director
• Mr. Saad Ali Nasir	Non-Executive Director

Key Management:

• Mrs. Sabika Zahid	Chief Financial Officer
• Mr. Shabbir Abbas	Company Secretary

Audit Committee:

• Mr. Aamir Maqbool	Chairman
• Mr. Abeezar Noordin Poonawala	Member
• Mr. Shuja Ahmed Alvi	Member

Human Resources & Remuneration Committee:

• Mr. Abeezar Noordin Poonawala	Chairman
• Mr. Aamir Maqbool	Member
• Mr. Qasim Bashir Habib	Member

Bankers:

- Bank Al Habib
- Soneri Bank Limited
- Habib Bank Limited
- JS Bank Limited
- Habib Metropolitan Bank Limited
- Habib Metropolitan Islamic Banking Branch
- Faysal Bank Limited
- Allied Bank Limited
- Bank Alfalah Limited
- Meezan Bank Limited
- MCB Bank Limited

Auditors :

- Crowe Hussain Chaudhury & Co., Chartered Accountants
- Ph: +92-21-35877806-10

Registrar and Share Transfer Office:

- THK Associates (Pvt.) Limited
- Plot No. 32-C, Jami Commercial Street 2, DHA Phase VII, Karachi – 75500
- Ph: +92-21-111-000-322

Legal Advisors:

- M. Mustafa Hussain & Co. Advocates & Legal Consultants
- 108, First Floor, Frere Business Centre, Frere Road, Karachi
- Ph: 021-3275890

Tax Information:

- National Tax Number (NTN): 0710857-5
- Sales Tax Registration No.: 02-02-6907-001-55

Head Office:

- A-31, Sindhi Muslim Cooperative Housing Society, Karachi – 75400
- Ph: 021-34555512-13

Factory:

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

KARAM CERAMICS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting (the Meeting) the members of **Karam Ceramics Limited** (the Company) will be held on Monday, November 16, 2026, at 2:30 pm, at the Registered Office A-31 S.M.C.H.S Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 46th Annual General Meeting held on 26th November 2025
2. 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, 2026.

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>

3. To appoint auditors for the year ending on June 30, 2027 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 re-appointment as external auditors of the Company after obtaining their consent.

By order of the Board

Ovais Ahmed
Company Secretary

Karachi October 26, 2026

NOTES:

1. Closure of Share Transfer Book

The share transfer books of the Company will remain closed from November 08, 2026 to November 16, 2026 (both days inclusive). Physical transfers/ CDC 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 6, 2026, 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 to company secretary-kcl@stargroup.com.pk latest by the close of Business hours (5:00 Pm) on November 07, 2026:

Name of Member	CNIC No. / NTN No.	CDC Participant ID/Folio No.	Cell No	Registered E-mail address
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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 7, 2026 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 member 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 (1)/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.

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.

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

Company has placed the Audited Annual Financial Statements for the year ended June 30, 2026 along with the reports thereon on its Website: 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 2026 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 download the Annual Report including annual audited financial statements has been placed on Company's website: www.karamceramics.com.pk and in addition to being dispatched physically to the members or has also been sent via email 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.

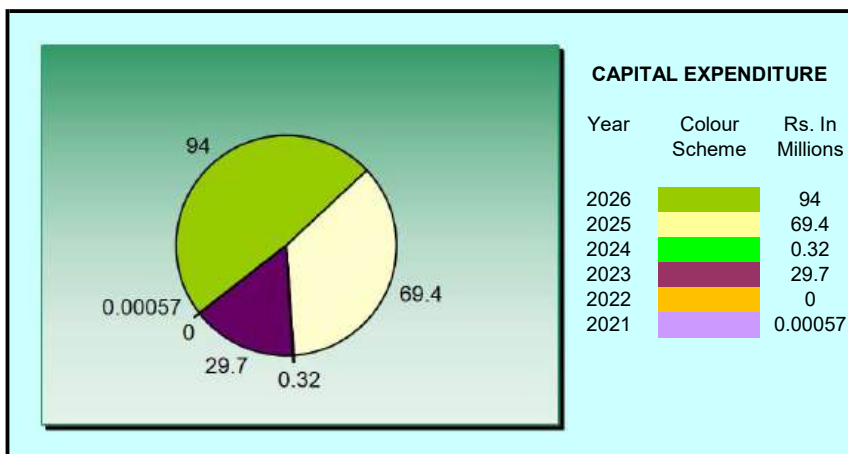
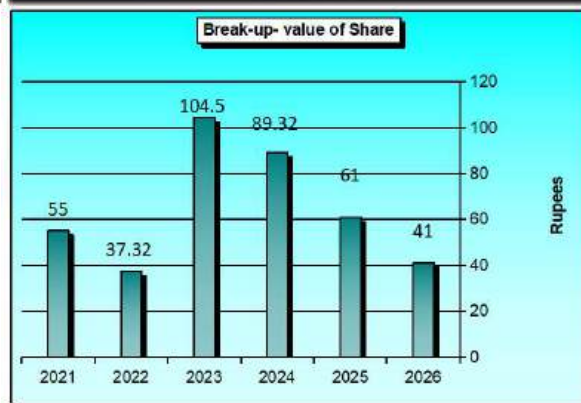
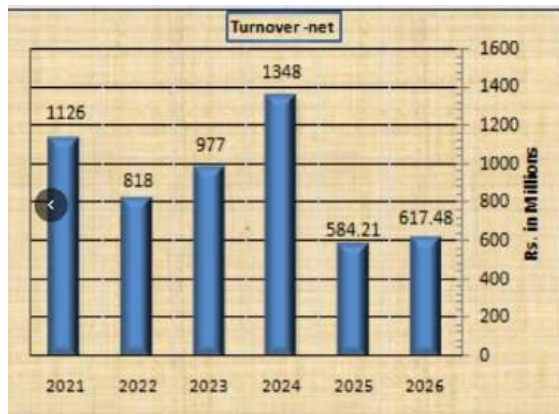
10. General

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 CDC 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 EXT 110, +92(21)5310191-5 and e-mail address: sfc@thk.com.pk



CHAIRPERSON'S REVIEW REPORT

1. Board Structure

The Board comprises ten directors, including two women directors, with diverse professional experience and expertise. The Board is supported by two committees: the Audit Committee, which also oversees risk management, and the Human Resources and Remuneration Committee. Details of the Board and committee memberships are provided in the Directors' Report.

2. Dynamics and Functioning of the Board

The Board meets quarterly in a professional and constructive environment that encourages active participation and open discussion. Directors remain available to provide guidance and support to management whenever required. Board discussions focus on informed decision-making and protecting the best interests of the Company.

3. Business Strategy and Governance

The Company operates in a mature and competitive market and continues to pursue appropriate production and marketing strategies to strengthen its competitive position. With the guidance and oversight of the Board, management develops strategic initiatives, monitors their implementation and ensures alignment with the Company's long-term objectives.

4. Financial Reporting, Internal Audit and Internal Controls

The Company maintains appropriate systems and internal controls to promote transparency, integrity and accountability in its financial and operational activities. Due to financial constraints, the internal audit function is managed in-house and has contributed to strengthening financial oversight and management. The Company's external auditor is Crowe Hussain Chaudhry & Co.

5. Risk Management

The Board remains committed to identifying, assessing and managing financial, operational, market and regulatory risks to support business continuity. The Company manages its financial requirements prudently and closely monitors changes in applicable tax laws and regulatory requirements.

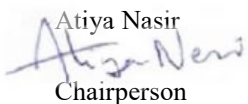
6. Monitoring and Governance

The Board and the Audit Committee periodically review the Company's policies, procedures and internal controls to promote effective governance and regulatory compliance. Annual evaluations of the Board and its committees are conducted, and identified areas for improvement are addressed appropriately.

7. The Chairperson's Role

As Chairperson, I remain committed to promoting the effective functioning of the Board and providing appropriate leadership, guidance and oversight. I sincerely appreciate the continued support and valuable contributions of my fellow directors, management and employees.

The Board remains committed to sound corporate governance, responsible oversight and sustainable growth in the best interests of the Company and its stakeholders.

Atiya Nasir

Chairperson

چیئرپرسن کی جائزہ رپورٹ

1. بورڈ کی ساخت

بورڈ دس ڈائریکٹرز پر مشتمل ہے، جن میں دو خواتین ڈائریکٹرز بھی شامل ہیں۔ بورڈ کے اراکین مختلف پیشہ ورانہ تجربات اور مہارتوں کے حامل ہیں۔ بورڈ کی معاونت کے لیے دو کمیٹیاں قائم ہیں: آڈٹ کمیٹی، جو رسک مینجمنٹ (خطرات کے انتظام) کی نگرانی بھی کرتی ہے، اور انسانی وسائل و معاوضہ کمیٹی۔ بورڈ اور اس کی کمیٹیوں کی رکنیت کی تفصیلات ڈائریکٹرز کی رپورٹ میں فراہم کی گئی ہیں۔

2. بورڈ کے امور اور کارکردگی کا طریقہ کار

بورڈ کے اجلاس ہر سہ ماہی منعقد کیے جاتے ہیں، جہاں پیشہ ورانہ اور تعمیری ماحول میں تمام اراکین کو فعال شرکت اور کھل کر اظہار خیال کا موقع دیا جاتا ہے۔ ڈائریکٹرز ضرورت پڑنے پر انتظامیہ کو رہنمائی اور معاونت فراہم کرنے کے لیے دستیاب رہتے ہیں۔ بورڈ کے مباحثے باخبر فیصلہ سازی اور کمپنی کے بہترین مفادات کے تحفظ پر مرکوز رہتے ہیں۔

3. کاروباری حکمت عملی اور کارپوریٹ گورننس

کمپنی ایک مستحکم اور مسابقتی مارکیٹ میں کام کر رہی ہے اور اپنی مسابقتی پوزیشن کو مضبوط بنانے کے لیے مناسب پیداواری اور مارکیٹنگ حکمت عملیوں پر عمل پیرا ہے۔ بورڈ کی رہنمائی اور نگرانی میں انتظامیہ مختلف اسٹریٹجک اقدامات تیار کرتی ہے، ان پر عمل درآمد کی نگرانی کرتی ہے اور اس بات کو یقینی بناتی ہے کہ تمام اقدامات کمپنی کے طویل مدتی مقاصد سے ہم آہنگ ہوں۔

4. مالیاتی رپورٹنگ، اندرونی آڈٹ اور اندرونی کنٹرولز

کمپنی اپنے مالیاتی اور عملی امور میں شفافیت، دیانت داری اور جواب دہی کو فروغ دینے کے لیے مناسب نظام اور اندرونی کنٹرولز برقرار رکھتی ہے۔ مالی وسائل کی محدودیت کے باعث اندرونی آڈٹ کا کام کمپنی کے اندر ہی انجام دیا جاتا ہے، جس سے مالیاتی نگرانی اور انتظامی امور کو مزید مضبوط بنانے میں مدد ملی ہے۔ کمپنی کے بیرونی آڈیٹر Crowe Hussain Caudhry & Co. ہیں۔

. خطرات کا انتظام (رسک مینجمنٹ)

بورڈ کاروباری تسلسل کو برقرار رکھنے کے لیے مالیاتی، عملی، مارکیٹ اور قانونی و ضابطہ جاتی خطرات کی نشاندہی، جائزہ لینے اور ان کے انتظام کے لیے پُر عزم ہے۔ کمپنی اپنی مالی ضروریات کو محتاط انداز میں پورا کرتی ہے اور متعلقہ ٹیکس قوانین اور ضابطہ جاتی تقاضوں میں ہونے والی تبدیلیوں کی مسلسل نگرانی کرتی ہے۔

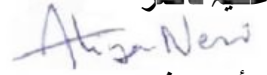
6. نگرانی اور کارپوریٹ گورننس

بورڈ اور آڈٹ کمیٹی مؤثر کارپوریٹ گورننس اور قانونی و ضابطہ جاتی تقاضوں کی تعمیل کو یقینی بنانے کے لیے کمپنی کی پالیسیوں، طریقہ کار اور اندرونی کنٹرولز کا وقتاً فوقتاً جائزہ لیتے ہیں۔ بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ بھی لیا جاتا ہے، اور بہتری کے لیے نشاندہی کیے گئے امور کو مناسب طور پر حل کیا جاتا ہے۔

7. چیئرپرسن کا کردار

بطور چیئرپرسن، میں بورڈ کی مؤثر کارکردگی کو یقینی بنانے اور مناسب قیادت، رہنمائی اور نگرانی فراہم کرنے کے لیے پُر عزم ہوں۔ میں اپنے ساتھی ڈائریکٹرز، انتظامیہ اور ملازمین کی مسلسل معاونت اور قابل قدر خدمات پر دلی طور پر ان کی شکر گزار ہوں۔

بورڈ کمپنی اور اس کے تمام اسٹیک ہولڈرز (متعلقہ فریقوں) کے بہترین مفادات میں مضبوط کارپوریٹ گورننس، ذمہ دارانہ نگرانی اور پائیدار ترقی کے لیے پُر عزم ہے۔

عطیہ ناصر

چیئرپرسن

دستخط: عطیہ ناصر

تاریخ: 21 اکتوبر 2026ء

ANNUAL REPORT 2026

FINANCIAL HIGHLIGHTS

(Rs. In millions)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Sales	617.48	584.21	1348	977	818	1126	927	1439	1210	861
Gross Profit	-46.61	-531.85	-419	-362	-198	35.74	-66	187	136	22
Expenses (Net)	-555	-84.1	58	126	101	123	119	136	120	107
Profit before Taxtation	-92.73	-623.4	-474	-484.5	-257.7	-7.8	-95	51	16	85
Profit after Taxtation	-100.46	-728.226	-432.08	-475	-251.8	41.63	-43	28	14	-75
Dividend %								5%	8%	-
Right Shares %	-	-	-	-	-	-	-	-	-	-
Earning per Share (Rs.)	-6.90	-50.05	-29.70	-32.65	-17.30	2.86	-31.01	1.98	0.95	-5.12

KARAM CERAMICS LIMITED

DIRECTORS' REPORT

FINANCIAL YEAR ENDED 30 JUNE 2026

The Directors of the Company are pleased to present the Annual Report together with the Company's Audited Financial Statements for the financial year ended June 30, 2026.

1. BOARD OF DIRECTORS

No.	Name	Designation / Role
1	Mrs. Atiya Nasir	Chairperson
2	Mr. Syed Mazhar Ali	Chief Executive Officer
3	Mr. Alireza M. Alladin	Director
4	Mr. Qasim Bashir Habib	Director
5	Mr. Shuja Ahmed Alvi	Director
6	Mr. Aamir Maqbool	Director
7	Mr. Abeazaar Noordin Poonawala	Director
8	Ms. Samya Nasir	Director
9	Mr. Syed Ahmed Ali Nasir	Director
10	Mr. Syed Saad Ali Nasir	Director

All Directors were elected at the 46th Annual General Meeting held on November 26, 2025.

2. BOARD COMPOSITION

Category	Number
Male directors	8
Female directors	2
Independent directors	4
Non-executive directors	4
Executive directors	2
Total directors	10

3. BOARD COMMITTEES

Committee	Member	Role
Audit Committee	Mr. Aamir Maqbool	Chairman
Audit Committee	Mr. Abeazaar Noordin Poonawala	Member
Audit Committee	Mr. Shuja Ahmed Alvi	Member
HR & Remuneration Committee	Mr. Abeazaar Noordin Poonawala	Chairperson
HR & Remuneration Committee	Mr. Aamir Maqbool	Member
HR & Remuneration Committee	Mr. Qasim Bashir Habib	Member

4. FINANCIAL PERFORMANCE

Summarized financial results (Rupees in thousands, except earnings per share)

Financial Item	2025-26	2024-25
Sales revenue	617,485	584,210
Gross loss	46,615	53,856
Loss before taxation	92,738	616,073
Loss after taxation	100,457	728,226
Earnings per share	-6.9	-50.05

5. GENDER PAY GAP — FY 2025–26

Employee Category	Mean (%)	Median (%)
Non-management	100%	100%
Upper management	54%	54%
Middle management	45%	57%
Lower management	9%	3%

6. BOARD MEETINGS AND ATTENDANCE

Name of Board Member	Meetings Attended	Total Meetings
Mrs. Atiya Nasir (Chairperson)	4	4
Mr. Syed Mazhar Ali Nasir (Chief Executive Officer)	4	4
Mr. Qasim Bashir Habib	3	4
Mr. Aamir Maqbool	3	4
Mr. Shuja Ahmed Alvi	4	4
Mr. Abeezaar Noordin Poonawala	3	4
Ms. Samya Nasir	4	4
Mr. Syed Ahmed Ali Nasir	4	4
Mr. Alireza M. Alladin	4	4
Mr. Lt. Gen. (Retd) Tariq Waseem Ghazi	1	4
Mr. Syed Saad Ali Nasir	1	4

All directors except Mr. Lt. Gen. (Retd) Tariq Waseem Ghazi were appointed at the AGM held on November 26, 2025.

7. AUDIT COMMITTEE MEETINGS AND ATTENDANCE

Name of Member	Meetings Attended	Total Meetings
Mr. Shuja Ahmed Alvi	4	4
Mr. Aamir Maqbool	3	4
Mr. Syed Ahmed Ali Nasir	2	4
Mr. Lt. Gen. (Retd) Tariq Waseem Ghazi	1	4
Mr. Abeezaar Noordin Poonawala	3	4

The Audit Committee was reconstituted on December 3, 2025.

8. HR & REMUNERATION COMMITTEE MEETINGS AND ATTENDANCE

Name of Member	Meetings Attended	Total Meetings
Mr. Abeezaar Noordin Poonawala	1	1
Mr. Aamir Maqbool	1	1
Mr. Qasim Bashir Habib	1	1

The HR & Remuneration Committee was reconstituted on December 3, 2025.

9. BUSINESS REVIEW, OUTLOOK AND GOVERNANCE DISCLOSURES

Economic Environment

During 2026, Pakistan's economy continued to show gradual macroeconomic stabilization, supported by lower interest rates, improved foreign exchange reserves and relative exchange rate stability. These developments provided some support to business activity. However, high energy costs, debt-servicing obligations, fiscal pressures and structural economic challenges continued to affect the business environment. Continued economic reforms, fiscal discipline and measures to improve productivity and investment remain essential for sustainable long-term economic growth.

Company Affairs and Principal Activities

The Board is committed to ensuring that shareholders are kept informed of all significant developments concerning the affairs and operations of the Company. Relevant information is communicated through the Annual Report, interim quarterly reports, and disclosures made through the Pakistan Stock Exchange information portal, as and when required. The Board encourages shareholders to actively participate in Annual General Meetings and Corporate Briefing Sessions.

The Company's financial statements and other relevant information are available at www.karamceramics.com.pk. An officer has been designated to facilitate and respond to shareholders' enquiries. The principal activity of the Company is the manufacture and sale of wall tiles.

Operations and Business

Sales revenue for 2025–26 was Rs. 617.485 million compared with Rs. 584.210 million in the previous financial year. Loss before tax was Rs. 92.738 million compared with Rs. 616.073 million in the previous financial year.

Future Outlook

The overall economic environment will continue to influence the Company's operations. Management remains confident in its ability to navigate these challenges through effective management, a committed workforce and strong customer relationships. The Company is focused on achieving its sales and operational targets for the coming year.

The Company is also undertaking BMR for the commercial production of Porcelain Vitrified Tiles, which is expected to commence in the last quarter of the next financial year. This value-added product is expected to strengthen the product portfolio, improve margins and support future growth.

Health, Safety and Environmental Impact

Health, Safety and Environmental matters remain a priority. The Company is committed to providing a safe working environment and managing its environmental impact in line with applicable standards and continuous improvement practices.

Corporate Social Responsibility

The Company recognizes its social responsibilities and contributes, within its available resources, towards healthcare, education, environmental protection and community welfare.

Risks, Uncertainties and Their Management

The Company maintains a risk management framework to identify and mitigate key risks. The prevailing economic environment, energy and fuel costs, raw material prices and weak demand remain key challenges. The Company continues to monitor these risks and take appropriate measures to control costs and improve efficiency.

Performance Evaluation of the Board and Committees

In accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Chairman has carried out an evaluation of the performance of Board members, the Board as a whole and its committees. The evaluation outcome was positive, and the Board considers that it functions effectively and contributes to the operational well-being of the Company.

Remuneration of Executive Directors

Disclosure with respect to the remuneration of Directors and Executives is given in Note 31 to the Financial Statements.

Directors' Training Programme

All directors have complied with the Directors' Training Programme requirements and criteria prescribed in the applicable regulations.

Diversity and Inclusion

The Company has a policy to promote gender diversity within the organization. Female employees are encouraged to pursue senior positions and take on additional responsibilities based on performance.

9. BUSINESS REVIEW, OUTLOOK AND GOVERNANCE DISCLOSURES (CONTINUED)

Adequacy of Internal Financial Controls

Based on reviews, ongoing testing of financial reporting controls and in-house audits conducted during the year, the Company considers its internal control system adequate and effectively implemented and monitored. The new ERP system is expected to enhance financial management and control. The Directors continuously monitor the adequacy, effectiveness and timeliness of internal financial controls.

Transactions with Related Parties

Transactions with related parties entered into in the ordinary course of business are stated to be at arm's length and are disclosed in the relevant notes to the Financial Statements.

Material Changes and Commitments

There have been no material changes or commitments affecting the Company's financial position between the financial year-end and the date of this report, other than those disclosed in the Financial Statements or this report.

Dividend and Appropriations

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

Trading of Shares of the Company

During the year ended June 30, 2026, the Directors, Executives, their spouses and minor children did not trade in the Company's shares, except as disclosed in the Pattern of Shareholding.

Code of Corporate Governance

The Directors and management are committed to good corporate governance.
The Directors state that:

- (i) The financial statements fairly present the Company's state of affairs, results, cash flows and changes in equity;
- (ii) Proper books of account have been maintained;
- (iii) Appropriate accounting policies have been consistently applied and estimates are reasonable and prudent;
- (iv) IFRS have been used, with any departures adequately disclosed and explained;
- (v) The internal control system is sound in design and has been implemented and monitored;
- (vi) The going-concern assessment and any material uncertainties are disclosed appropriately; and
- (vii) There have been no material departures from applicable corporate governance requirements.

A Code of Conduct has been prepared and delivered to every director and employee. The Board has adopted Vision and Mission Statements.

Appointment of Auditors

M/s. Crowe Hussain Chaudhry & Co., Chartered Accountants, have consented to act as auditors for the ensuing year and have a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan. The Directors recommend their appointment for the upcoming year.

Chairperson's Review

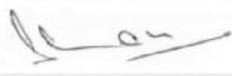
The Directors endorse the contents of the Chairperson's Review concerning the Company's overall performance, future outlook, and the performance and effectiveness of the Board.

Acknowledgement

The Directors appreciate the efforts of all stakeholders in contributing to the outcome for the current financial year, especially customers and employees.

10. APPROVAL AND SIGNATURES

On behalf of the Board of Directors



Chief Executive Officer



Chairperson

Place: Karachi

Date: October 21, 2026

ڈائریکٹرز کی رپورٹ — 30 جون 2026ء کو ختم ہونے والے مالی سال کے لیے

ڈائریکٹرز کو یہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی کے مالی سال، جو 30 جون 2026ء کو ختم ہوا، کی سالانہ رپورٹ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ پیش کی جا رہی ہے۔

1. بورڈ آف ڈائریکٹرز

نمبر شمار	عہدہ / ذمہ داری	نام
1	چیئرپرسن	مسز عطیہ ناصر
2	چیف ایگزیکٹو آفیسر	مسٹر سید مظہر علی
3	ڈائریکٹر	مسٹر علی رضا ایم۔ علادین
4	ڈائریکٹر	مسٹر قاسم بشیر حبیب
5	ڈائریکٹر	مسٹر شجاع احمد علوی
6	ڈائریکٹر	مسٹر عامر مقبول
7	ڈائریکٹر	سر سید سر سیدین پر والا
8	ڈائریکٹر	مسز سمیعہ ناصر
9	ڈائریکٹر	مسٹر سید احمد علی ناصر
10	ڈائریکٹر	مسٹر سید سعد علی ناصر

تمام ڈائریکٹرز 26 نومبر 2025ء کو منعقد ہونے والے 46ویں سالانہ عمومی اجلاس میں منتخب ہوئے تھے۔

2. بورڈ کی تشکیل

تعداد	زمرہ
8	مرد ڈائریکٹرز
2	خواتین ڈائریکٹرز
4	آزاد ڈائریکٹرز
4	غیر انتظامی ڈائریکٹرز
2	انتظامی ڈائریکٹرز
10	ڈائریکٹرز کی کل تعداد

3. بورڈ کی کمیٹیاں

کمیٹی	رکن کا نام	عہدہ
آڈٹ کمیٹی	مسٹر عامر مقبول	چیئرمین
آڈٹ کمیٹی	سر سید سر سیدین پر والا	رکن
آڈٹ کمیٹی	مسٹر شجاع احمد علوی	رکن
انسانی وسائل و معاوضہ کمیٹی	سر سید سر سیدین پر والا	چیئرپرسن
انسانی وسائل و معاوضہ کمیٹی	مسٹر عامر مقبول	رکن
انسانی وسائل و معاوضہ کمیٹی	مسٹر قاسم بشیر حبیب	رکن

4. مالیاتی کارکردگی

خلاصہ مالیاتی نتائج (رقوم ہزار روپے میں، فی حصص آمدنی کے علاوہ)

مالیاتی مد	2025-26	2024-25
فروخت سے حاصل ہونے والی آمدنی	617,485	584,210
مجموعی خسارہ	46,615	53,856
ٹیکس سے قبل خسارہ	92,738	616,073
ٹیکس کے بعد خسارہ	100,457	728,226
فی حصص آمدنی / خسارہ	-6.9	-50.05

5. صنفی تنخواہوں کا فرق — مالی سال 2025-26

ملازمین کا زمرہ	اوسط تناسب (%)	درمیانی تناسب (%)
غیر انتظامی ملازمین	100%	100%
اعلیٰ انتظامیہ	54%	54%
درمیانی انتظامیہ	45%	57%
نچلی انتظامیہ	9%	3%

6. بورڈ کے اجلاس اور حاضری

بورڈ ممبر کا نام	شرکت کردہ اجلاس	کل اجلاس
مسز عطیہ ناصر (چیئر پرسن)	4	4
مسٹر سید مظہر علی ناصر (چیف ایگزیکٹو آفیسر)	4	4
مسٹر قاسم بشیر حبیب	3	4
مسٹر عامر مقبول	3	4
مسٹر شجاع احمد علوی	4	4
مسٹر عبیزر نورالدین پونا والا	3	4
مسز سمیعہ ناصر	4	4
مسٹر سید احمد علی ناصر	4	4
مسٹر علی رضا ایم۔ علادین	4	4
لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی	1	4
مسٹر سید سعد علی ناصر	1	4

مسٹر لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی کے علاوہ تمام ڈائریکٹرز 26 نومبر 2025ء کو منعقد ہونے والے سالانہ عمومی اجلاس میں مقرر کیے گئے تھے۔

7. آڈٹ کمیٹی کے اجلاس اور حاضری

رکن کا نام	شرکت کردہ اجلاس	کل اجلاس
مسٹر شجاع احمد علوی	4	4
مسٹر عامر مقبول	3	4
مسٹر سید احمد علی ناصر	2	4
مسٹر لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی	1	4
مسٹر عبیزر نورالدین پونا والا	3	4

آڈٹ کمیٹی کی ازسرنو تشکیل 3 دسمبر 2025ء کو کی گئی۔

8. انسانی وسائل و معاوضہ کمیٹی کے اجلاس اور حاضری

رکن کا نام	شرکت کردہ اجلاس	کل اجلاس
مسٹر عبیزر نورالدین پونا والا	1	1
مسٹر عامر مقبول	1	1
مسٹر قاسم بشیر حبیب	1	1

انسانی وسائل و معاوضہ کمیٹی کی ازسرنو تشکیل 3 دسمبر 2025ء کو کی گئی۔

9. کاروباری جائزہ، مستقبل کے امکانات اور گورننس سے متعلق معاشی ماحول

سال 2026ء کے دوران پاکستان کی معیشت میں بتدریج استحکام دیکھنے میں آیا، جسے شرح سود میں کمی، غیر ملکی زرمبادلہ کے ذخائر میں بہتری اور شرح تبادلہ کے استحکام سے تقویت ملی۔ ان پیش رفتوں سے کاروباری سرگرمیوں کے لیے کسی حد تک معاون ماحول فراہم ہوا۔ تاہم، بلند توانائی اخراجات، قرضوں کی ادائیگی کی ذمہ داریوں، مالی دباؤ اور ساختی معاشی چیلنجز کے باعث کاروباری ماحول متاثر ہوتا رہا۔ مسلسل معاشی اصلاحات، مالیاتی نظم و ضبط اور پیداواری صلاحیت و سرمایہ کاری کو بہتر بنانے کے اقدامات طویل مدتی اقتصادی ترقی کے لیے ضروری ہیں۔

کمپنی کے امور اور اہم سرگرمیاں

بورڈ اس بات کو یقینی بنانے کے لیے پُر عزم ہے کہ حصص یافتگان کو کمپنی کے معاملات اور سرگرمیوں سے متعلق تمام اہم پیش رفت سے آگاہ رکھا جائے۔
تعلقہ معلومات سالانہ رپورٹ، سہ ماہی رپورٹس اور پاکستان اسٹاک ایکسچینج کے ذریعے کیے جانے والے انکشافات کے ذریعے فراہم کی جاتی ہیں، جہاں ضرورت ہو۔ بورڈ حصص یافتگان کو سالانہ عمومی اجلاس اور کارپوریٹ بریفنگ سیشنز میں فعال شرکت کی حوصلہ افزائی کرتا ہے۔ کمپنی کے مالیاتی گوشوارے اور دیگر متعلقہ معلومات ویب سائٹ www.karamceramics.com.pk پر دستیاب ہیں۔ کمپنی کے افسران حصص یافتگان کے سوالات کے جوابات دینے اور ان کی ضروریات پوری کرنے کے لیے دستیاب رہتے ہیں۔ کمپنی کی بنیادی سرگرمی وال ٹائلز کی تیاری اور فروخت ہے۔

آپریشنز اور کاروبار

مالی سال 2025-26ء کے دوران فروخت سے حاصل ہونے والی آمدنی 617.485 ملین روپے رہی، جبکہ گزشتہ مالی سال میں یہ 584.210 ملین روپے تھی۔ ٹیکس سے قبل خسارہ 92.738 ملین روپے رہا، جبکہ گزشتہ مالی سال میں یہ 616.073 ملین روپے تھا۔

مستقبل کے امکانات

مجموعی معاشی ماحول بدستور کمپنی کی کاروباری سرگرمیوں پر اثر انداز ہو رہا ہے۔ انتظامیہ مؤثر انتظامی حکمت عملی، پر عزم افرادی قوت اور مضبوط صارفین کے تعلقات کے ذریعے موجودہ چیلنجز سے نمٹنے کی اپنی صلاحیت پر پُر اعتماد ہے۔ کمپنی اپنی فروخت اور عملی کارکردگی کے اہداف کے حصول پر توجہ مرکوز کیے ہوئے ہے۔ کمپنی پورسلین و ٹریفائیڈ ٹائلز کی تجارتی بنیادوں پر پیداوار شروع کرنے کے لیے بھی اقدامات کر رہی ہے، جس کا آغاز اگلے مالی سال کی آخری سہ ماہی میں متوقع ہے۔ اس اضافی قدر کی حامل مصنوعات سے مصنوعات کے مجموعے کو مضبوط بنانے، منافع میں بہتری اور مستقبل کی ترقی میں مدد ملنے کی توقع ہے۔

صحت، تحفظ اور ماحولیاتی اثرات

صحت، تحفظ اور ماحولیاتی امور کمپنی کی اولین ترجیحات میں شامل ہیں۔ کمپنی قابل اطلاق معیارات اور مسلسل بہتری کے طریقوں کے مطابق محفوظ کام کرنے کا ماحول فراہم کرنے اور اپنے ماحولیاتی اثرات کو منظم کرنے کے لیے پُر عزم ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی اپنی سماجی ذمہ داریوں کو تسلیم کرتی ہے اور اپنے دستیاب وسائل کے اندر رہتے ہوئے صحت، تعلیم، ماحولیاتی تحفظ اور کمیونٹی کی فلاح و بہبود کے لیے اپنا کردار ادا کرتی ہے۔

خطرات، غیر یقینی صورت حال اور ان کا انتظام

کمپنی ممکنہ خطرات کی نشاندہی اور ان میں کمی کے لیے ایک منظم رسک مینجمنٹ فریم ورک برقرار رکھتی ہے۔ موجودہ معاشی ماحول، توانائی کی لاگت، خام مال کی قیمتوں اور طلب میں کمی کے باعث کاروباری چیلنجز بدستور موجود ہیں۔ کمپنی ان خطرات کی مسلسل نگرانی کرتی ہے اور اخراجات پر قابو

بورڈ اور کمیٹیوں کی کارکردگی کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے مطابق، چیئرمین نے بورڈ ممبران، مجموعی طور پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔ جائزے کے نتائج مثبت رہے اور بورڈ اس بات سے مطمئن ہے کہ وہ مؤثر انداز میں کام کر رہا ہے اور کمپنی کی عملی بہتری میں

ایگزیکٹو ڈائریکٹرز کے معاوضے

ڈائریکٹرز اور ایگزیکٹوز کے معاوضوں سے متعلق تفصیلات مالیاتی گوشواروں کے نوٹ نمبر 31 تا 34 میں فراہم کی گئی ہیں۔

ڈائریکٹرز کا تربیتی پروگرام

تمام ڈائریکٹرز نے قابل اطلاق ضوابط میں مقرر کردہ ڈائریکٹرز کے تربیتی پروگرام سے متعلق تقاضے اور معیار پورے کیے ہیں۔

تنوع اور شمولیت

کمپنی ادارے میں صنفی تنوع کو فروغ دینے کے لیے پالیسی رکھتی ہے۔ خواتین ملازمین کو اعلیٰ عہدوں تک پہنچنے کی ترغیب دی جاتی ہے اور کارکردگی کی بنیاد پر اضافی ذمہ داریاں بھی سونپی جاتی ہیں۔

ڈائریکٹرز کی رپورٹ — 30 جون 2026ء کو ختم ہونے والے مالی سال کے لیے

اندرونی مالیاتی کنٹرولز کی موزونیت

سال کے دوران مالیاتی رپورٹنگ کے کنٹرولز کی مسلسل جانچ اور اندرونی آڈٹ کے جائزوں کی بنیاد پر کمپنی اپنے اندرونی کنٹرول سسٹم کو مناسب اور موثر سمجھتی ہے، جسے نافذ کیا گیا ہے اور اس کی نگرانی بھی کی جاتی ہے۔ توقع ہے کہ نیا ERP نظام مالیاتی انتظام اور کنٹرول کو بہتر بنائے گا۔ ڈائریکٹرز اندرونی مالیاتی کنٹرول کے لئے کم، مزید نیت، مدت اور وقت عمل درآمد کے مسلسل نگرانی کرتے ہیں۔
متعلقہ فریقوں کے ساتھ لین دین
متعلقہ فریقوں کے ساتھ لین دین معمول کی کاروباری سرگرمیوں کے دوران کیا گیا ہے۔ یہ لین دین باہمی آزادانہ شرائط (Arm's Length Basis) پر کیا گیا ہے، اور اس کی تفصیلات مالیاتی گوشواروں کے متعلقہ نوٹس میں ظاہر کی گئی ہیں۔

اہم تبدیلیاں اور وعدہ جات
مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلی یا وعدہ سامنے نہیں آیا، سوائے ان امور کے جن کی مالیاتی گوشواروں یا اس رپورٹ میں وضاحت کی گئی ہے۔

منافع کی تقسیم اور تخصیصات
سال کے دوران کمپنی کی کارکردگی کو مدنظر رکھتے ہوئے کوئی منافع (Dividend) اعلان نہیں کیا گیا۔
کمپنی کے حصص کی خرید و فروخت
جون 2026ء کو ختم ہونے والے سال کے دوران ڈائریکٹرز، ایگزیکٹوز، ان کی شریک حیات اور نابالغ بچوں نے کمپنی کے حصص کی 30 خرید و فروخت نہیں کی، سوائے ان معاملات کے جن کی تفصیلات حصص کی ملکیت کے ریکارڈ میں درج ہیں۔

ضابطہ کارپوریٹ گورننس
ڈائریکٹرز اور انتظامیہ اچھی کارپوریٹ گورننس کے اصولوں پر عمل درآمد کے لیے پُر عزم ہیں۔ ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ:
مالیاتی گوشوارے کمپنی کے مالی حالات، کاروباری نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں۔
مناسب اکاؤنٹنگ ریکارڈ برقرار رکھا گیا ہے۔
مناسب اکاؤنٹنگ پالیسیاں مسلسل لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور محتاط بنیادوں پر کیے گئے ہیں۔
بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) استعمال کیے گئے ہیں اور ان سے کسی بھی انحراف کی مناسب وضاحت کی گئی ہے۔
اندرونی کنٹرول سسٹم مناسب طور پر تشکیل دیا گیا ہے اور اس پر عمل درآمد اور نگرانی کی گئی ہے۔
کاروبار کے جاری رہنے کی بنیاد پر جائزہ لیا گیا ہے اور کسی بھی اہم غیر یقینی صورت حال کی مناسب وضاحت کی گئی ہے۔
قابل اطلاق کارپوریٹ گورننس کے تقاضوں کی تعمیل کی گئی ہے۔
کمپنی نے ضابطہ اخلاق تیار کیا ہے اور اسے ہر ڈائریکٹر اور ملازم تک پہنچایا ہے۔ بورڈ نے وژن اور مشن کے بیانات بھی منظور کیے ہیں۔
آڈیٹرز کی تقرری

چارٹرڈ اکاؤنٹنٹس، نے کمپنی کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی، M/s.Crowe Hussain Chaudhry & Co.،
بے اور انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے مطابق ان کی درجہ بندی تسلی بخش ہے۔ ڈائریکٹرز آئندہ سال کے لیے ان کی دوبارہ تقرری کی سفارش کرتے ہیں۔

چینرپرسن کا جائزہ
ڈائریکٹرز چینرپرسن کی اس جائزہ رپورٹ کی توثیق کرتے ہیں جو کمپنی کی مجموعی کارکردگی، مستقبل کے امکانات اور بورڈ کی کارکردگی و مؤثریت سے متعلق ہے۔

اظہار شکریہ
ڈائریکٹرز تمام متعلقہ فریقوں کی کوششوں کو سراہتے ہیں جنہوں نے موجودہ مالی سال کے نتائج میں اپنا کردار ادا کیا، خصوصاً قابل قدر صارفین اور ملازمین کی خدمات قابل تحسین ہیں۔

Atiza Nerva

چینرپرسن:

Atiza Nerva

10۔ منظوری اور دستخط
بورڈ آف ڈائریکٹرز کی جانب سے
چیف ایگزیکٹو آفیسر:
کراچی: 21 اکتوبر 2026ء

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 /FLOOR TILES

300 mm x 300 mm.

250 mm x 600 mm.

400 mm x 400 mm.

Future Size

750 mm x 1500 mm.

600 mm x 1200 mm.

400 mm x 800 mm.

600 mm x 600 mm.

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

KARAM CERAMICS LIMITED

FOR THE YEAR ENDED JUNE 30, 2026

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

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

a.	Male	8
b.	Female	2

2. The composition of the Board is as follows:

i. Independent directors	Mr. Aamir Maqbool Mr. Abeezar Noordin Poonawala Mr. Qasim Bashir Habib Mr. Shuja Ahmed Alvi
ii. Non-executive directors (including female director)	Mrs. Atiya Nasir - Chairperson Mr. Syed Ahmed Ali Nasir Mr. Saad Ali Nasir
iii. Executive directors (including female director)	Mr. Syed Mazhar Ali Nasir - Chief Executive Officer Mr. Alireza M Alladin Miss. Samya Nasir

- During the year, no casual vacancy occurred in the Board of Directors;
- Election of Directors was held on November 26, 2025 and the related pre/post requirements of the relevant laws and regulations have been complied with, except for the selection of independent directors from the databank as explained in paragraph 20 below;
- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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;
- 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;
- 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;
- The meetings of the Board were presided over by the Chairperson. 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;
11. The Board has approved appointment of head of internal audit, including his remuneration and terms and conditions of employment, except that the head of internal audit does not meet the qualification criteria prescribed under the Regulations as explained in paragraph 20 below. However, no new appointments or change in terms and conditions of chief financial officer and company secretary took place during the year;
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. Aamir Maqbool	Chairman
Mr. Abeezar Noordin Poonawala	Member
Mr. Shuja Ahmed Alvi	Member

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

Mr. Abeezar Noordin Poonawala	Chairman
Mr. Aamir Maqbool	Member
Mr. Qasim Bashir Habib	Member

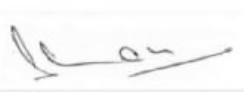
14. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance;
15. The frequency of meetings of the Committees were as per following:
 - a) **Audit Committee:** Four quarterly meetings during the year.
 - b) **HR and Remuneration Committee:** One meeting during the year.
16. The Board has established an internal audit function, designating a team of officials who are experienced for the purpose and are well conversant with the Company's policies and procedures. However, the head of internal audit does not meet the qualification criteria prescribed under regulation 23 of the Regulations as explained in paragraph 20 below;
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;
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, except for the requirement of regulation 6(3) relating to the selection of independent directors from the databank, as explained in paragraph 20 below; and

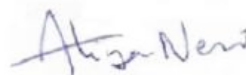
20. Explanation for non-compliance with requirements of the Regulations is given below:

S. No.	Requirement	Explanation of Non-compliance
1	Sustainability Committee: As per requirements of the Code, the board should oversee the company's sustainability and Diversity equity and inclusion (DE&I), adopting SECP's ESG Guidelines and ensuring policies for diversity and gender equality. They must manage sustainability risks, including climate-related ones, and review performance regularly. A dedicated committee, including at least one female director, should monitor these efforts, ensure compliance, and report annually. The director's report should cover risk management and DE&I initiatives. However, the board has not constituted such a committee as required by the regulations.	The Board will review the matter and will ensure compliance with Regulation 10A in due course. This includes constituting a Sustainability Committee, or assigning its responsibilities to an existing Board committee, and formulating and approving a sustainability and DE&I policy. Appropriate disclosures on the assessment and management of sustainability-related risks and on DE&I measures will be included in future Directors' Reports.
2	Head of Internal Audit - Qualification: As per regulation 23 of the Regulations, no person shall be appointed as or continue to hold the position of head of internal audit unless he/she possesses the prescribed qualification and experience. The head of internal audit of the Company does not meet the prescribed qualification criteria.	The Board will review the matter and will ensure compliance with regulation 23 of the Regulations by appointing or designating a suitably qualified person as head of internal audit.
3	Performance Appraisal of Head of Internal Audit: As per regulation 31(2) of the Regulations, the performance appraisal of the head of internal audit shall be done jointly by the Chairman of the Audit Committee and the Chief Executive Officer. The appraisal was not carried out during the year.	The performance appraisal of the head of internal audit will be carried out jointly by the Chairman of the Audit Committee and the Chief Executive Officer in the next year.
4	Annual Evaluation of the Board: As per regulation 10(3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is in place for an annual evaluation of the Board's own performance, members of the Board and its committees. The evaluation was not carried out during the year.	The Board approved its Performance Evaluation Policy on December 3, 2025. The first evaluation of the Board, its members and committees will be carried out for the year ending June 30, 2027.

S. No.	Requirement	Explanation of Non-compliance
5	Whistle Blowing Policy: As per regulation 10(4)(o) of the Regulations, the Board shall maintain a whistle blowing policy establishing a mechanism to receive and handle complaints in a fair and transparent manner while providing protection to the complainant against victimization. The Company has not established a formal whistle blowing policy.	Concerns are currently reported under the Company's Code of Ethics and Business Practices. A formal whistle blowing policy will be placed before the Board for approval.
6	Selection of Independent Directors: As per regulation 6(3) of the Regulations read with section 166 of the Companies Act, 2017, independent directors shall be selected from a databank containing names, addresses and qualifications of persons eligible and willing to act as independent directors, maintained by an institute, body or association notified by the Commission. The independent directors of the Company were appointed from external sources and not from such databank.	The independent directors meet the criteria of independence under section 166 of the Companies Act, 2017 and have submitted declarations to that effect. The Company will ensure that independent directors are selected from the notified databank at the next election of directors.



Syed Mazhar Ali Nasir
Chief Executive Officer



Atiya Nasir
Chairperson

**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, 2026 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

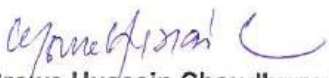
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 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, 2026.

S.R NO	PARAGRAPH REFERENCE	DESCRIPTION
1	10A	The Board has not constituted a sustainability committee or assigned its responsibilities to an existing committee, and has not adopted policies on sustainability and diversity, equity and inclusion, as required by regulation 10A of the Regulations.
2	23	The head of internal audit of the Company does not possess the qualification prescribed under regulation 23 of the Regulations.
3	31(2)	The performance appraisal of the head of internal audit was not carried out jointly by the Chairman of the Audit Committee and the Chief Executive Officer, as required by regulation 31(2) of the Regulations.

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S.R NO	PARAGRAPH REFERENCE	DESCRIPTION
4	10(3)(v)	The annual evaluation of the performance of the Board, its members and committees was not carried out during the year, as required by regulation 10(3)(v) of the Regulations.
5	6(3)	The independent directors of the Company were not selected from the databank of independent directors maintained by an institute, body or association notified by the Commission, as required by regulation 6(3) of the Regulations read with section 166 of the Companies Act, 2017.


Crowe Hussain Chaudhury & Co.
Chartered Accountants

Islamabad.

Dated: October 26, 2026

UDIN: CR202610349rx1HQyBOh

**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, 2026 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 or 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, 2026 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 in 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, 2026, the Company is incurring losses since past several years. During the current year, it has incurred a gross loss of Rs. 46.61 million and a net loss before income tax and levy of Rs. 92.74 million. The accumulated losses of the Company amounted to Rs. 1,638.55 million. Moreover, the current liabilities also exceeded its current assets by Rs. 332.32 million at the year end and has negative operating cash flows of Rs. 52.83 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	Revenue from contracts with customers Refer note 21 to the annexed financial statements 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. 617.48 million, net of taxes for the year ended June 30, 2026. 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.	Our audit procedures in this area, amongst others, included the following: • Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition; • Understood and evaluated the accounting policy with respect to revenue recognition; • Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices; • 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; • Performed audit procedures to analyze variation in the price and quantity sold during the year; and • Assessed the adequacy of disclosures made by the Company in accordance with the applicable financial reporting framework.
2	Existence and valuation of stock in trade Refer note 8 to the annexed financial statements As at the reporting date, the stock-in-trade balance amounting to Rs. 234.88 million which constitutes approximately 12.14% of total assets of the Company. This comprises raw and packing material, work-in-process (WIP) and finished goods. 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 and the management's judgment involved in determining an appropriate costing basis and assessing its valuation.	Our audit procedures in this area, amongst others, included the following: • Evaluated the Company's procurement and consumption process for raw and packing materials, and tested the design and operating effectiveness of related internal controls. • Observed the year-end physical stock count to confirm the existence and condition of inventory. • Reviewed management's procedures for evaluating the NRV of stock-in-trade. • 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. • Evaluated the appropriateness and accuracy of provision for slow moving stock-in-trade assessed by the management, on a sample basis.

		• 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. • Assessed the adequacy and appropriateness of related financial statement disclosures in accordance with the applicable financial reporting framework.
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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. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate audit evidence regarding the adequacy of provisions recorded and disclosure of contingent liabilities. We conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise 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 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;

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- c) investments made, expenditure incurred and guarantees extended during 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 C.A Habib.


Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Islamabad

Date: October 24, 2026

UDIN: AR202610349omP80rDCa

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

(Expressed in Pakistani Rupees)

	Note	2026	2025
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,545,299,843	1,187,916,387
Long term deposits	6	66,326,223	66,326,223
		1,611,626,066	1,254,242,610
Current assets			
Stores and spares	7	52,965,559	53,658,830
Stock in trade	8	234,888,674	132,222,530
Loans, advances and other receivables	9	117,249	107,269
Advance tax		6,062,237	3,714,929
Refunds due from the government	10	19,680,984	25,512,249
Cash and bank balances	11	9,749,352	23,501,007
		323,464,055	238,716,814
TOTAL ASSETS		1,935,090,121	1,492,959,424
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
45,000,000 (2025: 45,000,000) ordinary shares of Rs.10 each	12.1	450,000,000	450,000,000
Issued, subscribed and paid-up capital	12.2	145,486,760	145,486,760
Accumulated losses		(1,638,550,261)	(1,575,302,084)
Surplus on revaluation of freehold land and building on freehold land	13	1,031,992,901	630,926,498
Remeasurement of retirement benefit obligation		2,340,702	2,340,702
Subordinated loan	14	1,738,034,796	1,701,734,796
		1,279,304,898	905,186,672
LIABILITIES			
Non-current liabilities			
Deferred taxation	15	-	-
Current liabilities			
Trade and other payables	16	382,251,080	310,371,208
Short term borrowing	17	116,500,000	116,500,000
Contract liability	18	129,463,490	133,746,825
Post employment benefits	19	16,190,497	16,190,497
Unclaimed dividend		513,191	513,191
Dividend payable		3,148,406	3,148,406
Levy		7,718,559	7,302,625
		655,785,223	587,772,752
Total liabilities		655,785,223	587,772,752
Contingencies and Commitments	20		
TOTAL EQUITY AND LIABILITIES		1,935,090,121	1,492,959,424

The annexed notes from 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

KARAM CERAMICS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Note	2 0 2 6	2 0 2 5
Revenue - net	21	617,484,758	584,210,014
Cost of sales	22	(664,099,523)	(1,116,066,734)
Gross loss		(46,614,765)	(531,856,720)
Selling and distribution expenses	23	(10,181,464)	(5,130,958)
Administrative expenses	24	(44,158,939)	(36,380,826)
Other expenses	25	-	(38,254,432)
		(54,340,403)	(79,766,216)
Operating loss		(100,955,168)	(611,622,936)
Other income	26	9,339,857	736,007
Finance cost	27	(1,123,416)	(5,186,559)
		8,216,441	(4,450,552)
Loss before levy and income tax		(92,738,727)	(616,073,488)
Levy	28	(7,718,559)	(7,302,625)
Loss before income tax		(100,457,286)	(623,376,113)
Deferred tax income		-	(104,850,337)
Loss after taxation		(100,457,286)	(728,226,450)
Loss per share - basic and diluted	29	(6.90)	(50.05)

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

KARAM CERAMICS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Note	2 0 2 6	2 0 2 5
Loss after taxation		(100,457,286)	(728,226,450)
Other comprehensive income			
Items that will not be subsequently reclassified to statement of profit or loss			
Surplus on revaluation of freehold land and building on freehold land	13	438,275,512	-
Reversal of deferred tax liability on revaluation surplus on building on freehold land	13	-	119,896,018
		438,275,512	119,896,018
Total comprehensive loss for the year		<u>337,818,226</u>	<u>(608,330,432)</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

KARAM CERAMICS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Share capital	Subordinated loan	Accumulated losses	Surplus on revaluation of free hold land and building on freehold land	Remeasurement of retirement benefit obligation	Total
Balance as at July 01, 2024	145,486,760	1,487,734,796	(888,419,088)	552,373,934	2,340,702	1,299,517,104
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
Other comprehensive income for the year						
Surplus on revaluation of free hold land and building on freehold land	-	-	-	119,896,018	-	119,896,018
Transfer of incremental depreciation	-	-	41,343,454	(41,343,454)	-	-
	-	-	41,343,454	78,552,564	-	119,896,018
Balance as at June 30, 2025	145,486,760	1,701,734,796	(1,575,302,084)	630,926,498	2,340,702	905,186,672
Loss after taxation for the year ended June 30, 2026	-	-	(100,457,286)	-	-	(100,457,286)
Subordinated loan from directors	-	36,300,000	-	-	-	36,300,000
Other comprehensive income for the year						
Surplus on revaluation of free hold land and building on freehold land	-	-	-	438,275,512	-	438,275,512
Transfer of incremental depreciation	-	-	37,209,109	(37,209,109)	-	-
	-	-	37,209,109	401,066,403	-	438,275,512
Balance as at June 30, 2026	145,486,760	1,738,034,796	(1,638,550,261)	1,031,992,901	2,340,702	1,279,304,898

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive Officer


Director

KARAM CERAMICS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Note	2 0 2 6	2 0 2 5
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levy and income tax		(92,738,727)	(616,073,488)
Adjustments for non-cash items			
Depreciation	5.3	85,420,201	87,977,416
Provision for refundable taxes	10	-	37,701,865
Gain on disposal of property, plant and equipment	26	(8,432,008)	(97,539)
Exchange (gain) / loss	25	(519,402)	152,567
Finance cost	27	1,123,416	5,186,559
		<u>77,592,207</u>	<u>130,920,868</u>
		(15,146,520)	(485,152,620)
(Increase) / decrease in current asset			
Stores and spares		693,271	37,579,298
Stock in trade		(102,666,144)	454,642,882
Loans, advances and other receivables		(9,980)	896,811
		<u>(101,982,853)</u>	<u>493,118,991</u>
(Decrease) / Increase in current liabilities			
Trade and other payables		72,399,274	(134,338,943)
Contract liability		(4,283,335)	(77,222,062)
		<u>68,115,939</u>	<u>(211,561,005)</u>
Cash flows used in operations		(49,013,434)	(203,594,634)
Taxes (paid) / refunded - net		(3,818,668)	9,954,587
Exchange loss		-	-
Gratuity paid		-	(2,606,879)
		<u>(3,818,668)</u>	<u>7,347,708</u>
Net cash flows used in operations		(52,832,102)	(196,246,926)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(7,126,137)	(5,650,275)
Proceeds from disposal of property, plant and equipment		11,030,000	100,000
Net cash flows generated from / (used in) investing activities		3,903,863	(5,550,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated loan obtained during the year		36,300,000	214,000,000
Finance cost paid		(1,123,416)	(5,186,559)
Short term borrowing obtained during the year		-	5,000,000
Net cash flows generated from financing activities		35,176,584	213,813,441
Net (decrease) / increase in cash and cash equivalents		(13,751,655)	12,016,240
Cash and bank balance at the beginning of the year		23,501,007	11,484,767
Cash and bank balance at the end of the year		<u>9,749,352</u>	<u>23,501,007</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

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.HS, Karachi, Pakistan. The principal activity of the Company is manufacturing and sale of tiles.

Geographical locations and addresses of the bussiness units of the company are as under:

Location	Address	Purpose
Karachi	295/311, Deh Halkani, Hub Dam Road, Manghopir	Factory

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.

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 were 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. 46.61 million (2025: 531.85 million) and a net loss before levy and income tax of Rs. 92.74 million (2025: 616.07 million). The accumulated losses of the Company amounted to Rs. 1,638.55 million (2025: 1,575.30 million). Moreover, the current liabilities also exceeded its current assets by Rs. 332.32 million (2025: 349.06 million) at the year end and has negative operating cash flows of Rs. 52.83 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 is in the process of implementing a multi-phase capital investment program focused on plant modernization, technology upgrades and the development of new and innovative product ranges. Upon completion, this initiative is expected to increase production capacity, improve efficiency, broaden the Company's product portfolio and strengthen its cost competitiveness in the coming financial years.

The new sponsors had injected Rs. 36.3 million during the year (2025: Rs. 214 million) as a subordinated loan. The directors and associated companies have assured full financial support to the Company, whenever funds are needed by the Company.

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



2. BASIS FOR PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below. These financial statements are prepared following accrual basis of accounting except for cashflow information.

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:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- 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 Pakistani Rupees (Rs 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 4.2 & 8)
- (c) Loans, deposits and other receivables (refer note 4.3 & 9)
- (d) Staff retirement benefits (refer note 4.8 & 19)
- (e) Provisions (refer note 4.15)
- (f) Taxation (refer note 4.7, 15 and 28)
- (g) Impairment of non-financial assets (refer note 4.4)
- (h) Contingent assets and contingent liabilities (refer note 4.19 & 4.20 & 20)

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATION AND PRONOUNCEMENTS

3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following standards, interpretations and amendments are effective for the year ended June 30, 2026. These standards, interpretations and amendments are either irrelevant to the Company's operations or are not expected to significantly impact the Company's financial statements other than certain additional disclosures.

Standard or Interpretation		Effective Date - Annual Periods
		Beginning on or After
IAS-21	Lack of Exchangeability (Amendments to IAS 21)	January 01, 2025

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3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATION AND PRONOUNCEMENTS (CONTINUED)

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not early adopted by the

Effective Dates-Annual Periods		
IFRS 1,7.9.10 and IAS 7	Annual Improvements to IFRS Accounting Standards—Volume 11	January 01, 2026
IFRS 7 IFRS 9	Contracts Referencing Nature-dependent Electricity—Amendments to IFRS 9 and IFRS 7	January 01, 2026
IFRS 7 IFRS 9	Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and	January 01, 2026
IFRS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures—Amendments to IAS 28	January 01, 2027
IAS 21	The effects of changes in foreign exchange rates', Translation to a Hyperinflationary Presentation Currency	January 01, 2027
IFRS S1	General Requirement for Disclosure of Sustainability related Financial Information	July 01, 2027
IFRS S2	Climate Related Disclosures	July 01, 2027
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	'Subsidiaries without Public Accountability: Disclosures'	January 01, 2027

Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

IFRS 1 First Time Adoption of International Financial Reporting Standards

4 MATERIAL ACCOUNTING POLICY INFORMATION

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).

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 Property, Plant and Equipment - continued

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.

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.

4.2 Inventories

4.2.1 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
Raw materials in transit	- Lower of actual cost or net realizable value (NRV)
Work-in-process	- Lower of weighted average cost or net realizable
Finished goods	- Lower of weighted average cost or net realizable

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.

4.2.2 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.3 Loans, advances and other receivables

Loans, advances 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.

4.4 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 Unit (CGU).

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.

4.5 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.

4.6 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 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 effective 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.

Prior year tax

The tax charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.7 Income tax - continued

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.

4.8 Employee benefits - retirement benefits

Defined Benefit Plan - Gratuity

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

4.9 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 amortized cost using the effective interest method.

4.10 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.

4.11 Financial instruments

4.11.1 Financial Assets

i) Classification

The Company has classified its financial assets into following categories: financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

(a) Financial assets at amortized cost

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold 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.

(b) Financial assets at fair value through profit or loss

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases.

All equity instruments are classified as financial assets at fair value through profit or loss (FVTPL), except for those equity instruments for which the Company has elected to present value changes in fair value through other comprehensive income (FVTOCI).

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.11 Financial instruments - continued

4.11.1 Financial Assets - continued

(c) Financial assets at fair value through other comprehensive income

The fair value through other comprehensive income classification is mandatory for certain debt instrument assets unless the option to classify as fair value through profit or loss is taken.

If an equity investment is not held for trading, an entity can make an irrevocable election at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in profit or loss.

ii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

After initial recognition, the Company measures a financial asset at fair value or amortized cost.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / other expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of 'Other income' when the Company's right to receive payment is established

Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognized in other comprehensive income with only dividend income recognized in profit or loss.

4.11.2 Financial Liabilities

All financial liabilities are recognized initially at fair value less directly attributable transaction costs, if any, and subsequently measured at amortized cost using effective interest rate method unless financial liabilities are held for trading, in which case it is required to be measured at fair value through profit or loss or where entity elects to measure a financial liability under fair value option.

A financial liability is derecognized when the obligation under the liability is discharged or 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 or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.12 Impairment

4.12.1 Impairment on financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investment in equity instruments.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.12 Impairment - continued

4.12.1 Impairment on financial assets - continued

The Company applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for ijarah finance and diminishing musharaka. A lifetime ECL is recorded on Ijarah finance and diminishing musharaka in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as on the reporting date. A 12 months ECL is recorded for ijarah finance and diminishing musharaka which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward looking information in determination of ECL. The allowance is increased by provisions charged to statement of profit and loss and is decreased by charge-offs, net of recoveries.

In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All these impairment losses are recognized in the statement of profit or loss.

4.12.2 Impairment on non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income in statement of profit or loss.

4.13 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 realization 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.

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4 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.21 Revenue from contract with customers

Revenue is recognised when a performance obligation is satisfied by transferring control of promised goods or services to the customer. The control is transferred at the time of dispatch of goods from the warehouse and / or delivery at a specified location depending on the arrangement with the customers. Revenue is measured at transaction price, excluding discounts, rebates and government levies. The Company principally satisfies its performance obligations at a point in time.

IFRS 15 five-step model

1. Identify the contract: contracts with customers are identified based on agreed terms and conditions.
2. Identify performance obligations: The Company's primary performance obligation is the sale and delivery of goods to customers.
3. Determine transaction price: The transaction price is determined excluding discounts, rebates and government levies.
4. Allocate transaction price: The transaction price is allocated to the identified performance obligation
5. Recognise revenue: Revenue is recognised when control of goods transfers to the customer, generally upon dispatch from the warehouse or delivery at the specified location, as applicable.

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.

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Pakistani Rupees)



5 PROPERTY, PLANT AND EQUIPMENT

Note	2026	2025
Operating fixed assets	5.1	1,100,994,479
Capital work in progress	5.7	86,921,908
		<u>1,187,916,387</u>

5.1 Operating fixed assets

	Freehold Land	Factory building on freehold land	Plant and machinery	Furniture and fittings	Moulds	Laboratory equipment	Vehicle	Total
Net carrying value basis								
Year ended June 30, 2026								
Opening net book value	262,800,000	414,915,344	408,368,781	904,538	4,282,629	20,434	9,702,753	1,100,994,479
Additions during the year	-	3,000,000	1,772,485	2,353,652	-	-	-	7,126,137
Surplus on revaluation during the year	394,200,000	44,075,512	-	-	-	-	-	438,275,512
Transfer from CWIP during the year	-	-	86,921,908	-	-	-	-	86,921,908
Depreciation charge during the year	-	(41,492,356)	(40,877,670)	(229,002)	(1,284,789)	(2,043)	(1,534,341)	(85,420,201)
Disposals during the year	-	-	-	-	-	-	(2,597,992)	(2,597,992)
Closing net book value	657,000,000	420,498,500	456,185,504	3,029,188	2,997,840	18,391	5,570,420	1,545,299,843

Gross carrying value basis

At June 30, 2026								
Cost	657,000,000	961,882,406	2,005,699,962	15,125,606	13,546,946	1,505,565	26,738,380	3,681,498,865
Accumulated depreciation	-	(541,383,906)	(1,549,514,458)	(12,096,418)	(10,549,106)	(1,487,174)	(21,167,960)	(2,136,199,022)
Net book value	657,000,000	420,498,500	456,185,504	3,029,188	2,997,840	18,391	5,570,420	1,545,299,843

Year ended June 30, 2025

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 during the year	-	-	385,000	74,500	5,190,775	-	-	5,650,275
Transfer from CWIP during the year	-	-	63,847,311	-	-	-	-	63,847,311
Depreciation charge during the year	-	(46,101,705)	(38,260,348)	(92,916)	(1,093,873)	(2,270)	(2,426,304)	(87,977,416)
Disposals during the year	-	-	-	-	-	-	(2,461)	(2,461)
Closing net book value	262,800,000	414,915,344	408,368,781	904,538	4,282,629	20,434	9,702,753	1,100,994,479

Gross carrying value basis

At June 30, 2025								
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)
Net book value	262,800,000	414,915,344	408,368,781	904,538	4,282,629	20,434	9,702,753	1,100,994,479

Net carrying value basis

Depreciation Rates	0%	10%	10%	10%	30%	10%	20%
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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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. 657 million as at reporting date.

	Note	2 0 2 6	2 0 2 5
5.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	22	84,372,252	86,898,095
Selling and distribution expenses	23	504,986	520,104
Administrative expenses	24	542,963	559,217
		<u>85,420,201</u>	<u>87,977,416</u>

5.4 Revalued freehold land and factory building on freehold land

In 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 (2025: Rs. 188,340,000) and Rs. 41,541,832 (2025: Rs. 43,308,723) under the cost model.

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

The revaluation of freehold land and factory building was carried out by an independent valuer, Dimensions Evaluators and Consultants (Private) Limited on June 30, 2026. The previous valuation was carried out by the same valuer on June 30, 2024.

5.6 Forced sale value of the revalued assets as at June 30, 2026 of freehold land of Rs. 525.60 million and factory building on free hold land are Rs. 336.39 million.

	2 0 2 6	2 0 2 5
5.7 CAPITAL WORK IN PROGRESS		
Balance as at July 1,	86,921,908	150,769,219
Transferred during the year to property, plant and equipment	(86,921,908)	(63,847,311)
Balance as at June 30,	<u>-</u>	<u>86,921,908</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.

	2 0 2 6	2 0 2 5
7 STORES AND SPARES		
Spares	52,965,559	52,857,027
Stores	-	801,803
	<u>52,965,559</u>	<u>53,658,830</u>

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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(Expressed in Pakistani Rupees)



	Note	2026	2025
8 STOCK IN TRADE			
Raw material		45,768,134	71,900,594
Packing material		3,304,933	7,113,677
Work-in-process		15,680,747	9,590,273
Finished goods	8.1	170,134,860	43,617,986
		<u>234,888,674</u>	<u>132,222,530</u>
8.1 As at June 30, 2026, finished goods has been valued at estimated net realizable value.			
	Note	2026	2025
9 LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans to employees		2,000	29,995
Advance to seller of land		-	400,000
Less: advance written off		-	(400,000)
		-	-
Other receivables		115,249	77,274
		<u>117,249</u>	<u>107,269</u>
10 REFUNDS DUE FROM THE GOVERNMENT			
Sales tax receivable		6,463,898	12,295,163
Income tax refundable		50,918,951	50,918,951
Less: provision against refundable taxes	10.1	(37,701,865)	(37,701,865)
		<u>19,680,984</u>	<u>25,512,249</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.			
	Note	2026	2025
Movement of provision			
Opening balance		37,701,865	-
Provision charged during the year		-	37,701,865
Closing balance		<u>37,701,865</u>	<u>37,701,865</u>
11 CASH AND BANK BALANCES			
Cash in hand		35,036	7,772
Cash at bank			
- deposit accounts	11.1	1,877,398	7,721,237
- current accounts		7,836,918	15,771,998
		<u>9,714,316</u>	<u>23,493,235</u>
		<u>9,749,352</u>	<u>23,501,007</u>
11.1 This carries mark-up at rates ranging from of 8.5% to 12.5% (2025: 7.5% to 11.5%) per annum.			
		2026	2025
12 SHARE CAPITAL			
12.1 Authorized Share Capital			
45,000,000 ordinary shares of Rs. 10 each		<u>450,000,000</u>	<u>450,000,000</u>
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>

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12 SHARE CAPITAL - CONTINUED

- 12.3 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

	Note	2026	2025
13 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT			
Balance as at July 1,		630,926,498	672,269,952
Surplus for the year		438,275,512	-
Transfer of incremental depreciation	13.1	(37,209,109)	(41,343,454)
Balance as at June 30,		1,031,992,901	630,926,498
Less: related deferred tax liability			
Balance as at July 1,		-	(119,896,018)
Reversal of deferred tax liability		-	119,896,018
Balance as at June 30,		-	-
		<u>1,031,992,901</u>	<u>630,926,498</u>

- 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 asset.

- 13.2 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the Company in accordance with section 241 of the Companies Act, 2017.

	Note	2026	2025
14 SUBORDINATED LOAN			
Balance as at July 1,		1,701,734,796	1,487,734,796
Additional loan obtained during the year		36,300,000	214,000,000
Balance as at June 30,	14.1	<u>1,738,034,796</u>	<u>1,701,734,796</u>

- 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 Directors' Loan") and are measured at their face values as initially recognized.

15 DEFERRED TAXATION

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases. As the Company is subject to minimum tax under section 113 of the Income Tax Ordinance, 2001, the effective tax rate on these differences is nil. Accordingly, no deferred tax has been recognised.

	2026	2025
15.1 Deferred tax movement		
Balance as at July 1	-	15,045,681
Charge for the year - statement of profit or loss	-	104,850,337
Charge for the year - statement of comprehensive income	-	(119,896,018)
Balance as at June 30	<u>-</u>	<u>-</u>

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15 DEFERRED TAXATION - CONTINUED

- 15.2** The Company has unused tax losses, including unabsorbed tax depreciation, of Rs. 1,664.45 million (2025: Rs. 1,182.54 million) and minimum tax credits of Rs. 24.16 million (2025: Rs. 29.07 million), for which no deferred tax asset has been recognised. Business losses expire from tax year 2028 to 2031 and minimum tax credits in tax years 2027 and 2028, while unabsorbed tax depreciation can be carried forward indefinitely.

	Note	2026	2025
16 TRADE AND OTHER PAYABLES			
Trade creditors		246,822,240	235,029,308
Accrued expenses		116,283,954	71,972,507
Workers' welfare fund	16.1	2,616,070	2,616,070
Withholding tax payable		16,528,816	753,323
		<u>382,251,080</u>	<u>310,371,208</u>

16.1 Workers' welfare fund

Opening balance		2,616,070	2,616,070
Allocation for the year		-	-
Payments made during the year		-	-
		<u>2,616,070</u>	<u>2,616,070</u>

17 SHORT TERM BORROWING

Balance as at July 1,		116,500,000	111,500,000
Loan obtained during the year		-	5,000,000
Balance as at June 30,	17.1	<u>116,500,000</u>	<u>116,500,000</u>

- 17.1** 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 (Musharaka 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 CONTRACT LIABILITY

Contract liabilities represent advances received from customers against sales of goods, for which the Company has not yet fulfilled its performance obligations as at the reporting date. These amounts are recognized as revenue when the related goods are delivered and the performance obligations are satisfied in accordance with the applicable revenue recognition requirements. This represents consideration received in advance from the customers for sale of services. Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs.107,543,537 (2025: Rs. 194,271,155).

19 POST EMPLOYMENT BENEFITS

	Note	2026	2025
Balance as at July 1,		16,190,497	18,797,376
Charge for the year		-	-
Benefits paid during the year		-	(2,606,879)
Balance as at June 30,		<u>16,190,497</u>	<u>16,190,497</u>

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20 CONTINGENCIES AND COMMITMENTS

Contingencies

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

20.1 Claims subject to legal proceedings

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

- i) 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 Honorable 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 Honorable 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 Honorable Supreme Court judgement. While presenting arguments before the Honorable High Court of Sindh, reference was made to paragraph 37 and 42 of the Honorable 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.

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20 CONTINGENCIES AND COMMITMENTS (CONTINUED)

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 Southern 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 Honorable 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

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KARAM CERAMICS LIMITED
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20 CONTINGENCIES AND COMMITMENTS (CONTINUED)

- iv) The Company filed suit no. 250/2024 with Honorable 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 Southern Gas Company Limited.

Date instituted

February 13, 2024

20.2 Commitments

Commitments in respect of bank guarantees issued by a commercial banks in respect of:

- Sui Southern Gas Company
- Nazir of Sindh High Court

	2026	2025
	150,000,000	150,000,000
	13,787,000	13,787,000
	<u>154,787,000</u>	<u>154,787,000</u>

21 REVENUE - NET

Revenue from contracts with customers
Less: sales tax

	728,632,014	685,864,982
	<u>(111,147,256)</u>	<u>(101,654,968)</u>
	<u>617,484,758</u>	<u>584,210,014</u>

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KARAM CERAMICS LIMITED
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	Note	2026	2025
22 COST OF SALES			
Opening stock		71,900,594	260,809,464
Purchases		146,405,366	95,166,902
Closing stock		(45,768,134)	(71,900,594)
Raw materials consumed		172,537,826	284,075,772
Fuel, power and water		382,488,502	292,933,900
Salaries, wages and benefits		74,808,182	104,172,057
Stores and spare parts consumed		26,721,873	42,860,376
Packing material consumed		30,019,945	27,710,164
Repairs and maintenance		16,265,367	17,301,048
Freight charges		5,213,773	3,032,977
Depreciation	5.3	84,372,252	86,898,095
Directors' remuneration		-	810,000
Insurance		187,706	167,748
Vehicles running and maintenance		4,091,445	1,650,917
Other		-	721,396
Manufacturing expenses		624,169,045	578,258,678
Opening work in process		9,590,273	2,587,011
Closing work in process	8	(15,680,747)	(9,590,273)
Cost of goods manufactured		790,616,397	855,331,188
Opening stock of finish goods		43,617,986	304,353,532
Closing stock of finished goods	8	(170,134,860)	(43,617,986)
		<u>664,099,523</u>	<u>1,116,066,734</u>
23 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits		8,097,755	3,949,165
Travelling and conveyance		622,556	199,386
Advertisement		222,600	275,400
Depreciation	5.3	504,986	520,104
Entertainment		733,567	186,903
		<u>10,181,464</u>	<u>5,130,958</u>
24 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		17,342,956	19,990,242
Fees and subscription		7,115,264	2,845,593
Repairs and maintenance		2,540,700	2,702,834
Legal and professional charges		211,000	2,487,372
Fuel, power and water		3,145,063	2,469,716
Vehicles running and maintenance		3,607,925	1,398,180
Travelling and conveyance		679,684	1,003,350
Auditor's remuneration	24.1	1,279,384	967,398
Rent, rates and taxes		429,405	854,891
Depreciation	5.3	542,963	559,217
Entertainment		5,533,856	400,360
Printing and stationery		517,648	318,030
Postage, telegraph and telephone charges		1,025,385	170,894
Insurance		187,706	167,749
Donation		-	45,000
		<u>44,158,939</u>	<u>36,380,826</u>

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Note	2026	2025
24 ADMINISTRATIVE EXPENSES (CONTINUED)			
24.1 Auditor's remuneration			
Audit fee		954,291	829,818
Fee for review of half yearly		60,467	52,580
Out of pocket expenses		97,750	85,000
SRB		166,876	-
		<u>1,279,384</u>	<u>967,398</u>
25 OTHER EXPENSES			
Provision for refundable taxes		-	37,701,865
Advance written off		-	400,000
Exchange loss		-	152,567
		<u>-</u>	<u>38,254,432</u>
26 OTHER INCOME			
Profit on deposit accounts		388,447	638,468
Gain on disposal of property, plant and equipment		8,432,008	97,539
Exchange gain-net		519,402	-
		<u>9,339,857</u>	<u>736,007</u>
27 FINANCE COST			
Markup on documents against acceptance		-	180,691
Bank charges	27.1	1,123,416	5,005,868
		<u>1,123,416</u>	<u>5,186,559</u>
27.1 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.			
28 LEVY			
This represents tax under section 113 of Income Tax Ordinance, 2001 representing levy in terms of the requirements of IAS 37/IFRIC 21.			
28.1 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:			
		2026	2025
Tax charge including levy for the year as per applicable tax laws		7,718,559	112,152,962
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(7,718,559)	(7,302,625)
Portion of current tax liability as per tax laws, representing income tax under IAS12		-	(104,850,337)
		<u>-</u>	<u>-</u>
28.2 Relationship between accounting profit and tax expense			
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.			

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	2026	2025
29 LOSS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>(100,457,286)</u>	<u>(728,226,450)</u>
Weighted average number of shares	<u>14,548,676</u>	<u>14,548,676</u>
Loss per share (Rupees) - Basic and diluted	<u>(6.90)</u>	<u>(50.05)</u>

There is no dilutive effect on the basic loss per share of the Company.

30 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 31.

Related party	Relationship	Nature of transaction	2026	2025
Syed Mazhar Ali Nasir	Directorship	Subordinated loan received	44,300,000	214,000,000
		Short term loan received	-	5,000,000
Ali Reza	Associated persons	Remuneration and allowances	3,000,000	3,280,000
		Sale of vehicle-Proceeds	8,000,000	-
Samya Ali Nasir	Associated persons	Remuneration and allowances	450,000	-

31 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	
	2026	2025	2026	2025	2026	2025	2026	2025
Managerial remuneration and allowances	-	-	450,000	1,410,000	12,104,273	11,953,656	12,554,273	13,363,656
House rent	-	-	-	-	4,283,049	4,229,754	4,283,049	4,229,754
Utilities	-	-	-	-	2,420,854	2,390,731	2,420,854	2,390,731
Other	-	-	3,000,000	1,870,000	-	-	3,000,000	1,870,000
	-	-	3,450,000	3,280,000	18,808,176	18,574,141	22,258,176	21,854,141
Number of persons	1	1	1	1	8	11	10	13

31.1 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.

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

32 PLANT CAPACITY AND PRODUCTION

	Note	2026	2025
Installed Capacity (In Square Meters)		<u>6,480,000</u>	<u>6,480,000</u>
Actual Production (In Square Meters)	32.1	<u>854,035</u>	<u>442,462</u>

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

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	2026	2025
33 NUMBER OF EMPLOYEES		
	-----Numbers-----	
Total permanent employees at the year end	8	8
Total contractual employees at the year end	115	293
Average employees at the year end	300	315

34 SHARIAH DISCLOSURE UNDER CLAUSE VII OF PART I OF SCHEDULE IV OF THE COMPANIES ACT, 2017

	Note	June 30, 2026		
		Conventional	Shariah Compliant	Total
Statement of financial position				
Long-term diminishing musharaka finances		-	-	-
Current portion of diminishing musharaka finances		-	-	-
Accrued profit		-	-	-
Long term investment		-	-	-
Short-term investments		-	-	-
Cash and bank balances	11	10,851,601	355,980	11,207,581
Short term / long term financing		-	-	-
Mark up accrued		-	-	-
Statement of profit and loss				
Revenue	21	617,484,758	-	617,484,758
Income on diminishing musharaka finances		-	-	-
Dividend income		-	-	-
Gain on sale of investments		-	-	-
Profit on debt securities		-	-	-
Profit on other investments		-	-	-
Profit on bank balances	26	387,432	1,015	388,447
Finance cost	27	1,123,416	-	1,123,416
Late payment surcharge		-	-	-
Profit earned or interest paid		-	-	-
Exchange gain earned using conventional derivative financial instruments	26	519,402	-	-
Realize and unrealize gain / (loss)		-	-	-

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)



	Note	June 30, 2025		
		Conventional	Shariah Compliant	Total
Statement of financial position				
Long-term diminishing musharaka finances		-	-	-
Current portion of diminishing musharaka finances		-	-	-
Accrued profit		-	-	-
Long term investment		-	-	-
Short-term investments		-	-	-
Cash and bank balances	11	18,389,399	5,103,836	23,493,235
Short term / long term financing		-	-	-
Mark up accrued		-	-	-
Statement of profit and loss				
Revenue	21	584,210,014	-	584,210,014
Other charges from tenants		-	-	-
Income on diminishing musharaka finances		-	-	-
Dividend income		-	-	-
Gain on sale of investments		-	-	-
Profit on debt securities		-	-	-
Profit on other investments		-	-	-
Profit on bank balances	26	636,779	1,689	638,468
Finance cost	27	5,186,559	-	5,186,559
Late payment surcharge		-	-	-
Profit earned or interest paid		-	-	-
Exchange gain earned using conventional derivative financial instruments	26	-	-	-
Realize and unrealize gain / (loss)		-	-	-

Relationship with shariah compliant financial institutions, including banks, takaful operators and their windows, etc.

Name of institution	Nature of relationship
Meezan Bank Limited	Deposit / bank balance
Habib Metropolitan Bank	Deposit / bank balance

35 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets - at amortized cost

	Note	2026	2025
Long term security deposits	6	66,326,223	66,326,223
Loans to employees	9	117,249	29,995
Other receivables		-	35,249
Bank balances	11	9,714,316	23,493,235
		<u>76,157,788</u>	<u>89,884,702</u>

Financial liabilities - at amortized cost

Post employment benefits	19	16,190,497	16,190,497
Trade creditors and accrued expenses	16	363,106,194	307,001,815
Short term borrowings	17	116,500,000	116,500,000
Unclaimed dividend		513,191	513,191
Dividend payable		3,148,406	3,148,406
		<u>499,458,288</u>	<u>443,353,909</u>

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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Other market price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to any other market price risk.

ii) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure.

Credit risk of the Company arises from deposits with banks, long term deposits, short term deposits, and other receivables. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings, if any. Carrying values of financial assets exposed to credit risk, which are neither past due nor impaired are as under:

	Note	2026	2025
Long term security deposits	6	66,326,223	66,326,223
Loans to employees	9	2,000	29,995
Other receivables		-	35,249
Bank balances	11	9,714,316	23,493,235
		<u>76,042,539</u>	<u>89,884,702</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Bank Name	Rating		Rating Agency	2026	2025
	Short term	Long term			
Soneri Bank Limited	A1+	AA	PACRA	2,676,124	2,645,296
Muslim commercial Bank	A1+	AAA	PACRA	39,355	39,356
Habib Metropolitan Bank	A1+	AAA	PACRA	427,670	9,645,244
JS Bank Ltd	AA	A1+	PACRA	67,450	67,450
Alfalalah Bank Ltd.	A1+	AAA	PACRA	56,208	56,208
Faysal Bank Limited	A1+	AA+	PACRA	66,625	66,625
Habib Bank Limited	A1	A+	PACRA	5,830,592	5,830,942
Allied Bank Limited	A1+	AAA	PACRA	75,199	75,267
Bank Al habib Limited	AAA	A1+	PACRA	155,377	-
Meezan Bank Limited	A1+	AAA	VIS	319,716	5,066,847
				<u>9,714,316</u>	<u>23,493,235</u>

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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities and maintaining debt financing plans. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

Description	Carrying amount	Contractual cash flows	Within one year	After one year
As at June 30, 2026				
Post employment benefits	16,190,497	16,190,497	16,190,497	-
Trade creditors and accrued expenses	382,251,080	382,251,080	382,251,080	-
Short term borrowings	116,500,000	116,500,000	116,500,000	-
Unclaimed dividend	513,191	513,191	513,191	-
Dividend payable	3,148,406	3,148,406	3,148,406	-
	518,603,174	518,603,174	518,603,174	-
As at June 30, 2025				
Post employment benefits	16,190,497	16,190,497	16,190,497	-
Trade creditors and accrued expenses	307,001,815	307,001,815	307,001,815	-
Short term borrowings	116,500,000	116,500,000	116,500,000	-
Unclaimed dividend	513,191	513,191	513,191	-
Dividend payable	3,148,406	3,148,406	3,148,406	-
	443,353,909	443,353,909	443,353,909	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

36.2 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the assumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The estimated fair value of financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced other than those mentioned in note.

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36 FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	2026		
	Level 1	Level 2	Level 3
Revaluation surplus on property, plant and equipment	-	438,275,512	-
	-	438,275,512	-
	2025		
	Level 1	Level 2	Level 3
Surplus on revaluation of freehold land and building on freehold land	-	-	-
	-	-	-

Other financial instruments

The fair values of all other financial instruments are considered to approximate their carrying amounts.

37 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

All sales of the Company comprise of sale of wall tiles, floor tiles and other building material products.

All non-current assets of the Company at the end of the current and preceding year were located in Pakistan.

Sales to five major customers of the Company are around 48% of the Company's total sales during the year (2025: 39%).

Sales to five major customers of the Company are around 51% of the Company's total sales during the year (2025: 39%). Revenue from one customer amounted to Rs. 140.71 million, representing 22.8% of the Company's total revenue.

38 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	2026	2025
Total borrowings	116,500,000	116,500,000
Cash and bank	(9,749,352)	(23,501,007)
Net debt	106,750,648	92,998,993
Equity	1,279,304,898	905,186,672
Total capital	1,386,055,546	998,185,665
Debt to capital ratio	8%	9%

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KARAM CERAMICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in Pakistani Rupees)

	<u>2026</u>	<u>2025</u>
39 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES		
Short term borrowings		
Balance as at July 1,	116,500,000	111,500,000
Non-cash changes	-	-
Cash flows	-	5,000,000
Balance as at June 30,	<u>116,500,000</u>	<u>116,500,000</u>

40 CORRESPONDING FIGURES

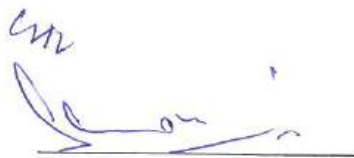
Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison of and for better presentation. However, no significant re-classification has been made during the year.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **21 OCT 2026** by the Board of Directors of the Company.

42 GENERAL

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


Chief Executive Officer


Chief Financial Officer


Director



KARAM CERAMICS LIMITED
Pattern of Shareholding
As On 30/06/2026

NO. OF SHAREHOLDERS	<---- HAVING SHARES ---->		SHARES HELD	PERCENTAGE
	From	To		
262	1	100	3124	0.0215
83	101	500	34108	0.2344
16	501	1000	12655	0.0870
15	1001	5000	27000	0.1856
1	5001	10000	6666	0.0458
1	30001	35000	32751	0.2251
4	320001	325000	1293586	8.8914
4	3280001	3285000	13138786	90.3092
361	Company Total		14548676	100.0000

TOTAL OUT STANDING SHARES
AS AT 30 JUNE 2026
CATEGORIES OF SHAREHOLDERS

Name	No of Flio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	4	3,612,818	67.733
BANKS, DFI & NBF	1	202	0.001
INSURANCE COMPANIES	1	1,500	0.010
GENERAL PUBLIC (LOCAL)	362	10,897,167	32.001
GENERAL PUBLIC (FOREIGN)	16	3,089	0.021
OTHERS	2	33,900	0.233
Company Total	382	14,548,676	100.000

Karam Ceramics Limited
Pattern Of Shareholdings
as on 30-06-2026

Folio No	Name	Code	Balance Held	Percentage
003277121434	Syed Mazhar Ali Nasir	001	3,284,696	24.80%
006452124553	Syed Mazhar Ali Nasir	001	323,397	
012484055210	Mrs. Atiya Nasir	001	500	0.00%
003277012491	Aamir Maqbool	001	500	0.000034
012484055376	Syed Ahmed Ali Nasir	001	500	0.00%
012484003079	Shuja Ahmed Alvi	001	505	0.00%
000000000772	Alireza M. Alladin	001	200	0.00%
012484114280	Alireza M. Alladin	001	500	0.00%
003277014488	Abeezar Noordin Poonawala	001	520	0.00%
012484055533	Ms. Samya Nasir	001	500	0.00%
006502023351	Qasim Bashir Habib	001	500	0.00%
012484055384	Syed Saad Ali Nasir	001	500	0.00%
038890000028	National bank of Pakistan	004	202	0.00%
003277078335	Trustee National Bank of Pakistan Employees Pension Fund	010	32,751	0.23%
003277082127	Trustee National Bank of Pakistan EMP Benevolent Fund Trust	010	1,149	0.0079
000000000773	Gulf Insurance Company Limited	005	1,500	0.01%
				0.52%

TOTAL OUT STANDING SHARES
AS AT 30 JUNE 2026
CATEGORIES OF SHAREHOLDERS

Name	No of Flio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	4	3,612,818	6773.32%
BANKS, DFI & NBF	1	202	0.14%
INSURANCE COMPANIES	1	1,500	1.03%
GENERAL PUBLIC (LOCAL)	362	10,897,167	3200.08%
GENERAL PUBLIC (FOREIGN)	16	3,089	2.12%
OTHERS	2	33,900	23.30%
Company Total	382	14,548,676	9999.99%

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)

i) Shareholder's Detail	
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	
ii) Shareholder's Bank detail	
Title of Bank Account	
International Bank Account Number (IBAN)	PK
Mandatory	
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
1th Floor, 40-C, Block 6,
P.E.C.H.S, Karachi-75400

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

Ovais Ahmed
(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

_____ a member of KARAM CERAMICS LIMITED vide Registered Folio No. as my proxy to vote for and on my behalf at the 47th Annual General Meeting of the Company to be held on Monday, November 16, 2026 at 2:30 pm Company's Registered Office situated at _____, Karachi.

WITNESS:

(1) Signature _____

Name _____

Address _____

NIC or Passport No. _____

**Signature of
Rupees Five
Revenue Star**

(Signature should agree
Signature registered with the company)

(2) Signature _____

Name _____

Address _____

NIC or Passport No. _____

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 _____
بطور ممبر کرم سیراکس لمیٹڈ اور عارضی شیئرز _____ رجسٹرڈ فوئیو نمبر _____ اپنی جانب سے جناب _____
کا اقرار کرتا ہوں جو کہ کرم سیراکس لمیٹڈ رجسٹرڈ فوئیو نمبر کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمپنی کی ۳۳ ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد 16 نومبر 2026ء بروز پیر دوپہر 2:30 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)

1۔ نام: _____
دستخط: _____
پتہ: _____
شناختی کارڈ / پاسپورٹ نمبر: _____

2۔ نام: _____
دستخط: _____
پتہ: _____
شناختی کارڈ / پاسپورٹ نمبر: _____

مورخہ: _____

نوٹ:

پراکسی فارم کو مکمل پُر 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۔
شیئرز بولڈرز اور ان کے پراکسی اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراکسی فارم کے ساتھ _____ تک جمع کراویں۔