



KARAM CERAMICS LIMITED

2024 ANNUAL REPORT



www.karamceramics.com

45th ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

CONTENTS

Company Information	02
Notice of Meeting	03-09
Progress Graphs	10
Review Report By The Chairperson (English & Urdu)	11-12
Financial Highlights	13
Directors' Report	14-17
Directors' Report (Urdu)	18-22
Vision and Mission Statement	23
Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019	24-26
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	27
Independent Auditors' Report To The Members Of Karam Ceramics Limited Report On The Audit Of The Financial Statements	28-31
Statement Of Financial Position	32-33
Statement Of Profit Or Loss	34
Other Comprehensive Income	35
Statement Of Changes In Equity	36
Statement Of Cash Flows	37
Notes To And Forming Part Of The Financial Statements	39-69
Pattern of Shareholding	70-71
Mandatory Payment Of Dividend Through Electronic Mode	
Proxy Form	

COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Suraiya Nasir	Chairperson
Mr. Syed Mazhar Ali Nasir	Chief Executive Officer
Mr. Syed Azhar Ali Nasir	Non-Executive Director
Mr. Syed Azfar Ali Nasir	Non-Executive Director
Lt. General (Rtd) Tariq Waseem Ghazi	Independent Non-Executive Director
Mr. Alireza M. Alladin	Executive Director
Mr. Shuja Ahmed Alvi	Independent Non-Executive Director
Mr. Syed Naqui Raza	Chief Financial officer
Mr. Manzoor Ali Natha	Company Secretary

AUDIT COMMITTEE (Till 20 September 2024)

Mr. Shuja Ahmed Alvi
Lt. General (Retd) Tariq Waseem Ghazi
Mr. Syed Azhar Ali Nasir

AUDIT COMMITTEE (After 20 September 2024)

Chairman	Lt. General (Retd) Tariq Waseem Ghazi	Chairman
Member	Mr. Shuja Ahmed Alvi	Member
Member	Mr. Syed Azhar Ali Nasir	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shuja Ahmed Alvi	Chairman
Lt. General (Rtd) Tariq Waseem Ghazi	Member
Mr. Syed Azfar Ali Nasir	Member

BANKERS

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

AUDITORS / REGISTRAR AND SHARE TRANSFER OFFICE

Crowe Hussain Choudhury & Co
Chartered Accountants
F-4/2, Mustafa Avenue, Behind "The Forum"
Block 9, Clifton, Karachi
Tel: +92-21-35877806 - 10

T. H. K. Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street2,
D.H.A Phase VII Karachi-75500

NATIONAL TAX NUMBER : 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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting ("AGM") of Karam Ceramics Limited (the 'Company') will be held on Friday 25th October 2024 at 3.30 P.M, at the Registered Office of the Company

To transact the following business:

1. To Confirm the minutes of the 44th Annual General Meeting held on 27th October 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024, together with the reports Directors and Auditors thereon.
3. To appoint External Auditor of the Company for the year ending June 30, 2025, and fix their remuneration. The present auditors M/s Crowe Hussain Choudhury & Co. Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To transact any other business with the permission of the Chair

Karachi
October 04, 2024.

By Order of the Board

Manzoor Ali Natha
Company Secretary

Notes:

1. Circulation of Annual Report through QR Code and through Weblink

In accordance with the Section 223 of the Companies Act, 2017 and pursuant to SRO 389(1)/ 2023 dated. 21 March 2023 of the Securities & Exchange Commission, the Company has obtained Shareholders' approval in the 44th Annual General Meeting of the Company held on 27th October 2023 to circulate the Annual Report of the Company to Members through QR enabled Code and Weblink. The Annual Report is available through following QR Code and Weblink.



2. Participation in the AGM proceeding Via the Video Conference Facility

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for Annual General Meeting" along with valid copy of their CNIC to manzooralikaram@gmail.com. Video link and login credentials will be shared ONLY those members, whose email, containing particulars (i.e. Name, Folio No., CNIC No. / NTN) is received from official Email ID, at least 48 hours before the AGM. Shareholders may also provide their comments and questions for the agenda items of the AGM in their Email for registration.

3. Closure of Share Transfer Books.

The Share transfer book of the company will be closed from October 18, 2024 to October 25, 2024 (both days inclusive). The transfers received at Company's Share Registrar Namely M/s THK Associates (Pvt) Ltd. Plot No. 32-C, Jami Commercial Street 2, D.H.A Phase VII Karachi-75500 before the close of business on October 17, 2024 will be considered in time for determination of any entitlement.

4. Participation in General Meeting

A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. In case of a corporate entity, being a member, may appoint as its proxy any of its officials or any other person, through Board Resolution / Power of Attorney.

The instrument appointing proxy must be received at the Registered Office of the Company or at the office of our Share Registrar or through email at manzooralikaram@gmail.com not less than 48 hours before the time of the meeting. A proxy form is attached in the last portion of the Annual Report

5. Guideline to the general Meeting for CDC Account Holders.

CDC Account Holders will have to follow the guidelines below as laid down in Circular 1 dated. January 6, 2000 issued by the Securities and Exchange Commission of Pakistan.

For Attending the Meeting

- a) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the CDC Regulations, shall authenticate his / her identity by showing his/ her Original Computerized National Identity Card ("CNIC") or original passport at the time of attending the general meeting.
- b) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature and attested copy of valid CNIC of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing Proxies

- a) In case of individual, the account holder or sub-account holder whose securities and their registration details are up-loaded as per the CDC Regulations, shall submit the proxy form as per above requirement.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- c) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d) The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- e) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature and an attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

6. Change of Address

Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.

7. Submission of Computerized National Identity Card (CNIC) or National Tax Number (NTN) or Passport

The Shareholders are informed that as per Sub Clause 9 (i) of Regulation 4 of Companies (Distribution of Dividends) Regulations, 2017 the identification of the registered shareholder or its authorized person should be made available with the Company.

Therefore, it is requested that shareholders must provide copy of their valid CNIC (in case of individual) or NTN (in case of other than individual) or Passport (in case of foreign individual) along with their folio number by mail or email to the Company Secretary or Share Registrar, unless it has been provided earlier.

8. E-Dividend

As per Section 242 of the Companies Act, 2017 it is mandatory for the public listed companies to pay cash dividend to its shareholders only through electronic mode, directly into bank account designated by the entitled shareholders. Therefore, all shareholders are requested to provide their valid bank account details (if it is not provided earlier) in the "Dividend Mandate Form", attached in the last portion of this report at the earliest, Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

9. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate 2.5% of the paid-up value of the share (Rs.10 each) and will be deposited within the prescribed period with the relevant authority as per the prescribed regulations. In case of claiming exemption, Zakat Declaration CZ-50 form under Zakar and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981 shall be submitted to the Company Secretary / Share Registrar. The shareholders must be write Karam Ceramics Limited's name and their respective Folio Number or CDS Account Number on Zakat Declaration.

10. Unclaimed Dividend

As per Section 244 of the Companies Act, 2017 any dividend and / or share certificate which are remained unclaimed or unpaid for the period three years from the date these have become due and payable, the Company shall be liable to deposit these unclaimed / unpaid amounts with the Federal Government as per the directives to be issued by SECP from time to time.

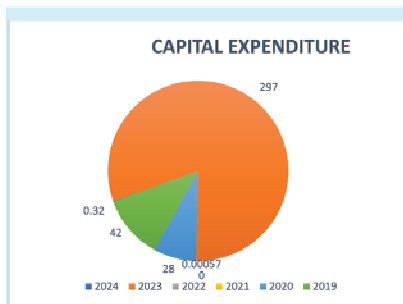
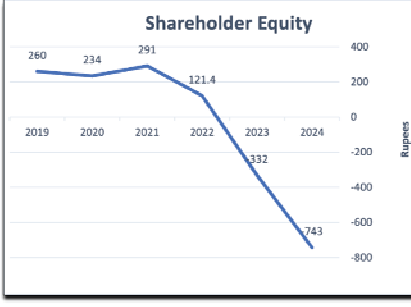
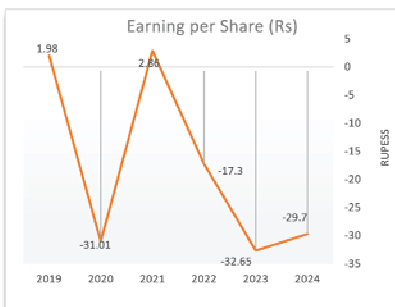
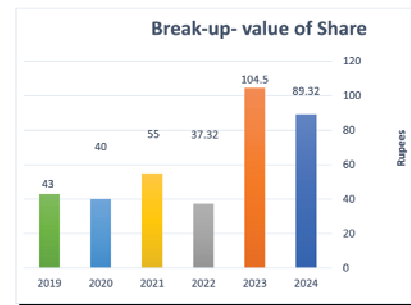
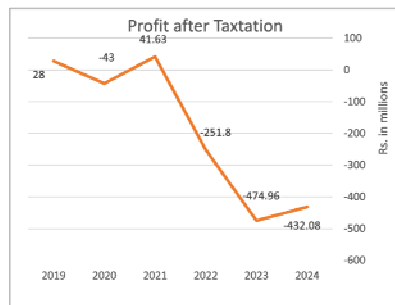
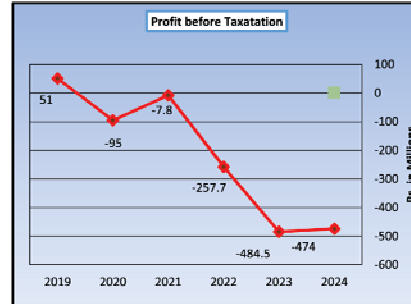
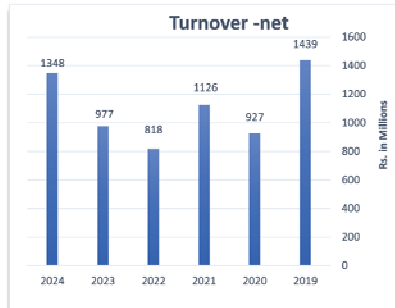
11. Withholding Income Tax on Dividend

Currently, the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, as as under:-

- (a) For persons appearing in Active Tax Payer List (ATL) 15%
- (b) For Persons not appearing in Active Tax Payer List (ATL) 30%

12. Distribution of Annual Report and Notice of Meeting through Email (Optional)

Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the companies are permitted to circulate their Annual Audited Financial Statements, along with Auditor's Report, Directors' Report etc. ("Annual Report") and the Notice of AGM ("Notice") to its shareholders by email. The Annual Report of the Company for the year ended Hune 30, 2024 is also available on the Company's website (www.karamceramics.com).



CAPITAL EXPENDITURE		
Year	Colour Scheme	Rs. In Millions
2024		0.32
2023		297
2022		0
2021		0.00057
2020		28
2019		42

REVIEW REPORT BY THE CHAIRPERSON'S

It is my pleasure to present the annual review of the Board of Directors' performance for Karam Ceramics Limited. I am pleased to report that the Company fully complies with the requirements set forth in the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, particularly with regard to the composition, procedures, and meetings of the Board of Directors and its committees.

Board Governance and Strategic Leadership

The Board plays a pivotal role in devising and overseeing all major policies and strategies, ensuring the effective and efficient management of the Company. A key focus remains on fostering and enabling innovation within the Company to stay competitive and future-ready. The purpose of this annual evaluation is to assess the Board's overall performance and effectiveness, benchmarked against clearly defined expectations and the strategic objectives set for the Company. While the Board's performance for the financial year 2024 has been deemed satisfactory, it is important to note that improvement is viewed as an ongoing process. Action plans are regularly developed and implemented to address areas where performance can be enhanced.

Key Components of Evaluation

The satisfactory assessment of the Board is based on several integral components that directly influence its ability to fulfill the Company's objectives, including:

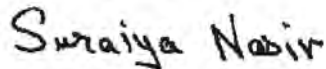
1. **Vision, Mission, and Values:** The Board consistently demonstrates alignment with the Company's vision, mission, and values, which serve as guiding principles for strategic decision-making and corporate governance.
2. **Strategic Planning and Engagement:** The Board is actively involved in the formulation of the Company's long-term strategies, ensuring that all plans are aligned with the Company's objectives. Strategic planning is a core priority, and the Board dedicates significant time to the development of policies and strategies that drive sustainable growth.
3. **Policy Formulation and Business Monitoring:** The Board has been diligent in developing policies and closely monitoring the Company's business activities. This includes overseeing operations and ensuring the Company remains on track to meet its strategic goals.
4. **Financial Oversight and Resource Management:** The Board provides effective oversight of the Company's financial resources, ensuring sound fiscal management and accountability. Its involvement in monitoring financial performance is critical to safeguarding the Company's long-term sustainability.
5. **Equitable Treatment and Efficiency:** The Board is committed to ensuring the equitable treatment of all employees and fostering an inclusive and fair workplace culture. Additionally, the Board has been efficient in carrying out its responsibilities and addressing key issues in a timely and thorough manner.

Board Operations and Decision-Making

The Board of Directors consistently received well-structured agendas and comprehensive supporting materials in advance of its meetings, allowing ample time for review and deliberation. The frequency of meetings has been sufficient to ensure that the Board can adequately discharge its responsibilities. Moreover, non-executive and independent directors have been actively involved in all major decisions, ensuring diverse perspectives are considered and the decision-making process is balanced and transparent.

Conclusion

In conclusion, the Board of Directors of Karam Ceramics Limited has performed its duties effectively and responsibly throughout the financial year 2024. While the overall assessment is satisfactory, the Board remains committed to continuous improvement and will continue to refine its processes and performance to achieve the Company's long-term objectives.



SURIYA NASIR
Chairperson

Date: September 20, 2024

چیئر پرسن کی جانب سے جائزہ رپورٹ

کرم سیراکس لمیٹڈ کمپنیز ایکٹ 2017 اور سٹاک ایکٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں دی گئی تمام ضروریات کی تعمیل کرتی ہے جو کہ بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور میٹنگز کے حوالے سے ہے۔

بورڈ گورننس اور اسٹراٹجک لیڈرشپ:

بورڈ کمپنی کو موثر طریقے سے منظم کرنے کے لیے تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے اور کمپنی کے اندر جدت کو فروغ دینے اور فعال کرنے کے بارے میں مستقل ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ نے تمام تر کارکردگی کا موثر طور پر جائزہ لیا ہے اور کمپنی کے لئے جو مقاصد ترتیب دیئے گئے ہیں اسی کے مطابق کارکردگی سرانجام دی گئی ہے۔

اس سالانہ تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور موثریت کا اندازہ لگانا ہے، جس کا موازنہ واضح طور پر طے شدہ توقعات اور کمپنی کے لیے طے کردہ اسٹراٹجک مقاصد کے ساتھ کیا جاتا ہے۔ اگرچہ مالی سال 2024 کے لیے بورڈ کی کارکردگی کو تسلی بخش قرار دیا گیا ہے، یہ نوٹ کرنا اہم ہے کہ بہتری کو ایک جاری عمل کے طور پر دیکھا جاتا ہے۔ کارکردگی کو بہتر بنانے کے لیے باقاعدگی سے عملدرآمد کے منصوبے تیار کیے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

تشخیص کے اہم اجزاء:

بورڈ کی تشخیص کئی اہم اجزاء پر مشتمل ہے جو براہ راست کمپنی کے مقاصد کی تکمیل کی صلاحیت پر اثر انداز ہوتے ہیں، جن میں درج ذیل شامل ہیں:

- ۱- ویژن، مشن، اور اقدار: بورڈ مستقل طور پر کمپنی کے ویژن، مشن، اور اقدار کے ساتھ ہم آہنگی کا مظاہرہ کرتا ہے، جو حکمت عملی کے فیصلے کرنے اور کارپوریٹ گورننس کے لیے رہنما اصولوں کے طور پر کام کرتے ہیں۔
- ۲- حکمت عملی کی منصوبہ بندی اور مشغولیت: بورڈ کمپنی کی طویل مدتی حکمت عملیوں کے بنانے میں فعال طور پر شامل ہے، یہ یقینی بناتے ہوئے کہ تمام منصوبے کمپنی کے مقاصد کے ساتھ ہم آہنگ ہیں۔ حکمت عملی کی منصوبہ بندی ایک بنیادی ترجیح ہے، اور بورڈ پائیدار ترقی کو فروغ دینے والی پالیسیوں اور حکمت عملیوں کی ترقی کے لیے کافی وقت مختص کرتا ہے۔
- ۳- پالیسی سازی اور کاروباری نگرانی: بورڈ نے پالیسیوں پر عملدرآمد اور کمپنی کی کاروباری سرگرمیوں کی قریب سے نگرانی میں سخت محنت کی ہے۔ اس میں آپریشنز کی نگرانی کرنا اور یہ یقینی بنانا شامل ہے کہ کمپنی اپنی حکمت عملی کے مقاصد تک پہنچنے کے لیے درست راستے پر رہے۔

۴- مالی نگرانی اور وسائل کا انتظام: بورڈ کمپنی کے مالی وسائل کی موثر نگرانی فراہم کرتا ہے، جس سے صحت مند مالی انتظام اور جوابدہی کو یقینی بنایا جاتا ہے۔ مالی کارکردگی کی نگرانی میں اس کی شمولیت کمپنی کی طویل مدتی پائیداری کے تحفظ کے لیے اہم ہے۔

۵۔ مساوی سلوک اور موثر کارکردگی: بورڈ تمام ملازمین کے ساتھ مساوی سلوک کو یقینی بنانے اور ایک شمولیتی اور منصفانہ ورک پلیس کلچر کو فروغ دینے کے لیے پرعزم ہے۔ مزید یہ کہ بورڈ نے اپنی ذمہ داریوں کو موثر طریقے سے نبھایا ہے اور اہم مسائل کو بروقت اور مکمل طور پر حل کیا ہے۔

بورڈ کے آپریشنز اور فیصلہ سازی:

بورڈ آف ڈائریکٹرز کو ہمیشہ اچھی طرح سے ترتیب دیے گئے ایجنڈے اور مکمل معاون مواد وقت پر فراہم کیے جاتے ہیں، جس سے جائزے اور غور و فکر کے لیے کافی وقت ملتا ہے۔ اجلاسوں کی تعداد اس بات کو یقینی بنانے کے لیے کافی ہے کہ بورڈ اپنی ذمہ داریوں کو موثر طریقے سے نبھاسکے۔ مزید یہ کہ غیر ایگزیکٹو اور آزاد ڈائریکٹرز تمام بڑے فیصلوں میں سرگرم شرکت کرتے ہیں، جو مختلف نقطہ نظر کو مد نظر رکھنے اور فیصلہ سازی کے عمل کو متوازن اور شفاف بنانے کو یقینی بناتا ہے۔

اظہار تشکر:

کرم سیراکس لمیٹڈ کے بورڈ آف ڈائریکٹرز نے مالی سال 2024 کے دوران اپنی تمام ذمہ داریوں کو خوش اسلوبی سے انجام دیا ہے۔ اگرچہ تشخیص مجموعی طور پر تسلی بخش نہیں ہے، بورڈ مسلسل بہتری کے عزم پر قائم ہے اور کمپنی کے ویل مدتی مقاصد کے حصول کیلئے اپنے عمل اور کارکردگی کو بہتر بناتا رہے گا۔

Suraiya Noor

شریانا ناصر

چیئر پرسن

مورخہ: 20 ستمبر 2024ء

FINANCIAL HIGHLIGHTS

	(Rs. In millions)									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sales	1,348	977	818	1,126	927	1,439	1,210	861	1,196	1,304
Gross Profit	-419	-362	-198	35.74	-66	187	136	22	58	134
Expenses (Net)	58	126	101	123	119	136	120	107	95	87
Profit before Taxation	-474	-484.50	-257.70	-7.80	-95	51	16	85	-0.16	47
Profit After Taxation	-432.08	-474.96	-251.80	41.63	-43	28	14	-75	-22	37
Dividend %	-	-	-	-	-	5%	8%	-	-	12%
Right Shares %	-	-	-	-	-	-	-	-	-	-
Earning per Share (Rs)	-29.70	-32.65	-17.30	2.86	-31.01	1.98	0.95	-5.12	1.54	2.54

DIRECTORS' REPORT

The Directors of your company have pleasure in submitting the report along with audited accounts for the year ended 30th June 2024.

OVERVIEW

The principal activity of your company is manufacturing of ceramic wall and floor tiles. On July 25, 2023 there was a significant change in top management of your company as the company was acquired in accordance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulation, 2017 in July 2022.

The new management faced several challenges upon taking over the company. These challenges have further enhanced during the last year.

To address these issues, your company's sponsors provided interest-free loans to facilitate the repayment of bank-funded financing and for plant upgrades and maintenance, as well as to meet our working capital requirements. Additionally, we recruited professional staff and conducted in-house training programs to empower our existing employees.

Furthermore, We introduced the "NOVA" brand to the market, emphasizing its superior quality and design compared to our previous product offerings and continuously upgrading designs and entering new sizes.

Special focus and investment is being continuously being made for research and development (R&D) to reduce costs and enhance product quality. These strategic initiatives reflect our commitment to revitalizing the company and achieving sustainable growth in the ceramic tile manufacturing industry which is undergoing the worst ever time in the history of the industry.

OPERATING PERFORMANCE

Your company managed to increase sales by Rs. 371.3 million from Rs. 977.1 million in the last year representing an increase of 38%. Instead of costs going down with increase in production and sales as well as restructuring human capital your company has gone through unprecedented enhancements in Gas cost over night resulting in approximately 145% increase in Gas cost over last year. This along with saturated economy and market as well as high interest rates and inflation has played havoc for your Company and the industry at large.

Cost of sales increased by Rs. 428.4 million from Rs. 1,338.78 million in last year representing increase of 32%. Loss after tax decreased to Rs.432 million from Rs. 474.96 million in the last year.

The loss can be singly attributed to the substantial increase in Gas cost of 145% over last year as well as saturated market conditions and high inflationary costs which have not been passed onto the consumer due to the current market condition.

LOSS /EARNINGS PER SHARE

Loss per share for the year ended June 30, 2024 is Rs. 29.70 as compare to loss per share Rs. 32.65 for the last year.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

CORPORATE SOCIAL RESPONSIBILITY:

Your company is aware of its social responsibilities and continues to contribute for health and education in Pakistan.

FUTURE OUTLOOK

In FY 2024, On a positive note, arrangements with the IMF and foreign assistance have averted a sovereign default. Resumption of CPEC Phase 2 and potential investments from Saudi Arabia and UAE offer growth prospects in the future.

While inflation and interest rates reducing, there's hope for more lower policy rates as PKR stabilizes. Government intentions to revive growth and pent-up demand are encouraging. However, economic uncertainty and policy tightening continue, raising costs of business. The long-term outlook hinges on structural reforms and economic stability. Despite challenges, your company remains cautiously optimistic, focusing on innovation and efficiency to thrive in Pakistan's dynamic economic landscape.

CODE OF CORPORATE GOVERNANCE

The Directors of the company have reviewed the Code of Corporate Governance and are pleased to state that:

- The Company is complied with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP).
- The financial statements, prepared by the management of your company present fairly its state of affairs, the results of its operation, cash flow and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored. There are no outstanding statutory payments due on account of taxes, levies and charges except those disclosed in these financial statements.
- There has been no material deviation from the best practice of Corporate Governance, as detailed in the listing regulations.

NUMBER OF BOARD MEETINGS HELD

During the year under review four meetings of the Board of Directors were held. Attendance is as follows: -

1. Mrs. Suraiya Nasir	4
2. Mr. Syed Mazhar Ali Nasir	4
3. Mr. Syed Azhar Ali Nasir	4
4. Mr. Syed Azfar Ali Nasir	4
5. Lt. Gen. (retd.) Tariq Waseem Ghazi	3
6. Mr. Alireza M. Alladin	4
7. Mr. Shuja Ahmed Alvi	4

(Leave of absence was granted to directors who could not attend the Board meetings.)

AUDIT COMMITTEE

The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr. Shuja Ahmed Alvi	4
Mr. Azhar Ali Nasir	4
Lt. General (Retd.) Tariq Waseem Ghazi	3

(Leave of absence was granted to directors who could not attend the meetings.)

HR COMMITTEE

The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Members Name	Attendance
Mr Shuja Ahmed Alvi	1
Mr Syed Azfar Ali Nasir	1
Lt. Gen. (Retd.) Tariq Waseem Ghazi	1

(Leave of absence was granted to directors who could not attend the meetings.)

Remuneration Package of Chief Executive and Directors

The remuneration of the Directors shall from time to time be determined by the members in the General Meeting subject to the provision of Companies Act 2017.

TRAINING PROGRAM OF DIRECTORS:

Code of Corporate Governance requires that every listed Company to make appropriate arrangements for the orientation courses for their directors. Three of the existing directors of the company are exempted from the directors training program as they have minimum 14 years of education and have experience of 15 years on the board of listed company. The Board of your Company has taken necessary steps to meet with the requirements of this clause. All directors have obtained certification as required under provisions of Code of Corporate Governance.

EMPLOYEES RELATION

The management would like to place on record its appreciation for the positive attitude of the labour union during the year under review and we look forward for its support in resolving all issues mutually with the active cooperation of the labor union.

AUDITORS

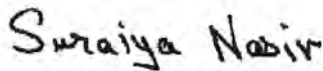
The Board of Director's recommends the appointment of M/s Crowe Hussain Chaudhury & Co. Chartered Accountants as the Company's auditors for the next year as suggested by the Audit Committee. M/s Hussain Choudhury & Co. Chartered Accountants. the outgoing auditors, provided a professional service to the Company. Hence the continue in auditors is recommended.

PATTERN OF SHARE HOLDING

Pattern of shareholding as at June 30, 2024 is annexed.

APPRECIATION

The Directors take this opportunity to thank the all foreign and local suppliers of plant & machinery and raw material, government agencies, shareholders, and staff/employees for their cooperation and contribution towards the progress of the company. We would also like to thank banks and financial institutions and customers for the confidence reposed by them on the company.



SURAIYA NASIR
CHAIRPERSON



SYED MAZHAR ALI NASIR
CHIEF EXECUTIVE

September 20, 2024

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز اختتامی سال 30 جون 2024ء کی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کر رہے ہیں۔

جائزہ:

آپ کی کمپنی کی بنیادی سرگرمی سرائیکس وال اور اور فرس فلور ٹائلز کی تیاری ہے۔ 25 جولائی 2023ء کو سیکورٹیز ایکٹ 2015ء اور سٹاک ایکسچینج (ووٹنگ شیئرز اور ٹیک اور کا خاطر خواہ حصول) ریگولیشن 2017ء کے تحت جولائی 2022ء میں آپ کی کمپنی کی انتظامیہ میں تبدیلی ہوئی۔

نئی انتظامیہ کو کمپنی کے ٹیک اور کے بعد کئی مشکلات کا سامنا کرنا پڑا جس میں گزشتہ سال کے دوران مزید اضافہ ہوا۔ ان مسائل کے حل کے لیے، آپ کی کمپنی کے اسپانسرز نے بینک سے مالی امداد کی ادائیگی، پلانٹ کی اپ گریڈنگ اور دیکھ بھال کرنے، اور ورکنگ کپٹیل کی ضروریات کو پورا کرنے کے لیے بلا سود قرضے فراہم کئے۔ مزید برآں پیشہ ورانہ اسٹاف کی تقرری کی اور اپنے موجودہ ملازمین کو بااختیار بنانے کے لیے اندرون ملک تربیتی پروگرامز کا انعقاد کیا۔

ہم نے ”NOVA“ برانڈ کو مارکیٹ میں متعارف کرایا، اپنی سابقہ مصنوعات کی پیشکش کے مقابلے میں اس کے اعلیٰ معیار اور ڈیزائن پر زور دیا۔ ہم ڈیزائن کو مسلسل اپ گریڈ کرتے رہتے ہیں اور نئے سائز میں بھی داخل ہوتے ہیں۔

ہم لاگت میں کمی اور مصنوعات کے معیار میں بہتری کیلئے ریسرچ اینڈ ڈویلپمنٹ (R&D) پر مسلسل توجہ اور سرمایہ کاری کر رہے ہیں۔ یہ اسٹرائیجک اقدامات ہماری کمپنی کو دوبارہ زندہ کرنے اور مٹی کے ٹائلز کی تیاری کی صنعت میں پائیدار ترقی حاصل کرنے کے عزم کی عکاسی کرتے ہیں، جو اس وقت اپنی تاریخ کے بدترین وقت سے گزر رہی ہے۔

کارکردگی کا معیار:

آپ کی کمپنی کی فروخت میں 371.3 ملین روپے کا اضافہ ہوا جو کہ 38 فیصد کا اضافہ ہے جبکہ گزشتہ سال کی فروخت 977.1 ملین روپے تھی۔ تاہم، پیداوار اور فروخت میں اضافے کے ساتھ ساتھ انسانی وسائل کی دوبارہ تشکیل کے باوجود، آپ کی کمپنی نے گیس کی قیمتوں میں راتوں رات بے مثال اضافہ کا سامنا کیا، جس کے نتیجے میں گزشتہ سال کے مقابلے میں تقریباً 145 فیصد اضافہ ہوا۔ اس کے ساتھ ساتھ گرتی ہوئی معیشت اور مارکیٹ، اور بلند شرح سود اور افراط زر میں اضافہ نے آپ کی کمپنی اور صنعت پر مہلک اثرات مرتب کیے ہیں۔

فروخت کی لاگت میں 32 فیصد کا اضافہ ہوا جو کہ گزشتہ سال کے 428.4 ملین روپے سے بڑھ کر 1,338.78 ملین روپے ہو گئی۔ تاہم، بعد از ٹیکس خسارہ 432 ملین روپے تک کم ہو گیا جو کہ گزشتہ سال 474.96 ملین روپے تھا۔

یہ خسارہ بنیادی طور پر گزشتہ سال کے مقابلے میں گیس کی قیمتوں میں 145 فیصد کے بڑے اضافے، گرتی ہوئی مارکیٹ کی حالت، اور افراط زر کے دباؤ کی وجہ سے ہوا۔ ان بڑھتی ہوئی لاگتوں کو موجودہ مارکیٹ کی صورتحال کی وجہ سے صارفین پر منتقل نہیں کیا جاسکا۔

فی شیئر کے حساب سے آمدنی/خسارہ:

30 جون 2024ء کو ختم ہونے والے سال میں فی شیئر خسارہ 29.70 روپے رہا جس کا موازنہ گزشتہ سال کے خسارے فی شیئر 32.65 روپے سے کیا جاسکتا ہے۔

صحت، حفاظت اور ماحول:

جو لوگ ہمارے ساتھ کام کرتے ہیں اور ان کے ساتھ برادریاں جہاں ہم کام کرتے ہیں ان کی خوشحالی کو یقینی بنانے کیلئے ہم صحت، تحفظ اور ماحول کو اعلیٰ ترین معیار کو برقرار رکھنے پر زور دیتے ہیں۔

کارپوریٹ معاشرتی ذمہ داریاں:

آپ کی کمپنی اپنی معاشرتی ذمہ داری سے پوری طرح آگاہ ہے اور پاکستان میں صحت اور تعلیم کیلئے مستقل طور پر تعاون کر رہی ہے۔

مستقبل پر نظر:

مالی سال 2024ء میں، ایک مثبت نوٹ پر، آئی ایم ایف کے ساتھ انتظامات اور غیر ملکی امداد نے قومی ڈیفالٹ کو روکا ہے۔ چین پاکستان اقتصادی راہداری (CPEC) فیئر 2 کی بحالی اور سعودی عرب اور متحدہ عرب امارات کی جانب سے سرمایہ کاری کے امکانات ترقی کے مواقع پیش کرتے ہیں۔

جبکہ افراط زر اور شرح سود میں کمی آرہی ہے، امید ہے کہ پاکستانی روپیہ کے مستحکم ہونے پر پالیسی ریٹس میں مزید کمی ہوگی۔ معاشی ترقی اور دباؤ کے مطالبہ کو پورا کرنے کے حکومتی اقدامات حوصلہ افزا ہیں۔ تاہم، غیر یقینی اقتصادی صورتحال اور جاری سخت پالیسیاں کاروباری لاگت کو بڑھاتی رہتی ہیں۔

طویل مدتی آؤٹ لک اصلاحات اور اقتصادی استحکام پر منحصر ہوگا۔

ان چیلنجز کے باوجود، آپ کی کمپنی پر امید ہے، اور پاکستان کے متحرک اقتصادی منظر نامے میں ترقی کے لیے جدت اور مؤثریت پر توجہ مرکوز کر رہی ہے۔

کارپوریٹ نظم و ضبط کا کوڈ:

کمپنی کے ڈائریکٹرز نے کارپوریٹ نظم و ضبط کے کوڈ کا جائزہ لیا ہے اور درج ذیل تحریر کرتے ہیں:

- ☆ نظم و ضبط کے حوالے سے کمپنی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کیلئے ضروری ہے۔
- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ☆ کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- ☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ ٹیکسز، ڈیوٹیز اور دیگر چارجز کے اکاؤنٹ پر کوئی ادائیگی واجب الادا نہیں ہے جو کہ مالیاتی سال سے متعلق ہے۔
- ☆ کارپوریٹ نظم و ضبط کی اعلیٰ پریکٹس کے سلسلے میں کوئی مواد موجود نہیں ہے جیسا کہ قوانین کی فہرست میں دیا گیا ہے۔

بورڈ کی منعقدہ میٹنگز کی تعداد:

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئی تھیں جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

4	محترمہ ثریا ناصر
4	جناب سید مظہر علی ناصر
4	جناب سید اظہر علی ناصر
4	جناب سید ظفر علی ناصر
3	لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی
4	جناب علی رضا ایم الدین
4	جناب شجاع احمد علوی

(جو ڈائریکٹرز بورڈ کی میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری کے سبب چھٹی دی گئی)۔

آڈٹ کمیٹی:

دوران سال آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں جس میں شرکت کرنے والے ممبرز کی تفصیل درج ذیل ہے:

ممبرز کا نام	شرکت کی تعداد
جناب شجاع احمد علوی	4
جناب سید اظہر علی ناصر	4
لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی	3

(جو ممبران میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری کے سبب چھٹی دی گئی)۔

ہیومن ریسورس (HR) کمیٹی:

دوران سال ایچ آر کمیٹی کی ایک میٹنگ منعقد ہوئی شرکت کرنے والے ممبرز کی تفصیل درج ذیل ہے:

ممبرز کا نام	شرکت کی تعداد
جناب شجاع احمد علوی	1
جناب سید اظفر علی ناصر	1
لیفٹیننٹ جنرل (ریٹائرڈ) طارق وسیم غازی	1

(جو ممبران میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری کے سبب چھٹی دی گئی)۔

چیف ایگزیکٹو اور ڈائریکٹرز کے معاوضہ کا پیکج:

چیف ایگزیکٹو اور دیگر ڈائریکٹرز کے معاوضہ کے پیکج کا انکشاف مالیاتی گوشواروں کے نوٹ 35 میں کیا گیا ہے۔
ڈائریکٹرز کے معاوضہ وفاقاً جنرل میٹنگ میں ممبران کے ذریعے طے کی جائے گی جو کمینیز ایکٹ 2017 کی دفعات سے مشروط ہوگی۔

ڈائریکٹرز کا تربیتی پروگرام:

کارپوریٹ نظم و ضبط کے کوڈ میں ضروری ہے کہ ہر کمپنی اپنے ڈائریکٹرز کے لئے مناسب انتظامات کرے۔ کمپنی کے موجودہ تین ڈائریکٹرز کو ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ قرار دیا گیا ہے کیونکہ ان کی کم از کم تعلیم 14 سالوں پر مشتمل ہے اور انہیں کمپنی کے بورڈ میں 15 سالہ تجربہ حاصل ہے۔ آپ کی کمپنی کے بورڈ نے ضروری اقدامات کئے ہیں تاکہ اس کلاس کی ضروریات کو مکمل کیا جاسکے۔ تمام ڈائریکٹرز نے کارپوریٹ نظم و ضبط کے کوڈ کے تحت سرٹیفیکیٹ حاصل کئے ہیں۔

ملازمین سے تعلقات:

زیر نظر سال کے دوران انتظامیہ لیبر یونین کے مثبت رویے کے لئے ریکارڈ پر خراج تحسین درج کرے گی اور ہم امید کرتے ہیں کہ تمام معاملات مشترکہ تعاون سے حل کئے جائیں گے جو کہ لیبر یونین کے موثر تعاون سے حاصل ہوگا۔

آڈیٹرز:

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز کے مطابق میسرز Crowe حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی آئندہ سال کے لیے کمپنی کے آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔ میسرز حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سبکدوش ہونے والے آڈیٹرز نے کمپنی کیلئے اپنی پیشہ ورانہ خدمات انجام دیں۔ لہذا بطور آڈیٹرز ان کی خدمات جاری رکھنے کی سفارش کی جاتی ہے۔

شیئر ہولڈنگ کا طریقہ کار:
شیئر ہولڈنگ کا طریقہ کار 30 جون 2024ء میں منسلک ہے۔

اظہار تشکر:
ڈائریکٹرز اس موقع پر پلانٹ، مشینری اور خام مال کی غیر ملکی اور لوکل سپلائرز، سرکاری ایجنسی، شیئر ہولڈرز اور اسٹاف/ملازمین کا کمپنی کی کارکردگی میں تعاون کرنے پر بے حد مشکور و ممنون ہیں اس کے علاوہ ہم بینکس اور مالیاتی اداروں اور صارفین کا بھی کمپنی پر مکمل اعتماد کرنے پر شکریہ ادا کرتے ہیں۔

Suraiya Nasir

ثریا ناصر
چیر پرسن

مظہر علی ناصر

چیف ایگزیکٹو
مورخہ: 20 ستمبر 2024ء

Karam Ceramics Limited

Vision Statement

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

Mission Statement

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

Corporate Goal

- Increase market share in Pakistan and export to other countries

Overall Corporate Strategy

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

RANGE OF PRODUCTS

COLOURED & DECORATIVE /EFFECT GLAZED WALL TILES

- 300mm x 300mm
- 250mm x 500mm
- 400mm x 400mm
- 150mm x 300mm

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

Name of the Company: Karam Ceramics Limited

Year Ended: June 30, 2024

The company has complied with the requirements of the regulations in the following manner:

1. The total number of Directors are 07 as per the following.

- a) Male - 06
- b) Female - 01

2. The composition of the Board is as follows

Category	Name
Independent Directors	Lt. Gen (Retd.) Tariq Waseem Ghazi Mr. Shuja Ahmed Alvi
Executive Directors	Mr. Syed Mazhar Ali Nasir Mr. Alireza M. Alladin
Non - Executive Directors	Ms. Suraiya Nasir Mr. Syed Azhar Ali Nasir Mr. Syed Azfar Ali Nasir
Female Director	Ms. Suraiya Nasir

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended is maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the act and these Regulations;

7. The meeting of the board was presided over by the Chairman and, in absence by, the director elected by the Board for this purpose. The Board has complied with the requirements of Act and these Regulations with respect to frequency, recording and circulating minutes of the Board.
8. The Board have a formal policy and transparent procedure for remuneration of Directors in accordance with the act of these regulations;
9. The company arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Three directors are certified under the Directors Training program, and three directors meet the criteria of exemption under Code of Corporate Governance.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the regulations.
11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
12. The Board has formed committees comprising of members given below.

(a) Audit Committee: (Till 20 September 2024)

Mr. Shuja Ahmed Alvi	- Chairman
Lt. Gen (Retd.) Tariq Waseem Ghazi	- Member
Mr.Syed Azhar Ali Nasir	- Member

- Mr. Shuja Ahmed Alvi registration on PICG database has confirmed on May 2024. Mr. Alvi is a highly qualified individual who meets all the required standards for the position of Independent Director.

Audit Committee: (After 20 September 2024)

Lt. Gen (Retd.) Tariq Waseem Ghazi	- Chairman
Mr. Shuja Ahmed Alvi	- Member
Mr.Syed Azhar Ali Nasir	- Member

(b) HR & Remuneration Committee:

Mr. Shuja Ahmed Alvi	- Chairman
Lt. Gen (Retd.) Tariq Waseem Ghazi	- Member
Mr.Syed Azfar Ali Nasir	- Member

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance;
14. The Frequency of the meeting (Quarterly/Yearly) of the committee were as per following
 - (a) Audit committee meeting: - (Quarterly)
 - (b) HR & Remuneration Committee - (Yearly)

15. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purposes and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non - compliance with requirement, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is as follows:

S. No.	Non-Mandatory Requirement	Reg. No	Explanation
1	<p>The board may establish following separate dedicated committee:</p> <ul style="list-style-type: none"> • Sustainability committee • Risk Management Committee • Nomination • Committee 	<p>10 A</p> <p>29</p> <p>30</p>	<p>Currently, the board has not constituted a separate sustainability Committee, Risk Management Committee and Nomination Committee and the function are being performed by the Board.</p>

By order of the Board

Suraiya Nasir

Suraiya Nasir

Chairperson

20th September , 2024

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, 2024 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-compliances 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, 2024.

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

S. No.	PARAGRAPH REFERENCE	DESCRIPTION
1	27 (1) (ii)	<p>As per Regulation 27(1)(ii), the chairman of the audit committee shall be an independent director, who shall not be the chairman of the Board.</p> <p>However, when the Board was constituted through an election in the year 2022, the Company had appointed a director as independent director without fulfilling the requirements mentioned in the Regulations/Act for independent director. Moreover, such appointed director had also been appointed as the chairman of the audit committee in contravention of the requirements of the Regulation</p>

Gyome Hussain Qc

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 02 October, 2024

UDIN: CR202410207nH9pLRj0v

Independent Auditor's Report to the Members of Karam Ceramics Limited

Report on the Audit of the Financial Statements

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, 2024 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 policies and other explanatory information, and 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, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of its loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for 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 opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 1.1 to the financial statements, which indicates that as at June 30, 2024 the Company has loss during the year of Rs. 473.89 million and accumulated losses of Rs. 881.41 million and, as of that date, its current liabilities exceeded its current assets by Rs. 3.212 million. As stated in Note 1.1, these events or conditions, along with other matters as set forth in note 1.1, indicate that a material uncertainty exists that may cast significant 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:

	Key Audit Matters	How the matter was addressed in our audit
1	<p>Revenue from contracts with customers</p> <p>Refer note 21 to the annexed financial statements</p> <p>The Company is engaged in the manufacturing and sale of tiles. Revenue is recognised when performance obligation is satisfied by transferring control of a promised good to a customer. The Company recognised revenue aggregating to Rs.1.348 billion, net of taxes for the year ended June 30, 2024.</p> <p>We considered revenue as a key audit matter, being one of Company's key performance indicators. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>We performed, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> 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	<p>Existence and valuation of stock-in-trade</p> <p>Refer note 8 to the annexed financial statements</p> <p>As at the reporting date, the stock-in-trade balance amounting to Rs. 586.865 million constitutes approximately 27.7% of total assets of the Company. This comprises raw and packing material, work-in-process (WIP) and finished goods.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis and assessing its valuation.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process. Observed stock counts at year end to ascertain the existence and condition of stock-in-trade. 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 with the cost for a sample of products.

	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> 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.
3	<p>Subordinate Loan</p> <p>Refer note 15 to the annexed financial statements.</p> <p>One of the significant audit matters requiring our attention relates to the subordinate loan disclosed in Note 15 of the financial statements, with a total value of Rs. 1,487.73 million. Since this matter holds importance due to its materiality and potential impact on the financial statements, this is considered a key Audit Matter.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> Independently confirmed the existence and terms of the subordinate loan by directly communicating with the lending parties. Conducted a thorough assessment of the valuation of the subordinate loan, ensuring that it was appropriately presented and disclosed in accordance with applicable accounting standards. Reviewed the disclosures in Note 15, assessing their accuracy, completeness, and compliance with relevant accounting standards.

Information Other than the Financial Statements and Auditor's Report Thereon

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. 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.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi
Date: 02 October, 2024
UDIN: AR202410207SX4UHbPf

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

		2024	2023
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,270,245,989	1,006,091,132
Long term security deposits	6	66,326,223	898,453
		<u>1,336,572,212</u>	<u>1,006,989,585</u>
Current assets			
Stores, spares and parts	7	91,238,128	85,131,657
Stock in trade	8	586,865,413	653,740,586
Loans and advances - considered good	9	959,995	1,546,536
Advance tax		15,853,364	17,666,901
Refunds due from the government	10	77,886,084	61,816,494
Deposits, prepayments and other receivables	11	44,085	93,365
Cash and bank balances	12	11,484,767	43,733,323
		<u>784,331,836</u>	<u>863,728,862</u>
TOTAL ASSETS		<u>2,120,904,048</u>	<u>1,870,718,447</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
45,000,000 (2023: 15,000,000) ordinary shares of Rs.10 each		<u>450,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	13	145,486,760	145,486,760
Accumulated losses		(888,419,088)	(477,674,447)
Revaluation surplus on property, plant and equipment	14	552,373,934	397,807,166
Remeasurement of retirement benefit obligation		2,340,702	2,340,702
Subordinated loan	15	1,487,734,796	1,452,734,796
		<u>1,299,517,104</u>	<u>1,520,694,977</u>


Chief Executive


Chief Financial Officer


Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

		2024	2023
	Note	-----Rupees-----	
LIABILITIES			
Non-current liabilities			
Post employment benefits	16	18,797,376	22,130,474
Deferred taxation	17	15,045,680	32,272,215
		33,843,056	54,402,689
Current liabilities			
Trade and other payables	18	444,557,584	178,458,389
Short term borrowings	19	111,500,000	90,000,000
Advance from customers		210,968,887	11,286,628
Unclaimed dividend		513,191	513,191
Dividend payable		3,148,406	3,148,405
Levy		16,855,812	12,214,168
		787,543,888	295,620,781
Total liabilities		821,386,944	350,023,470
Contingencies and Commitments	20	-	-
TOTAL EQUITY AND LIABILITIES		2,120,904,048	1,870,718,447

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 -----Rupees-----	2023
Revenue	21	1,348,465,550	977,133,409
Cost of sales	22	(1,767,249,944)	(1,338,780,229)
Gross loss		(418,784,394)	(361,646,820)
Selling and distribution expenses	23	30,161,278	29,074,100
Administrative expenses	24	24,927,695	24,155,022
Other expenses	25	1,618,980	10,302,000
		(56,707,953)	(63,531,122)
Operating loss		(475,492,347)	(425,177,942)
Other income	26	3,122,027	3,236,133
Finance cost	27	(1,525,514)	(62,582,648)
		1,596,513	(59,346,515)
Loss before levy and Income tax		(473,895,834)	(484,524,457)
Levy	28	(16,855,819)	(12,214,168)
Loss before Income tax		(490,751,653)	(496,738,625)
Provision for taxation	29	58,663,837	21,776,099
Loss after taxation		(432,087,816)	(474,962,526)
Loss per share - basic and diluted	30	(29.70)	(32.65)

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	-----Rupees-----	
Loss after taxation	(432,087,816)	(474,962,526)
Other comprehensive income		
Items that will not be subsequently reclassified to statement of profit or loss		
Surplus on revaluation of land and buildings	217,347,245	-
Deferred tax on surplus of buildings	(41,437,301)	-
	175,909,944	-
Total comprehensive loss for the year	(256,177,872)	(474,962,526)

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Subordinated loan	Accumulated losses	Surplus on revaluation of property, plant and equipment	Remeasurement of retirement benefit obligation	Total
	Rupees					
Balance at July 01, 2022	145,486,760	-	(26,426,561)	421,521,806	2,340,702	542,922,707
Loss after taxation for the year ended June 30, 2023	-	-	(474,962,526)	-	-	(474,962,526)
Subordinated loan from directors		1,452,734,796				1,452,734,796
Other comprehensive income for the year						
Transferred from surplus on of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	-	23,714,640	(23,714,640)	-	-
	-		23,714,640	(23,714,640)	-	-
Balance as at June 30, 2023	145,486,760	1,452,734,796	(477,674,447)	397,807,166	2,340,702	1,520,694,977
Loss after taxation for the year ended June 30, 2024	-		(432,087,816)	-	-	(432,087,816)
Subordinated loan from directors	-	35,000,000	-	-	-	35,000,000
Other comprehensive income for the year						
Surplus on revaluation of land and building - net of deferred tax	-	-	-	175,909,944	-	175,909,944
Transferred from surplus on of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	-	21,343,175	(21,343,176)	-	-
	-	-	21,343,175	154,566,768	-	175,909,944
Balance as at June 30, 2024	145,486,760	1,487,734,796	(888,419,088)	552,373,934	2,340,702	1,299,517,105

The annexed notes from 1 to 43 form an integral part of these financial statements.


Chief Executive

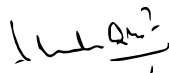

Chief Financial Officer


Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 -----Rupees-----	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before levy and income tax		(473,895,834)	(484,524,457)
Adjustments for non-cash items			
Depreciation	5.2	81,030,327	88,482,847
Provision for gratuity		-	2,340,702
Gain on disposal of property, plant and equipment		-	(765,941)
Exchange loss	25	741,363	9,424,383
Finance cost	27	1,525,514	62,582,648
		83,297,204	162,064,639
Operating loss before working capital changes		(390,598,630)	(322,459,818)
(Increase) / decrease in current asset			
Capital work in progress		(127,520,479)	(23,248,740)
Long term security deposits		(65,427,770)	-
Stores and spares		(6,106,471)	(53,989,782)
Stock in trade		66,875,175	(35,259,112)
Trade debts		-	6,559,905
Loans and advances		586,541	(759,109)
Short term Deposits, prepayments and other receivables		49,280	4,940,346
Refund due from government		(5,452,734)	-
Short term investment		-	7,000,000
		(136,996,458)	(94,756,492)
Increase / in current liability			
Trade and other payables		265,357,832	95,300,073
Advance from customers		199,682,259	11,286,628
Cash flows used in operations		(62,554,997)	(310,629,609)
Finance cost paid		(1,525,514)	(44,433,797)
Income tax paid		(10,400,631)	(15,230,680)
Sales tax paid		(10,616,856)	(11,683,823)
Gratuity paid		(3,333,098)	(70,540,729)
		(25,876,099)	(141,889,029)
Net cash used in operating activities		(88,431,099)	(452,518,638)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(317,460)	(29,742,007)
Proceeds from disposal of property, plant and equipment		-	810,835
Net cash (used in) investing activities		(317,460)	(28,931,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated loan		35,000,000	1,396,594,851
Long term financing		-	(650,933,986)
Short term borrowings		21,500,000	56,049,658
Lease rentals paid		-	(429,522)
Net cash flows generated from financing activities		56,500,000	801,281,001
Net increase in cash and cash equivalents		(32,248,556)	319,831,191
Cash and cash equivalents at the beginning of the year		43,733,323	(276,097,868)
Cash and cash equivalents at the end of the year	35	11,484,767	43,733,323

The annexed notes from 1 to 43 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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.

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

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

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

The registered office of the Company is situated at A-31, S.M.C.HS, Karachi, Pakistan, which is owned by the director of the Company and 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. 418.784 million and a net loss before income tax and Leavy of Rs. 473.89 million. The accumulated losses of the Company stood at Rs. 888.419 million. Moreover, the current liabilities also exceeded its current assets by Rs. 3.212 million at the year end and has negative operating cash flows of Rs. 88.431 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 in the last financial year, is well aware of the prevailing challenges and has plans for undertaking comprehensive strategy to reform multiple corporate policies and strategies. This includes further capital injection, enhancement of plant capacity

and actual production, introduction of new product ranges, streamlining of production controls and processes, refinement of marketing strategies, introduction of cost control measures, and efficient human resource management.

The Company has been investing in modernization of the plant which will increase the production capacity and enhance production efficiency. Besides that, the Company is expecting to launch new products from new plants under installation from the third quarter of the next financial year.

The new sponsors had injected Rs. 700 million in the last year and Rs. 35 million during the current year as a subordinated loan. The directors and associated companies have assured full financial support to the Company, wherever funds are needed by the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

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

2.2 Statement of Compliance

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

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

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

2.3 Functional and presentation currency

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

2.4 Key judgements and estimates

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

- (a) Property, plant and equipment (refer note 4.1)
- (b) Stock-in-trade and stores and spares (refer note 4.3)
- (c) Loans, advances, deposits and other receivables (refer note 4.4)
- (d) Staff retirement benefits (refer note 4.9)
- (e) Provisions (refer note 4.15)
- (f) Taxation (refer note 4.8)
- (g) Impairment of non-financial assets (refer note 4.5)
- (h) Lease liabilities (refer note 4.10)
- (j) Contingent assets and contingent liabilities (refer note 4.17 & 4.18)

3 New and amended standards and interpretations

3.1 Standards, amendments and interpretations to the published standards that are relevant to the Company and adopted in the current year

There were certain amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2023. However, these are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	"Effective Date (Annual periods beginning on or after)"
IAS 1 - Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7 - Statement of Cash Flows (Amendments)	January 1, 2024
IAS 21- The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7 - Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 9 - Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

There are a number of other standards, amendments to the approved accounting standards, and interpretations that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3.3 Accounting Guidance Issued By Icap On Accounting For Minimum Taxes And Final Taxes

Institute of Chartered Accountants of Pakistan (ICAP) issued a guidance "Application Guidance on Accounting for Minimum and Final Taxes" through circular No. 07/2024 date May 15, 2024. In light of the said guidance, as minimum taxes and final taxes are not calculated on the 'taxable profit' as defined in IAS - 12 but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance (ITO, 2001)), accordingly minimum taxes and final taxes should

be accounted for under IAS 37/ IFRIC 21 as levies (though these are charged under tax law) and not under IAS - 12 as income taxes. Based on the guidance, the minimum taxes under ITO, 2001 are hybrid taxes which comprise of a component within the scope of IAS 12 (Income Tax) and a component within the scope of IFRIC 21 (Levies) and final taxes fall under levy within the scope of IAS 37/IFRIC 21.

3.4 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

There is a standard and certain other amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

4.1 Property, Plant and Equipment

Owned

Measurement

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

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

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

Revaluation

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

4.2 Depreciation

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

Disposal

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

Impairment

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

Leased

Assets subject to finance lease are stated at lower of present value of minimum lease payments as per the lease agreements and the fair value of assets less accumulated depreciation at the basis applicable to Company's owned assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

4.3 Inventories

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

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

The Company reviews the carrying amounts of communication stores 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.

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.

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

These are initially measured at the fair value of the consideration receivable. Subsequently these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery. Credit loss is based on the expected credit loss.

4.5 Impairment of non-financial assets

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

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

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

Impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

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

4.6 Cash and cash equivalents

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

4.7 Foreign currency transactions

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

4.8 Income tax

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

(i) 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.

(ii) Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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.

(iii) Levy

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

Judgement and estimates

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

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

Off-setting

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

4.9 Employee benefits - retirement benefits

Defined Benefit Plan - Gratuity

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

Judgement and estimates

In determining the liability for long-service payments management must make an estimate of salary increases over the following five years, the discount rate for the next five years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

4.10 Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If the implicit rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently these are increased by interest, reduced by lease payments and remeasured for lease modifications, if any.

Liabilities in respect of short term and low value leases are not recognised and payments against such leases are recognised as expense in profit or loss.

4.11 Trade and Other Payables

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

4.12 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.

4.13 Financial instruments

Financial Assets

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

a) Financial assets at amortised cost

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

b) Financial assets at fair value through other comprehensive income

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

c) Financial assets at fair value through profit or loss

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

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

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

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

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

d) Impairment of financial assets

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

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

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

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

e) Financial Liabilities

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

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

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

4.14 Offsetting of financial assets and financial liabilities

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

4.15 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 Contingent assets

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

4.18 Contingent liabilities

Contingent liability is disclosed when:

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

4.19 Borrowing costs

Borrowing costs relating to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which these are incurred.

4.20 Revenue recognition

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control is transferred when the goods are dispatched to the customers.

A contract liability is also recognised for short-term advances that the Company receives from its customers.

Profit on bank balances are recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

4.21 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.

	Note	2024 ----- (Rupees) -----	2023 -----
5 PROPERTY, PLANT AND EQUIPMENT			
Property, plant and equipment	5.1	1,119,476,770	982,842,392
Capital work in progress	5.5	150,769,219	23,248,740
		<u>1,270,245,989</u>	<u>1,006,091,132</u>

5.1 Property, plant and equipment

	Freehold Land	Factory building on free hold land	Plant and machinery	Furniture and fittings	Moulds	Laboratory equipment	Vehicle	Total
	----- Rupees -----							
Net carrying value basis								
Year ended June 30, 2024								
Opening net book value	188,340,000	353,477,560	424,544,378	1,025,505	265,324	25,227	15,164,398	982,842,392
Additions (at cost)	-	-	317,460	-	-	-	-	317,460
Surplus on revaluation during the year	74,460,000	142,887,245	-	-	-	-	-	217,347,245
Transfer of Leased Asset	-	-	-	-	-	-	-	-
Depreciation charge	-	(35,347,756)	(42,465,020)	(102,551)	(79,597)	(2,523)	(3,032,880)	(81,030,327)
Disposal	-	-	-	-	-	-	-	-
Closing net book value	<u>262,800,000</u>	<u>461,017,049</u>	<u>382,396,818</u>	<u>922,954</u>	<u>185,727</u>	<u>22,704</u>	<u>12,131,518</u>	<u>1,119,476,770</u>
Gross carrying value basis								
At June 30, 2024								
Cost	262,800,000	914,806,894	1,852,773,258	12,697,454	8,356,171	1,505,565	35,220,380	3,088,159,722
Accumulated depreciation	-	(453,789,845)	(1,470,376,440)	(11,774,500)	(8,170,444)	(1,482,861)	(23,088,862)	(1,968,682,952)
Net book value	<u>262,800,000</u>	<u>461,017,049</u>	<u>382,396,818</u>	<u>922,954</u>	<u>185,727</u>	<u>22,704</u>	<u>12,131,518</u>	<u>1,119,476,770</u>
Net carrying value basis								
Year ended June 30, 2023								
Opening net book value	188,340,000	387,197,289	460,225,338	1,085,828	379,034	28,030	3,501,186	1,040,756,705
Additions (at cost)	-	5,000,000	10,791,207	50,800	-	-	13,900,000	29,742,007
Surplus on revaluation during the year	-	-	-	-	-	-	-	-
Transfer of Leased Asset	-	-	-	-	-	-	871,421	871,421
Depreciation charge	-	(38,719,729)	(46,472,167)	(111,123)	(113,710)	(2,803)	(3,063,315)	(88,482,847)
Disposal	-	-	-	-	-	-	(44,894)	(44,894)
Closing net book value	<u>188,340,000</u>	<u>353,477,560</u>	<u>424,544,378</u>	<u>1,025,505</u>	<u>265,324</u>	<u>25,227</u>	<u>15,164,398</u>	<u>982,842,392</u>
Gross carrying value basis								
At June 30, 2023								
Cost	188,340,000	771,919,649	1,852,455,799	12,697,454	8,356,171	1,505,564	35,220,377	2,870,495,014
Accumulated depreciation	-	(418,442,089)	(1,427,911,421)	(11,671,949)	(8,090,847)	(1,480,337)	(20,055,979)	(1,887,652,622)
Net book value	<u>188,340,000</u>	<u>353,477,560</u>	<u>424,544,378</u>	<u>1,025,505</u>	<u>265,324</u>	<u>25,227</u>	<u>15,164,398</u>	<u>982,842,392</u>
Rate of Depreciation	-	10%	10%	10%	30%	10%	20%	

	Note	2 0 2 4 ----- (Rupees) -----	2 0 2 3 ----- (Rupees) -----
5.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	22	80,036,234	87,397,326
Selling and distribution expenses	23	479,034	523,091
Administrative expenses	24	515,059	562,430
		81,030,327	88,482,847

5.3 Revalued freehold land and factory building on freehold land

On 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 (2023: Rs. 188,340,000) and Rs. 48,120,803 (2023: Rs. 53,467,559) under the cost model.

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

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

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

	Note	2 0 2 4 ----- (Rupees) -----	2 0 2 3 ----- (Rupees) -----
5.5 CAPITAL WORK IN PROGRESS			
Opening balance		23,248,740	-
Addition during the year		127,520,479	28,248,740
Capitalized during the year		-	(5,000,000)
		150,769,219	23,248,740
6 LONG TERM SECURITY DEPOSITS			
Others	6.1	66,326,223	898,453

6.1 This includes deposits placed with utility companies including K-Electric, Pakistan Telecommunication Company Limited and Sui Southern Gas Company.

	Note	2024	2023
		----- (Rupees) -----	
7 STORES AND SPARES			
Spares		90,177,454	85,015,696
Stores		1,060,674	115,961
		<u>91,238,128</u>	<u>85,131,657</u>
8 STOCK IN TRADE			
Raw material		260,809,464	315,040,735
Packing materials		19,115,405	13,398,298
Work-in-process		2,587,012	3,029,011
Finished goods	8.1	304,353,532	322,272,542
		586,865,413	653,740,586
		-	-
		<u>586,865,413</u>	<u>653,740,586</u>

8.1 As at 30, June 2024 finished goods has been valued at estimated net realizabale value.

	Note	2024	2023
		----- (Rupees) -----	
9 LOANS AND ADVANCES - CONSIDERED GOOD			
Loans to employees		559,995	506,996
Advances to:			
Suppliers		-	639,540
Seller of land	9.1	400,000	400,000
		400,000	1,039,540
		<u>959,995</u>	<u>1,546,536</u>

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

	Note	2024	2023
		----- (Rupees) -----	
10 REFUNDS DUE FROM THE GOVERNMENT			
Sales tax receivable		20,511,947	9,895,091
Income tax refundable		57,374,137	51,921,403
		<u>77,886,084</u>	<u>61,816,494</u>

	Note	2 0 2 4 ----- (Rupees) -----	2 0 2 3 -----		
11	SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES				
Letters of credit		8,836	58,116		
Other receivables		35,249	35,249		
		44,085	93,365		
12	CASH AND BANK BALANCES				
Cash in hand		198,773	187,001		
Cash at banks					
- Current accounts		10,492,454	24,095,339		
- Deposit accounts	12.1	793,540	19,450,983		
		11,285,994	43,546,322		
		11,484,767	43,733,323		
12.1	This carries mark-up at rates at ranging from 16.5% to 18% (2023: 12% to 16%) per annum				
13	SHARE CAPITAL				
	2024 (Number of shares)	2023	2 0 2 4 ----- (Rupees) -----	2 0 2 3 -----	
Authorized Share Capital					
	45,000,000	15,000,000	Ordinary shares of Rs. 10 each	450,000,000	150,000,000
Issued, subscribed and paid up Share Capital					
	13,267,786	13,267,786	Ordinary shares of Rs. 10 each	132,677,860	132,677,860
			Full paid in cash		
	1,280,890	1,280,890	Ordinary shares of Rs. 10 each	12,808,900	12,808,900
	14,548,676	14,548,676		145,486,760	145,486,760

	2024	2023
	----- (Rupees) -----	
14 REVALUATION SURPLUS ON PROPERTY, PLANT & EQUIPMENT		
Surplus on revaluation of operating fixed assets as at July 01	484,983,518	518,384,419
Surplus arising on revaluation during the year	217,347,245	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the year	(21,343,176)	(23,714,640)
Related deferred tax liability	(8,717,635)	(9,686,261)
Surplus on revaluation of operating fixed assets as at June 30	672,269,952	484,983,518
Less: related deferred tax liability:		
at beginning of the year	87,176,352	96,862,613
on surplus arising on revaluation during the year	41,437,301	-
on incremental depreciation charged during the year	(8,717,635)	(9,686,261)
	(119,896,018)	(87,176,352)
	552,373,934	397,807,166

- 14.1** The revaluation surplus relating to the above-mentioned property, plant and equipment excluding freehold land is net of applicable deferred income taxes. 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.

	2024	2023
	----- (Rupees) -----	
15 SUBORDINATED LOAN		
Fair value of outstanding loan transferred	1,452,734,796	752,734,796
Additional loan obtained during the year	35,000,000	700,000,000
	1,487,734,796	1,452,734,796

- 15.1** These loans are provided by the directors and is repayable at the discretion of the Company. These loans are classified in accordance with the guidance provided by the Institute of Chartered Accountants of Pakistan through Technical Release (TR-32 "Accounting Director's Loan") and are measured at their face values as initially recognized.

		2024	2023
	Note	----- (Rupees) -----	
16	POST EMPLOYMENT BENEFITS		
Opening balance		22,130,474	90,330,501
Charge for the year		-	2,340,702
Benefits paid		(3,333,098)	(70,540,729)
Closing balance		<u>18,797,376</u>	<u>22,130,474</u>
17	DEFERRED TAXATION		
Deferred tax is recognised in respect of all temporary differences arising from carrying value of assets and liabilities in financial statements and their tax base.			
		2024	2023
		----- (Rupees) -----	
Taxable / (deductible) differences			
Credit balance arising in respect of:			
- accelerated tax depreciation allowance		75,476,574	81,640,016
- revaluation surplus on property, plant and equipment		119,896,017	87,176,351
- Right of use of assets		-	-
		<u>195,372,591</u>	<u>168,816,367</u>
Debit balance arising in respect of:			
- provision for post employment benefit obligations		(5,451,239)	(6,417,837)
- unused tax loss		(174,875,672)	(90,352,079)
- minimum tax credit		-	(39,774,236)
		<u>15,045,680</u>	<u>32,272,215</u>
18	TRADE AND OTHER PAYABLES		
Trade creditors / bills payable		226,658,635	130,024,764
Accrued expenses		208,082,170	42,850,025
Sales tax payable		-	-
Workers' welfare fund		2,616,070	2,616,070
Withholding tax payable		7,200,709	2,967,530
		<u>444,557,584</u>	<u>178,458,389</u>
19	Borrowings from related party		
Swat Ceramics Private Limited	19.1	111,500,000	90,000,000
		<u>111,500,000</u>	<u>90,000,000</u>

- 19.1** During the year, the Company has obtained further loan of Rs 21,500,000 from its related party. The amount is interest free and is repayable on demand.

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 below:

- 20.1.1** The Company filed suit no. 151 of 2017 with High Court of Sindh against the increase of higher gas tariff rate from December 30, 2016 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. 100,880,590 for the period from January'17 to June'19. The Company, based on the legal advice of its legal counsel, is confident of a favourable outcome of these applications to the Sindh High Court and, therefore, has not provided for this amount in these financial statements.

Name of the court, agency or authority:

- High Court of Sindh

Principal parties

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

Date instituted

- January 19, 2017

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

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

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

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

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

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

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

Name of the court, agency or authority:

- High Court of Sindh

Principal parties

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

Date instituted

- October 10,2014

- July 24,2015

- August 30,2020

- 20.1.3** 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 2020

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

Name of the court, agency or authority:

- High Court of Sindh

Principal parties

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

Date instituted

- February 13, 2024

20.1.5 The Company filed suit no. 250/2024 with High Court of Sindh against Sui Southern Gas Company Limited to challenge Notice for Tariff of Gas considered as 80% indigenous gas and RLNG 20% in 2023. The Honorable High Court passed an interim injunction and ordered to not to forced to pay 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 Company, based on the legal advice of its legal counsel, is confident of a favourable outcome of these applications to the Sindh High Court and, therefore, has not provided for this amount in these financial statements.

Name of the court, agency or authority:

- High Court of Sindh

Principal parties

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

Date instituted

- February 13, 2024

20.2 Commitments

Letters of credit other than for capital expenditure amount to Rs. 6,022,080 (2023: Rs.45,017,280).

Commitments in respect of bank guarantees issued by a Commercial Bank in respect of:

	Note	2 0 2 4 ----- (Rupees) -----	2 0 2 3 ----- (Rupees) -----
Sui Sourther Gas Company Limited		150,000,000	91,951,000
Nazir Of Sindh High Court		114,650,000	-
		<u>264,650,000</u>	<u>91,951,000</u>
21 REVENUE			
Gross local sales		1,596,377,096	1,160,865,050
Less: Sales tax		(247,911,546)	(183,731,641)
		<u>1,348,465,550</u>	<u>977,133,409</u>
22 COST OF SALES			
Raw materials consumed			
Opening stock		315,040,735	350,356,931
Purchases		381,913,581	513,507,087
Closing stock		(260,809,464)	(315,040,735)
		<u>436,144,852</u>	<u>548,823,283</u>
Manufacturing expenses			
Fuel, power and water		822,247,136	336,873,826
Salaries, wages and benefits		235,092,057	228,072,799
Stores and spare parts consumed		1,643,994	21,284,681
Packing material consumed		66,361,055	56,508,127
Repairs and maintenance		81,334,117	106,572,236
Freight charges		10,706,340	7,408,923
Depreciation	5.2	80,036,234	87,397,326
Director's remuneration		3,240,000	2,420,000
Insurance		824,209	3,561,400
Vehicles running and maintenance		4,599,347	4,210,430
Others		6,659,593	4,286,466
		<u>1,312,744,082</u>	<u>858,596,214</u>
Opening work in process		3,029,011	3,820,925
Closing work in process	8	(2,587,012)	(3,029,011)
Cost of goods manufactured		<u>1,749,330,933</u>	<u>1,408,211,411</u>
Opening stock of finish goods		322,272,542	252,841,360
Closing stock of finished goods	8	(304,353,532)	(322,272,542)
		<u>1,767,249,943</u>	<u>1,338,780,229</u>

23	SELLING AND DISTRIBUTION EXPENSES	Note	2024 ----- (Rupees) -----	2023
	Salaries, wages and benefits		7,065,714	7,893,677
	Freight charges		21,452,591	19,158,551
	Postage, telegraph and telephone charges		26,000	620
	Vehicles running and maintenance		382,500	776,400
	Repairs and maintenance		-	30,024
	Travelling and conveyance		638,085	63,063
	Entertainment		17,354	70,736
	Advertisement expenses		100,000	370,100
	Insurance		-	187,838
	Depreciation	5.2	479,034	523,091
			<u>30,161,278</u>	<u>29,074,100</u>
24	ADMINISTRATIVE EXPENSES			
	Salaries, wages and benefits		12,925,459	14,124,665
	Director's remuneration		-	105,000
	Fees and subscription		4,333,910	1,241,630
	Freight charges		-	32,900
	Rent, rates and taxes		150,708	288,425
	Fuel, power and water		1,936,416	1,100,068
	Postage, telegraph and telephone charges		214,337	249,328
	Printing and stationery		536,255	572,288
	Vehicles running and maintenance		2,200,112	2,149,574
	Repairs and maintenance		478,800	945,394
	Travelling and conveyance		231,580	305,731
	Entertainment		342,912	592,349
	Legal and professional charges		627,700	708,000
	Advertisement expenses		393,947	144,061
	Insurance		40,500	1,033,179
	Depreciation	5.2	515,059	562,430
			<u>24,927,695</u>	<u>24,155,022</u>
25	OTHER EXPENSES			
	Auditor's remuneration	25.1	877,617	877,617
	Exchange loss		741,363	9,424,383
			<u>1,618,980</u>	<u>10,302,000</u>
25.1	Auditor's remuneration			
	Audit services			
	Audit fee		754,380	754,380
	Fee for review of half yearly financial information		47,800	47,800
	Out of pocket expenses		75,437	75,437
			<u>877,617</u>	<u>877,617</u>

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
26 OTHER INCOME			
Income from financial assets			
Profit on deposit Account		3,122,027	2,470,192
Income from non-financial assets			
Gain on disposal of items of property, plant and equipment		-	765,941
		<u>3,122,027</u>	<u>3,236,133</u>
27 FINANCE COST			
Mark-up on:			
Short term borrowings		1,551	3,159,955
Lease liabilities		-	10,132
Refinance scheme		-	27,082
Term Finance		-	309,237
		<u>1,551</u>	<u>3,506,406</u>
Interest on directors' loan		-	56,139,945
Bank charges		1,523,963	2,936,297
		<u>1,525,514</u>	<u>62,582,648</u>
28 LEVY			

This represents levy paid under the Income Tax Ordinance, 2001 representing levy in terms of the requirements of IAS 37/IFRIC 21.

	Note	2024 ----- (Rupees) -----	2023 ----- (Rupees) -----
29 PROVISION FOR TAXATION			
Deferred tax expense/ (income)		<u>(58,663,837)</u>	<u>(21,776,099)</u>
30 LOSS PER SHARE			
- BASIC AND DILUTED			
Loss after taxation attributable to ordinary shareholders		<u>(432,087,816)</u>	<u>(474,962,526)</u>
Weighted average number of shares		<u>14,548,676</u>	<u>14,548,676</u>
Loss per share (Rupees) - Basic and diluted		<u>(29.70)</u>	<u>(32.65)</u>

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

31 TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the year, in addition to remuneration of chief executive and directors whose details have been separately disclosed in note 32.

Related party	Relationship	Nature of transaction	2024	2023
Directors	Associated persons	Loan received	35,000,000	700,000,000
Directors	Associated persons	Short term loan received	21,500,000	90,000,000
Directors	Associated persons	Sale of raw material	-	24,790,553
Directors	Associated persons	Notional interest on loan	-	56,139,945
Directors	Associated persons	Remuneration and allowances	3,240,000	3,345,000
Directors	Associated persons	Purchase of vehicle	-	5,700,000

The related party status of outstanding balances is included in subordinate loan from directors, short term borrowings from directors .

32. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

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	
	2024	2023	2024	2023	2024	2023	2024	2023
	-----Rupees-----							
Managerial remuneration and allowances	-	-	3,240,000	2,420,000	14,427,151	10,887,210	17,667,151	13,307,210
House rent	-	-	-	-	5,049,503	6,193,177	5,049,503	6,193,177
Utilities	-	-	-	-	2,885,430	3,538,958	2,885,430	3,538,958
	-	-	3,240,000	2,420,000	22,362,084	20,619,345	25,602,084	23,039,345
Number of persons	1	1	1	1	11	8	13	10

32.1 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.

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

2 0 2 4
2 0 2 3
Note
-----Square Meters-----

33. PLANT CAPACITY AND PRODUCTION

Installed Capacity		6,480,000	6,480,000
Actual Production	33.1	1,775,976	1,216,034

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

	2024	2023
	-----Numbers-----	
34. NUMBER OF EMPLOYEES		
Total permanent employees at the year end	8	9
Total contractual employees at the year end	301	360
Average employees at the year end	339	516
35. CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,484,767	43,733,323

	2024	2023
	----- (Rupees) -----	
36. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
At amortized cost		
Long term security deposits	66,326,223	898,453
Loans to employees	559,995	506,996
Other receivables	35,249	35,249
Bank balances	11,285,994	43,546,322
	78,207,461	44,987,020
FINANCIAL LIABILITIES		
At amortized cost		
Post employment benefits	18,797,376	22,130,474
Trade payables and other accrued expenses	434,740,805	172,874,789
Short term borrowings	111,500,000	90,000,000
Unclaimed dividend	513,191	513,191
Dividend payable	3,148,405	3,148,405
	568,699,777	288,666,859

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, other market price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Company's overall risk management procedures, to minimize the potential adverse effects of financial market on the Company's performance, are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD) and Euro (EUR). Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to foreign entities and foreign currency bank balances.

At June 30, 2024, if the Rupee had weakened / strengthened by 5% against the US dollar and Euro with all other variables held constant, pre-tax profit for the year would have been Rs. 2,358,490 (2023: Rs. 2,358,490) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar and Euro-denominated financial assets and liabilities.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates. The Company's interest rate risk arises from short term borrowings and long term financings. These financing, issued at variable rates, expose the Company to cash flow interest rate risk. The Company analyses its interest rate exposure on a dynamic basis taking into consideration refinancing, renewal of existing positions and alternative financing.

(iii) 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 market price risk.

(b) 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, trade receivables 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:

	2024	2023
	----- (Rupees) -----	
Long term security deposits	66,326,223	898,453
Loans to employees	559,995	506,996
Other receivables	35,249	35,249
Bank balances	11,285,994	43,546,322
	78,207,461	44,987,020

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 and trade receivables are subject to specific credit ceilings based on customer credit history.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amounts written off are credited directly to the statement of profit or loss.

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:

	Rating		Rating Agency	2024	2023
	Short term	Long term		Rupees	Rupees
Soneri Bank Limited	A1+	AA-	PACRA	2,643,980	2,421,778
Muslim commercial Bank	A1+	AAA	PACRA	39,356	39,356
Habib Metropolitan Bank	A1+	AA+	PACRA	998,939	32,652,178
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	A+	A1	PACRA	4,902,438	4,905,263
Allied Bank Limited	A1+	AAA	PACRA	75,269	75,269
Meezan Bank Limited	A1+	AAA	VIS	2,435,731	3,262,196
				11,285,994	43,546,322

(c) 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
	Rupees	Rupees	Rupees	Rupees
Contractual maturities of financial liabilities as at June 30, 2024:				
Post employment benefits	18,797,376	18,797,376	18,797,376	-
Trade and other payables [trade creditors and accrued expenses]	434,740,805	434,740,805	434,740,805	-
Short term borrowings	111,500,000	111,500,000	111,500,000	-
Unclaimed dividend	513,191	513,191	513,191	-
Dividend payable	3,148,406	3,148,406	3,148,406	-
	568,699,778	568,699,778	568,699,778	-

Description	Carrying amount	Contractual cash flows	Within one year	After one year
	Rupees	Rupees	Rupees	Rupees
Contractual maturities of financial liabilities as at June 30, 2023:				
Post employment benefits	22,130,474	22,130,474	22,130,474	-
Trade and other payables [trade creditors and accrued expenses]	172,874,789	172,874,789	172,874,789	-
Short term borrowings	90,000,000	90,000,000	90,000,000	-
Unclaimed dividend	513,191	513,191	513,191	-
Dividend payable	3,148,405	3,148,405	3,148,405	-
	288,666,860	288,666,860	288,666,860	-

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.

(d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. Fair value is determined on the basis of objective evidence at each reporting date. The carrying values of financial assets and financial liabilities approximate their fair values.

	2024	2023
	----- (Rupees) -----	
Total borrowings	111,500,000	90,000,000
Cash and bank	(11,484,767)	(43,733,323)
Net debt	100,015,233	46,266,677
Equity	1,299,517,104	1,520,694,977
Total capital	1,399,532,337	1,566,961,654
Debt to capital ratio	7%	3%

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at June 30, 2023	Non-cash changes	Cash Flows	As at June 30, 2024
	-----Rupees-----			
Short term borrowings	90,000,000	-	21,500,000	111,500,000
	90,000,000	-	21,500,000	111,500,000

40. RECLASSIFICATION

In the statement of profit or loss, the levy previously presented as income taxes have now been reclassified as 'levy' under IAS 37 / IFRIC 21. The effects of the amounts reclassified in the statement of profit or loss and the statement of financial position are as follows:

	Before Reclassification	Reclassification	After Reclassification
	-----Rupees-----		
levy	-	12,214,168	12,214,168
Provision for taxation	(9,561,931)	(12,214,168)	(21,776,099)
Trade creditors / bills payable	130,423,456	(398,692)	130,024,764
Accrued expenses	42,451,333	398,692	42,850,025

41 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.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20th September 2024, by the Board of Directors of the Company.

43 GENERAL

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



Chief Executive



Chief Financial Officer



Director

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2024

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
170	1	1258	1258	0.0086
72	101	32047	32047	0.2203
16	501	12446	12446	0.0855
15	1001	31136	31136	0.2140
2	5001	16580	16580	0.1140
1	30001	32751	32751	0.2251
1	250001	252117	252117	1.7329
1	310001	312360	312360	2.1470
1	325001	327075	327075	2.2481
1	650001	654151	654151	4.4963
1	3030001	3032579	3032579	20.8444
1	3270001	3274782	3274782	22.5091
2	3280001	6569394	6569394	45.1546
284		14548676	14548676	100.0000

CATEGORY OF SHAREHOLDERS

AS AT 30 JUNE 2024

Folio No	Name	Code	Balance Held	Percentage
000000000772	MR. ALIREZA M. ALLADIN	001	200	.0014
000000000879	SYED AZFAR ALI NASIR	001	9914	0.0681
003277121434	SYED MAZHAR ALI NASIR	001	3284696	22.5773
003277128770	SYED AZHAR ALI NASIR	001	3032579	20.8444
003525121871	SURAIYA NASIR	001	3284698	22.5773
006452123910	SYED AZHAR ALI NASIR	001	252117	1.7329
006452124066	SYED AZFAR ALI NASIR	001	3274782	22.5091
003889000028	NATIONAL BANK OF PAKISTAN	004	202	0.0014
007393000024	BANK MAKRAMAH LIMITED	004	312360	2.1470
000000000773	GULF INSURANCE COMPANY LTD.	005	1500	0.0103
003277078335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	010	32751	0.2251
003277082127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	010	1149	0.0079
006445000028	DARSON SECURITIES (PRIVATE) LIMITED	010	1	0.0000

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	7	13138986	90.3105
BANKS, DFI & NBFI	2	312562	2.1484
INSURANCE COMPANIES	1	1500	0.0103
GENERAL PUBLIC (LOCAL)	269	1060227	7.2874
GENERAL PUBLIC (FOREIGN)	2	1500	0.0103
OTHERS	3	33901	0.2330
Company Total	284	14548676	100.0000

Dear Shareholder(s)

Dated:

MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

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

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

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

Bank Account Details of Transfer for Cash Dividend

*(Mandatory to provide)

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
Plot No.32-C, Jami Commercial Street2,
D.H.A Phase-VII, Karachi-75500

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

Manzoor Ali Natha
(Company Secretary)
Karam Ceramics Limited

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

*Please attach attested photocopy of CNIC

** please attach attested photocopy of the Passport

FORM OF PROXY

I / We _____
of _____
being a member of **KARAM CERAMICS LIMITED** and holder of _____
ordinary shares as per Registered Folio No. _____
hereby appoint Mr. _____
of _____ of failing him
Mr. _____
of _____ who is also
a member of **KARAM CERAMICS LIMITED** vide Registered Folio No. as my proxy to vote
for and on my behalf at the 45th Annual General Meeting of the Company to be held on
Friday, October 25, 2024 at 3:30 pm Company's Registered Office situated at A-31, S.M.C.H.S.,
Karachi.

WITNESS:

(1) Signature _____
Name _____
Address _____

NIC or Passport No. _____

2) Signature _____
Name _____
Address _____

NIC or Passport No. _____

Signature on
Rupees Five
Revenue Stamp

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

Dated _____

Important:

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

پراکسی فارم

میں/ہم _____
بطور ممبر کرم سیراکس لمیٹڈ اور عارضی شیئرز _____ رجسٹرڈ فوئیو نمبر _____ اپنی جانب سے جناب _____
کا تقرر کرتا ہوں جو کہ کرم سیراکس لمیٹڈ رجسٹرڈ فوئیو نمبر کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمپنی کی ۴۵ ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز جمعہ 25 اکتوبر 2024ء دوپہر 3:30 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)

نام: _____

دستخط: _____

پتہ: _____

شناختی کارڈ/ پاسپورٹ نمبر: _____

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۔ CDC شیئرز ہولڈرز اور ان کے پراکسی اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراکسی فارم کے ساتھ _____ تک جمع کرا دیں۔