

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