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

Name of Company : Karam Ceramics Limited
Year ended June 30, 2022

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 - 04
- b) Female - 03

2. The composition of the Board is as follows

| Category | Name |
|---------------------------|---------------------------|
| Independent Directors | Mr. Shahid Tata |
| | Mr. Suleman Basaria |
| | Ms. Roshan Ara Sayani |
| Executive Directors | Mr. Irshad Ali S. Kassim |
| | Mr. Munawar Ali S. Kassim |
| Non - Executive Directors | Ms. Mariam Shaban Ali |
| | Ms. Maneeza Kassim |
| Female Directors | Ms. Mariam Shaban Ali |
| | Ms. Maneeza Kassim |
| | Ms. Roshan Ara Sayani |

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:

| | |
|---------------------|------------|
| Mr. Suleman Basaria | - Chairman |
| Mr. Maneeza Kassim | - Member |
| Ms. Roshan Ara | - Member |

(b) HR & Remuneration Committee:

| | |
|------------------------|---------------|
| Ms. Roshan Ara Sayani | - Chairperson |
| Mr. Munawar Ali Kassim | - Member |
| Ms. Maneeza Kassim | - Member |

The board has appointed the following members of HR & remuneration Committee for the period of three years w.e.f. 28-10-2019 in the meeting of the Board of Directors held on the 28-10-2019.

| | |
|------------------------|---------------|
| Ms. Roshan Ara Sayani | - Chairperson |
| Mr. Munawar Ali Kassim | - Member |
| Ms. Maneeza Kassim | - Member |

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.

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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 and all other requirements of the Regulations have been complied with.

By order of the Board

Suraiya Nasir

Suraiya Nasir
Chairperson
22nd October, 2022

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, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements "Of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance for and on behalf of the Company, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference wherein it is stated in the Statement of Compliance:

| Paragraph Reference | Description |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i) 31(7) & (8) | Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company. |

Crowe Hussain Chaudhury & Co.

Crowe Hussain Chaudhury & Co.
Chartered Accountants
Karachi.

Date: October 22, 2022

UDIN: CR202210207yFvjewKqE