

ANNUAL REPORT 2019

www.karamceramics.com

40th ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Mariam Shaban ali	Chairperson
Mr. Irshad Ali S.Kassim	Vice Chairman
Mr. Munawar Ali S.Kassim	Chief Executive
Ms. Hina Bashir	Independent-Non-Executive
Ms. Manisha Kassim	Director
Miss Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Amir Sawja	Chief Financial officer
Mr. Manzoor Ali Natha	Company Secretary

AUDIT COMMITTEE

Ms. Hina Bashir	Chairperson
Ms. Anushka Kassim	Member
Miss. Natalia Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Ms. Hina Bashir	Chairman
Mr. Munawar Ali S. Kassim	Member
Miss. Natalia Kassim	Member

BANKERS

Soneri Bank Limited	Habib Metropolitan Bank Limited
Habib Bank Limited	Faysal Bank Limited
JS Bank Limited	Allied Bank Limited
MCB Bank Limited	Bank Alfalah Limited

AUDITORS / REGISTRAR AND SHARE TRANSFER OFFICE

Qavi & Co
 Chartered Accountants
 T.H.K. Associates (Private) Limited
 1st Floor, 40 C, Block -6 P.E.C.H.S
 Karachi-75400

NATIONAL TAX NUMBER : 0710857-5
SALES TAX REGISTRATION NO : 02-02-6907-001-55

REGISTERED OFFICE

BC-6, Block -5, Scheme-5, Kehkashan, Clifton, Karachi

FACTORY

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

LAHORE

4-L, Gulburg 111 Ferozpur Road, Lahore.
 Tel # (92-42)-35864579

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the members of Karam Ceramics Limited will be held on Friday October 25, 2019, at 3.30 P.M, at the Registered Office of the Company to transact the following business:

1. To Confirm the minutes of the 39th Annual Genral Meeting held on 23th October 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019, together with the Director's 'and Auditors report' thereon.
3. To appoint auditors and fix their remuneration for the year ended June 30, 2020.. The present auditors M/s Qavi & Co., Chartered Accountants, retire and being eligible have offered themselves for reappointment.
4. To consider and approve the Final cash dividend of Rs. 0.50 per share i.e. 5% for the year ended June 30, 2019, as recommended by the Board of Directors.
5. To elect seven (7) Directors for the period three years in accordance with the Companies Act 2017.. The Directors have fixed the number of elected Directors as seven (7). The name of retiring Directors are as follows:
 1. Mr. Irshad Ali S. Kassim
 2. Mr. Munawar Ali S. Kassim
 3. Mrs. Mariam Shaban Ali
 4. Ms. Natalia Kassim
 5. Ms. Anushka Kassim
 6. Ms. Hina Bashir
 7. Ms. Manisha Kassim
6. To transact any other business with the permission of the Chair.

Karachi
October 4, 2019.

By Order of the Board

Manzoor Ali Natha
Company Secretary

Notes :

1. The Directors of the Company have fixed, under sub-section (1) of section 159 of the Companies Act, 2017, the number of elected directors of the Company at seven.
2. The Share transfer book of the company will remain closed from October 19, 2019 to October 25, 2019 (both days inclusive). The transfers received at Company's Share Registrar namely M/s THK Associates (Pvt) Ltd. 1st floor, 40-C, Block-6, PECHS Karachi upto the close of business on October 18, 2019 will be treated in time for entitlement of the dividend, and purpose of attending the annual general meeting.
3. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending meeting.
4. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him / her. Proxies to be effective must be received by the company not less than 48 hours before the time of holding of the meeting.
5. The beneficial owners of shares recorded in Central Depository Company of Pakistan Limited (CDCPL) are required to bring their Original CNIC and in case of instructions being the beneficial owner, notarially certified copy of power of attorney or other authority, together with the proof of identity of such nominee, is required for admittance to the meeting of the members.
6. Members are requested to communicate to the company or the Registrar to the company of any change in their address.

7. Members are requested to provide their International Banking Account Number (IBAN) together with a copy of Computerized National Identity Card (CNIC) to update our records. In case of non-submission, all future dividend payments may be withheld.
8. Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a Public Limited Company, any dividend payable in cash shall only be paid through electronic mode directly into bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants. E-Dividend mandate form is enclosed.

E - VOTING

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 - 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

VIDEO CONFERENCE

Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in the city subject to availability of such facility in the city. To avail this facility please provide the following information to the Share Registrar Office of the Company i.e, M/s THK Associates Pvt Ltd. 1st floor, 40-C, Block-6, PECHS Karachi.

I/We, of being a member of **Karam Ceramics Limited** holder of Ordinary Share(s) as per Register Folio No : _____ hereby opt for video conference facility at (Please insert name of City).

Signature of member

CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787/1/2014 dated 8th September 2014 issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed form to our Shares Registrar M/s THK Associates (Pvt) Ltd. 1st floor, 40-C, Block-6, PECHS Karachi, to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However if a shareholder, in addition, request for hard copy of Audited Financial Statement the same shall be provided free of cost within seven (7) days of receipt of such request.

FILER AND NON FILER STATUS

- i) The Government of Pakistan through Financial Act 2019, have made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed deductions of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
 - a) For filers of income tax returns 15%
 - b) For non-filers of income tax returns 20%
- ii) To enable the Company to make tax deduction on the amount of cash dividend @ 15% Instead of 20% , all the shareholders whose names are not entered into the Active Tax Payers (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of approval of cash dividend at the annual general meeting on 25th October 2019, otherwise tax on their cash dividend will be deducted @ 20% instead of @ 15%.
- iii) For any query / Problem / information, the investors may contact the Company and / or the Share Registrar at the following phone Numbers, email addressed:

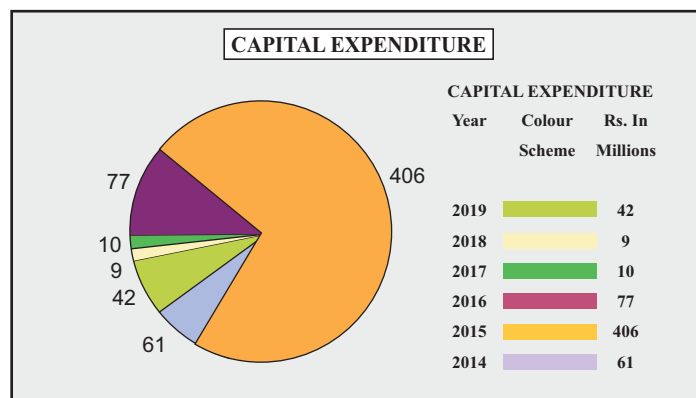
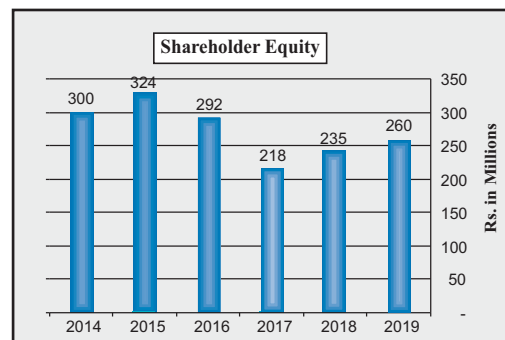
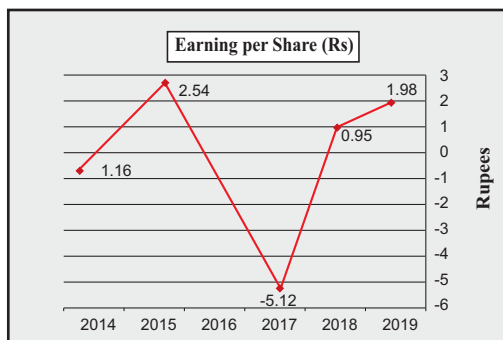
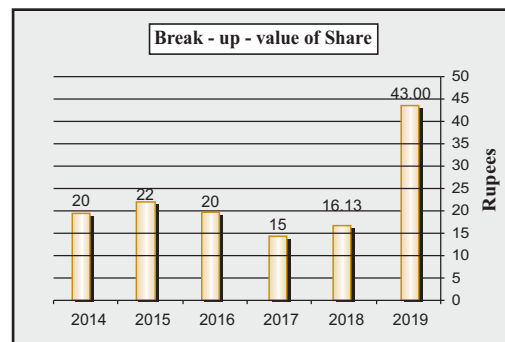
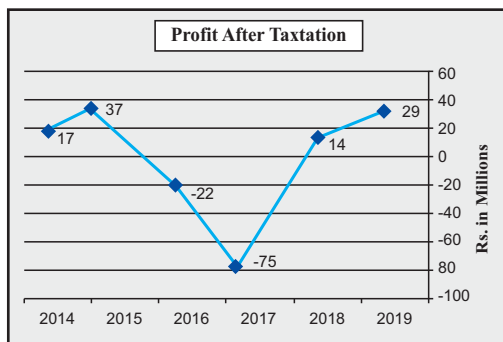
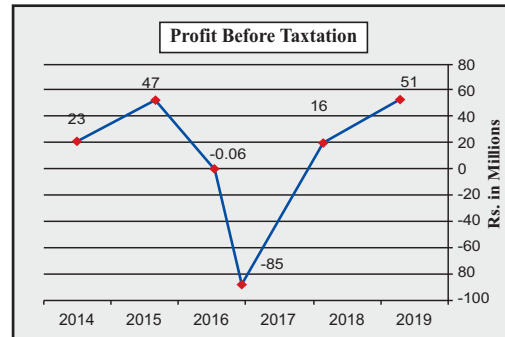
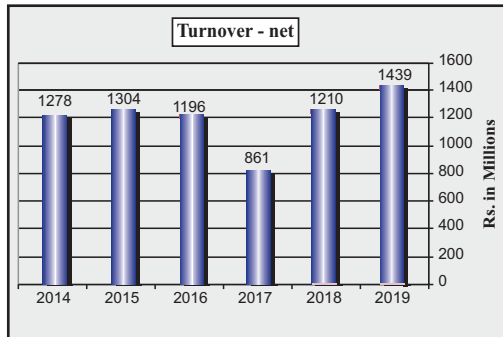
KCL Share Department

Mr. Manzooral Natha
021-35865561-64, manzooral.karam@gmail.com

KCL Share Registrar

THK Associates (Pvt) Ltd.
021-34168270 UAN 021-111-000-322 secretariat@thk.com.pk

- iv) The corporate shareholders having CDC accounts required to have their National Tax Number (NTN) updated with their respective participants. Whereas corporate physical Shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. THK Associates (Pvt) Ltd, the shareholders while sending NTN or NTN Certificates, as the case may be, must quote company name and their respective folio numbers.



REVIEW REPORT BY THE CHAIRPERSON

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Karam Ceramics Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2019, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Mariam Shaban Ali

Mariam Shaban Ali

Chairperson

Date: September 28, 2019

چیئر پرسن کی جانب سے جائزہ رپورٹ

کوڈ آف کارپوریٹ گورننس کے تحت کرم سیراکس لمیٹڈ کے بورڈ آف ڈائریکٹرز کی سالانہ میٹنگ منعقد کی گئی جس 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۔

30 جون 2019ء کو ختم ہونے والے مالیاتی سال کیلئے بورڈ تمام کارکردگی اور موثر تشخیص سے مطمئن ہے اور یہ کارکردگی مسلسل جاری ہے۔ یہ تمام تشخیص جو کہ ضروری جز جس میں اقدار، مشن اور بصارت شامل ہے، پلاننگ کی حکمت عملی مرتب کی گئی، پالیسیاں تشکیل دی گئیں اور ادارے کی کاروباری سرگرمیوں کا بھی جائزہ لیا گیا۔ انتظامی مالی ذرائع پر موثر طور پر عمل درآمد کیا گیا اور تمام ملازمین بورڈ کے کاروبار کو بہتر طریقہ سے چلانے کے اہل ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز نے ایجنڈا اصول کیا ہے جس کے لئے تحریری مواد کا جائزہ بورڈ اور اس کی کمیٹی کی میٹنگ سے قبل لیا گیا۔ بورڈ مسلسل اپنی تمام ذمہ داریاں خوش اسلوبی سے انجام دے رہا ہے۔ نان ایگزیکٹو اور انفرادی ڈائریکٹرز ان تمام اہم فیصلوں میں مساوی طور پر شامل ہیں۔

Mariam Shaban ali.

مریم شعبان علی

چیئر پرسن

مورخہ: 28 ستمبر 2019ء

FINANCIAL HIGHLIGHTS

(Rs. In millions)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sales	1439	1210	861	1196	1304	1278	1156	1187	1055	933
Gross Profit	187	136	22	58	134	93	111	107	129	114
Expenses (Net)	136	120	107	95	87	72	96	104	117	102
Profit before Taxtation	51	16	-85	-0.06	47	23	14	3	12	13
Profit after Taxtation	29	14	-75	-22	37	17	2.4	7	5	12
Dividend %	5%	8%	-		12%	10%	-	-	10%	-
Right Shares %	-	-	-	-	-	-	-	-	-	-
Earning per Share (Rs.)	1.98	0.95	-5.12	-1.54	2.54	1.16	0.17	0.05	0.37	0.86

DIRECTORS' REPORT

The Directors of your company have pleasure in submitting the report along with audited accounts for the year ended 30th June 2019.

OPERATING PERFORMANCE

During the year ended June 30, 2019, the sales of the company have increased to Rs. 1,439.29 million from Rs. 1,210.39 million in the corresponding period of last year, representing increase of 18.9% which is due to increase in sales volume and sale price.

Cost of sales increased to Rs. 1,251.82 million from Rs. 1,073.96 million in corresponding period of last year, representing increase of 16.56%.

Other expenses have increased by 3.05 million, representing increase of 102.03% which was mainly due increase in worker profit participation fund.

RETAINED EARNINGS

Your company is pleased to report a profit before tax at Rs. 51.5 million compared to Rs. 16.21 million of last year and after tax profit of Rs. 28.88 million compared to Rs. 13.79 million of last year. The management of your company will continuously endeavor to show improving performance in the future. The company's management team is highly motivated; the marketing performance staff is given challenging and aggressive target to meet in the ensuing year.

EARNING PER SHARE

Earnings per share for the year ended 30th June, 2019 is Rs.1.98 as compared Rs. 0.95 for the last year.

DECLARATION OF DIVIDEND

The Board of Directors of the company has recommended Cash Dividend @ 5% (i.e. Rs. 0.5/- per share).

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

It is expected that future demand of ceramics tiles would increase as a result of favorable economic outlook of the country and increase in construction of commercial and housing schemes. However, still import trade price (ITP) of imported tiles remains a challenge and we believe ITP rationalization together with reduction in high energy cost is essential to provide a level playing field for the local tile manufacturers.

However, we are confident that the future demand of ceramics tiles would increase as a result of economic improvement. The company shall continue its focus on consumer preference and expand its market share by introducing new innovative designs.

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 statement, prepared by the management of your company present fairly its state of affairs, the results of its operation, cash flow and change 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 judgment.
- 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 is no significant doubt upon the Company's ability to continue as a going concern.
- A summary of key operating and financial data of the Company for the last six years is annexed in this annual report.
- 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.

CHANGE IN BOARD OF DIRECTORS

Following change in Board of Directors of the company during the year:

1.	Mr. Shahid Ahmed	Resigned w.e.f 01/01/2019
2.	Mr. Shahnawaz N. Madhani	Resigned w.e.f 01/03/2019
3.	Ms. Hina Bashir	Appointed w.e.f 01/03/2019
4.	Ms. Manisha Kassim	Appointed w.e.f 01/03/2019

NUMBER OF BOARD MEETINGS HELD

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

1.	Mr. Irshad Ali S. Kassim	4
2.	Mr. Munawar Ali S. Kassim	4
3.	Mr. Shahid Ahmed	1
4.	Ms Mariam S.G. Kassim	4
5.	Mr. ShahnawazMadhani	3
6.	Ms. AnushkaKassim	4
7.	Ms. Natalia Kassim	2
8.	Ms. Hina Bashir	1
9.	Ms. Manisha Kassim	1

(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
Ms. Anushka Kassim	4
Mr. Shahid Ahmed	2
Ms. Natalia Kassim	3
Ms. Hina Bashir	1

HR COMMITTEE

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

Members Name	Attendance
Ms. Hina Bashir	1
Mr. Munawar Ali S. Kassim	1
Ms. Natalia Kassim	1

Composition of Board

The board consists of 2 male and 5 female directors with following composition:

Independent Directors	1
Non-Executive Directors	4
Executive Directors	2

Remuneration Policy of Non-Executive 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 present auditors M/s. Qavi& Co., Chartered Accountants have completed audit for the financial year ended 30th June, 2019 and shall retire on the conclusion of the 40th Annual General Meeting of the company. Being eligible for reappointment, they have offered themselves for re-appointment. Based on Audit Committee's proposal the Board of Directors recommends their reappointment for the year ending June 30, 2020. The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan

PATTERN OF SHARE HOLDING

Pattern of share holding as at June 30, 2019 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 etc. 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.

Mariam Shaban Ali

MARIAM SHABAN ALI
CHAIRPERSON

Munawarali S. Kassim

MUNAWARALI S. KASSIM
CHIEF EXECUTIVE

September 28, 2019

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز اختتامی سال 30 جون 2019ء کی رپورٹ بشمول آڈٹ شدہ اکاؤنٹ پیش کرنے میں خوشی محسوس کر رہے ہیں۔

کارکردگی کا معیار:

دوران سال 30 جون 2019ء کے اختتام پر کمپنی کی فروخت مبلغ 1,210,39,110 روپے سے بڑھ کر مبلغ 1,439,29,110 روپے ہو گئی جس کا موازنہ گزشتہ سال کی مدت سے کیا جاسکتا ہے۔ 18.9% کا یہ اضافہ فروخت کے حجم اور قیمت فروخت میں اضافہ کی وجہ سے ہوا۔

قیمت فروخت مبلغ 1,073,96,110 روپے سے بڑھ کر مبلغ 1,251,82,110 روپے ہو گئی جس کا موازنہ گزشتہ سال کی اسی مدت سے کیا جاسکتا ہے جو کہ 16.56% اضافہ ہے۔

دیگر اخراجات میں 3.05 ملین روپے کا اضافہ ہوا ہے جو کہ 102.03% ہے جو کہ WPPF کے بڑھنے کی وجہ سے تھا۔

حاصل کردہ آمدنیاں:

آپ کی کمپنی نے قبل از ٹیکس منافع مبلغ 51.5 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال سے مبلغ 16.21 ملین روپے سے کیا جاسکتا ہے اور بعد از ٹیکس منافع مبلغ 28.88 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال کے خسارے مبلغ 13.79 ملین روپے سے کیا جاسکتا ہے۔ آپ کی کمپنی کی انتظامیہ مستقبل میں اپنی کارکردگی کو بہتر بنانے کی کوشش کرے گی۔ کمپنی کی انتظامی ٹیم مارکیٹنگ کے عملے کی کارکردگی کو درپیش چیلنج اور آنے والے سال میں ملنے والے ہدف کیلئے ان کی حوصلہ افزائی کرتی ہے۔

فی شیئر کے حساب سے آمدنی:

30 جون 2019ء کو ختم ہونے والے سال میں فی شیئر آمدنی 1.98 روپے ہے جس کا موازنہ گزشتہ سال کے فی شیئر 0.95 روپے سے کیا جاسکتا ہے۔

ڈویڈنڈ کا اعلان:

کمپنی کے بورڈ آف ڈائریکٹرز کیش ڈویڈنڈ 5% @ (مبلغ 0.5 روپے فی شیئر) کی سفارش کرتے ہیں۔

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:

ہم یہ توقع کرتے ہیں کہ مستقبل میں سیرامکس ٹائلز کی طلب مناسب اقتصادی نقطہ نظر کے نتیجے میں بڑھے گی اور تجارتی اور ہاؤسنگ منصوبوں میں اضافہ ہوگا۔ تاہم درآمد شدہ ٹائلوں کی تجارتی قیمت ITP بھی ایک چیلنج ہے۔ اور ہم ITP بشمول توانائی کی لاگت میں کمی اور مقامی ٹائل مینوفیکچررز کی کھیل کے میدان میں فراہمی کا یقین رکھتے ہیں۔

تاہم، ہمیں یقین ہے کہ سیرامکس ٹائلز کی مستقبل کی طلب اقتصادی ترقی کو بہتر بنائے گی۔ کمپنی صارفین کی ترجیح پر اپنی توجہ مرکوز رکھے گی اور نئے جدید ڈیزائن متعارف کرانے کے ذریعے اس کی مارکیٹ کا اشتراک بڑھے گا۔

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 سیکورٹیز 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۔

☆ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

☆ اہم مالیاتی تفصیلات اس ڈائریکٹر رپورٹ میں فراہم کر دی گئی ہیں۔

☆ 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 آف ڈائریکٹرز کی تبدیلی:

مندرجہ ذیل بورڈ آف ڈائریکٹرز اس سال کے دوران رہے۔

01/01/2019	1 مسٹر شاہد احمد مستفی ہوئے
01/03/2019	2 مسٹر شاہنواز مادیہانی مستفی ہوئے
01/03/2019	3 مس حنا بشیر تقرری
01/03/2019	4 منیشا قاسم تقرری

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	جناب ارشاد علی ایس قاسم
4	جناب منور علی ایس قاسم
1	جناب شاہد احمد
4	مس مریم ایس جی قاسم
3	جناب شاہنواز مادیہانی
4	مس انوشکا قاسم
2	مس نتالیہ قاسم
1	مس حنا بشیر
1	منیشا قاسم

(ان ڈائریکٹرز کو غیر حاضری کے سبب چھٹی دی گئی)۔

آڈٹ کمیٹی:

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

ممبرز کا نام	شرکت کی تعداد
مس انوشکا قاسم	4
جناب شاہد احمد	2
مس نتالیہ قاسم	3
مس حنا بشیر	1

HR کمیٹی

سال کے دوران HR کمیٹی نے ایک (1) اجلاس منعقد کیا۔ ہر ممبر کی حاضری مندرجہ ذیل تھی۔

ممبرز کا نام	شرکت کی تعداد
مس حنا بشیر	1
منور علی ایس قاسم	1
مس نتالیہ قاسم	1

بورڈ کی تشکیل

بورڈ میں درج ذیل مرکب کے ساتھ 2 مرد اور 5 خواتین ڈائریکٹرز ہیں۔

- | | |
|---|------------------------------|
| 1 | خود مختار ایگزیکٹو ڈائریکٹرز |
| 4 | نان ایگزیکٹو ڈائریکٹرز |
| 2 | ایگزیکٹو ڈائریکٹرز |

نان ایگزیکٹو ڈائریکٹرز کی اجرت کی پالیسی

ڈائریکٹرز کا معاوضہ وفاقاً ممبر کے زیرِ حِمل مٹنگ میں کمپنیوں ایکٹ 2017 کی فراہمی کے تحت طے کیا جائے گا
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 کلاز 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:

کمپنی کے موجودہ آڈیٹرز مسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے مالیاتی سال 30 جون 2019ء کے لئے آڈٹ مکمل کر لیا ہے اور یہ کمپنی کی 40 ویں سالانہ جنرل میٹنگ میں ریٹائر ہو جائیں گے۔ مالیاتی سال 30 جون 2020ء کیلئے انہوں نے دوبارہ تقرری کی اہلیت پر کمپنی میں اپنی خدمات پیش کرنے کی سفارش کی ہے۔ ایکسٹرنل آڈیٹرز نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹ آف پاکستان کے کوالٹی کنٹرول جائزہ پروگرام کے تحت اطمینان بخش ریٹنگ پیش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

شیئر ہولڈنگ کا طریقہ کار 30 جون 2019ء 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۔

Mariam Shaban ali

مریم شعبان علی

چیئر پرسن

N. Q.

منوعلی ایس قاسم

چیف ایگزیکٹو

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

- | | |
|---------------|-------------|
| - 15cm x 15cm | 20cm x 20cm |
| 20cm x 60cm | 30cm x 60cm |
| - 20cm x 30cm | 25cm x 33cm |
| - 30cm x 30cm | 30cm x 46cm |
| - 40cm x 40cm | 25cm x 25cm |

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company : Karam Ceramics Limited
Year ended June 30, 2019

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

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

- | | |
|-----------|---|
| a. Male | 2 |
| b. Female | 5 |

2. The composition of Board is as follows:

Independent Director	Mr. Shahid Ahmed (Resigned w.e.f 01/01/2019) Ms. Hina Bashir (Appointed w.e.f 01/03/2019)
Other Non-executive Directors	Ms. Mariam Shaban Ali -Chairperson Ms. AnushkaKassim Ms. Natalia Kassim Mr. Shahnawaz Madhani (Resigned w.e.f 01/03/2019) Ms. Manisha Kassim (Appointed w.e.f 01/03/2019)
Executive Directors	Mr. Irshad Ali S. Kassim Mr. Munawar Ali S. Kassim

3. The Directors have confirmed that none of them is serving as a Director on more than five 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 has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the chairperson and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Majority of the Directors of the Company are exempted from the requirement of Directors' Training program.
10. The board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee	Ms. Hina Bashir - Chairperson Ms. Anushka Kassim - Member Ms. Natalia Kassim - Member
HR and Remuneration Committee	Ms. Hina Bashir - Chairperson Mr. Munawar Ali S. Kassim- Member Ms. Natalia Kassim - Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a. Audit Committee 4 quarterly meeting
 - b. HR and Remuneration Committee 1 annual meeting
 - c. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
 - d. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
 - e. 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.
 - f. We confirm that all other requirements of the Regulations have been complied with.

Mariam Shaban Ali

Mariam Shaban Ali
Chairperson

Independent Auditor's Review report to the Members of Karam ceramics Limited Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance Regulation, 2017 (the Regulations) prepared by the Board of Directors of KaramCeramics Limited (the Company) for the year ended June 30,2019, in accordance with the requirements of regulation 40 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 these 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 requires 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, in all material respects, with the requirements contained in the regulations as applicable to the company for the year ended June30,2019

Date: September 28, 2019
Karachi


Qavi & Co
Chartered Accountants

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 **KARAM CERAMICS LIMITED** (THE Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, The statement of other 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 significant 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 or loss, the statement of other 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 given true and fair view of the state of the Company's affairs as at June 30, 2019 of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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.

Key Audit Matters

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

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Valuation of freehold land and building on freehold land carried at revalued amount</p> <p>The freehold land and building on freehold land represent a significant part of total assets of the Company and its accounted for its fair value of Rs. 527,219,095.</p> <p>The valuations were carried out by independent external appraiser engaged by the Company. As a result of valuation, a revaluation gain of Rs.377,892,119 has been recorded in statement of other comprehensive income to increase the carrying amount of freehold land and building to its fair value.</p> <p>Valuation of freehold land and building was significant to our audit due to its magnitude and complexity and it is highly dependent on range of estimates that require significant management judgement as disclosed in Note 4.1 to the financial statements.</p>	<p>Our procedures in relation to the fair value assessment of freehold land and building included among others:</p> <ul style="list-style-type: none"> • Evaluation of the independent external appraiser's objectivity, independence and expertise; and • Assessment of methodology, key assumptions and methods used by management and external appraiser in the valuation process. <p>We also evaluated the appropriateness of the disclosures relating to the assumptions and sensitivity of such assumptions in Note 5 to the financial statements.</p>
2.	<p>Contingencies</p> <p>The Company has significant litigation case in respect of increased gas tariff rates.</p> <p>Given the nature and amounts involved in such case and the appellate forums at which this is pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures included the following.</p> <ul style="list-style-type: none"> • Obtaining understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Board Audit Committee. • Reading correspondence of the company with regulatory departments and the Company's external counsel, where applicable. • Where relevant, also assessing external legal advices obtained by the Company. • Discussing open matters and developments with the officials of the legal department of the Company. • Circularizing external confirmations, where appropriate, on material cases and assessing the replies received thereto. • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises of the information included in the Annual Report, but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 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 Auditors' 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 Auditors' 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 auditors' 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is **Ghulam Abbas**

Date: September 28, 2018
Karachi


 Qavi & Co

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,145,235,459	807,284,357
Long term deposits	6	897,038	897,038
		1,146,132,497	808,181,395
Current assets			
Stores and spares	7	11,149,252	3,407,508
Stock in trade	8	307,036,047	290,087,617
Trade debts	9	22,244,347	37,237,123
Loans and advances - considered good	10	2,575,299	756,877
Advance tax		17,067,473	23,185,033
Refunds due from the government	11	79,668,445	60,457,418
Short term deposits, prepayments and other receivables	12	5,277,791	13,717,528
Cash and bank balances	13	5,819,737	4,591,034
		450,838,391	433,440,138
TOTAL ASSETS		1,596,970,888	1,241,621,533

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	145,486,760	145,486,760
Unappropriated profit		114,182,801	89,233,636
Revaluation surplus on property, plant & equipment	15	365,875,241	68,473,608
		<u>625,544,802</u>	<u>303,194,004</u>
LIABILITIES			
Non-current liabilities			
Long term financing - secured	16	312,183,922	388,767,678
Liabilities against assets subject to finance lease	17	1,171,377	1,420,257
Post employment benefits	18	99,988,922	96,130,169
Deferred taxation	19	156,114,366	78,430,052
		<u>569,458,587</u>	<u>564,748,156</u>
Current liabilities			
Trade and other payables	20	166,841,609	171,760,867
Markup accrued on loans		11,280,044	10,285,340
Short term borrowings from banks - secured	21	91,861,471	100,311,497
Long term financing - secured	16	101,349,857	77,059,896
Dividend payable		5,607,818	4,843,417
Liabilities against assets subject to finance lease	17	297,327	282,943
Provision for taxation		24,729,373	9,135,413
		<u>401,967,499</u>	<u>373,679,373</u>
Total liabilities		<u>971,426,086</u>	<u>938,427,529</u>
Contingencies and Commitments	22	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>1,596,970,888</u></u>	<u><u>1,241,621,533</u></u>

The annexed notes 1 to 42 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, 2019

	Note	2019 ----- Rupees -----	2018 ----- Restated -----
Revenue	23	1,439,294,244	1,210,390,766
Cost of sales	24	(1,251,817,584)	(1,073,959,929)
Gross profit		187,476,660	136,430,837
Selling and distribution expenses	25	38,561,297	40,711,398
Administrative expenses	26	34,536,725	23,472,085
Other expenses	27	6,036,912	2,988,117
		(79,134,934)	(67,171,600)
Operating profit		108,341,726	69,259,237
Other income	28	4,964,787	478,166
Finance cost	29	(61,809,124)	(53,526,718)
		(56,844,337)	(53,048,552)
Profit before taxation		51,497,389	16,210,685
Taxation	30	(22,619,449)	(2,423,148)
Profit after taxation		28,877,940	13,787,537
Earnings per share - basic and diluted	31	1.98	0.95

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


 Chief Executive


 Chief Financial Officer


 Director

OTHER COMPREHENSIVE INCOME

For the Year ended June 30, 2019

	2019 ----- Rupees -----	2018 ----- Restated -----
Profit after taxation	28,877,940	13,787,537
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent periods		
Remeasurement of retirement benefit obligation	4,017,284	(135,665)
Deferred tax on retirement benefit obligation	117,037	1,013,287
	4,134,321	877,622
Items in subsequent periods that may be reclassified to profit or loss		
Surplus on revaluation of land and buildings	377,892,119	-
Deferred tax on surplus of buildings	(77,198,615)	-
	300,693,504	-
Total comprehensive income for the year	333,705,765	14,665,159

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


 Chief Executive


 Chief Financial Officer


 Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	2019 ----- Rupees -----	2018 ----- Restated -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	51,497,389	16,210,685
Adjustments for non cash charges and other items		
Depreciation	81,412,991	84,708,964
Provision for gratuity	12,857,605	10,812,294
Workers' profit participation fund	2,814,565	923,062
Workers' welfare fund	1,979,347	1,327,487
Gain on disposal of property, plant and equipment	(488,406)	(478,166)
Finance cost	61,809,124	44,465,291
	160,385,226	141,758,932
Cash flows from operating activities before working capital changes	211,882,615	157,969,617
Effect on cash flow due to working capital changes		
Increase/Decrease in stores and spares	(7,741,744)	8,068,282
Increase in stock in trade	(16,948,430)	(15,202,677)
Decrease in trade debts	14,992,776	103,111,930
Increase in loans and advances	(1,818,422)	(665,779)
Decrease in short term deposits, prepayments and other receivables	8,439,737	18,351,893
Increase in trade and other payables	687,621	22,923,216
	(2,388,462)	136,586,865
Cash flows generated from operations	209,494,153	294,556,482
Finance cost paid	(52,803,123)	(45,546,614)
Income tax paid	(17,964,243)	(22,301,119)
Sales tax paid	(9,418,246)	9,311,025
Gratuity paid	(4,981,568)	(4,709,607)
Workers' profit participation fund paid	(982,856)	-
Workers' welfare fund paid	(1,327,487)	-
	(87,477,523)	(63,246,315)
Net cash flows generated from operating activities	122,016,630	231,310,167
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(41,618,567)	(8,663,550)
Proceeds from disposal of property, plant and equipment	635,000	520,000
Net cash flows used in investing activities	(40,983,567)	(8,143,550)
	(40,983,567)	(8,143,550)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(60,030,503)	(113,913,993)
Finance lease obligation	-	1,703,200
Lease rentals paid	(449,291)	-
Dividend paid	(10,874,540)	-
Net cash flows used in financing activities	(71,354,334)	(112,210,793)
Net increase in cash and cash equivalents	9,678,729	110,955,824
Cash and cash equivalents at the beginning of the year	(95,720,463)	(206,676,287)
Cash and cash equivalents at the end of the year -note 36	(86,041,734)	(95,720,463)

The annexed notes 1 to 42 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, 2019

	Share Capital	Revenue reserve Unappropriated Profit	Surplus on revaluation of property, plant and equipment	Total
	----- (Rupees) -----			
Balance at July 01, 2017	145,486,760	72,359,789	70,366,769	288,213,318
Profit after taxation for the year ended June June 30, 2018	-	13,787,537	-	13,787,537
Other comprehensive income for the year				
Remeasurement of retirement benefit obligation	-	(135,665)	-	(135,665)
Deferred tax on retirement benefit obligation	-	1,013,287	-	1,013,287
	-	877,622	-	877,622
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	2,208,688	(2,208,688)	-
Effect of change in tax rate	-	-	315,527	315,527
	-	2,208,688	(1,893,161)	315,527
Balance as at June 30, 2018	145,486,760	89,233,636	68,473,608	303,194,004
Final Dividend for the year ended June 30, 2018 declared subsequent to year end	-	(11,638,941)	-	(11,638,941)
Profit after taxation for the year ended June 30, 2019	-	28,877,940	-	28,877,940
Other comprehensive income for the year				
Remeasurement of retirement benefit obligation	-	4,017,284	-	4,017,284
Deferred tax on retirement benefit obligation	-	117,037	-	117,037
	-	4,134,321	-	4,134,321
Surplus on revaluation of land and building - net of deferred tax	-	-	300,693,504	300,693,504
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	3,575,845	(3,575,845)	-
Effect of change in tax rate	-	-	283,974	283,974
	-	3,575,845	297,401,633	300,977,478
Balance as at June 30, 2019	145,486,760	114,182,801	365,875,241	625,544,802

The annexed notes 1 to 42 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, 2019

1. STATUS AND NATURE OF BUSINESS

Karam Ceramics Limited 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 BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and manufacturing facilities of The Company are located at 295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi. The principal activity of The Company is manufacturing and sale of tiles.

2. Summary of significant transactions and events occurred during the year

Following is the summary of significant transactions and events that have affected the financial position and performance of The Company:

- The Company imports significant portion of raw in foreign currency. Consequently, the Company's financial performance including gross profit margin has been significantly affected on account of significant devaluation of functional currency to foreign currency. However, the company was able to sustain its gross profit margin by automating certain production processes.
- During the year, the Company's freehold land and building on freehold land were revalued that resulted in significant increase in other comprehensive income.
- The adoption of new accounting standards on financial instruments and revenue from contracts with customers as detailed in note 3.5.

3. BASIS OF PREPARATION

3.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); and provisions of and directives issued under the Act. Where the 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.

3.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except that inventories are carried at lower of cost or net realisable value, land and buildings are stated at revalued amounts and staff retirement benefits are carried at present value.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is The Company's functional and presentation currency and rounded to the nearest rupee.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying The Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying The Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- (a) assumptions and estimates used in determining useful lives of property, plant and equipment (note 5);
- (b) assumptions and estimates used for valuation of present value of defined benefit obligation (note 18);
- (c) assumptions and estimates used in disclosure and assessment of provision for contingencies (note 22); and
- (d) assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on assessment of tax income (note 30).

3.5 New standards, amendments to approved accounting standards and new interpretations

(a) Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2019

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after July 1, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

As a result of application of IFRS 9, all financial assets previously classified under the head 'loans and receivables' are now classified as 'amortised cost'.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9 and IFRS 15 on these financial statements of the Company except for as disclosed above. Further, consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in note 4.5, 4.12 and 4.19.

(b) New standards, amendments to approved accounting standards and interpretations that are effective for The Company's accounting periods beginning on or after July 1, 2019

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

Additionally there are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, Plant and Equipment

Owned

Freehold land and buildings on freehold land are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Plant and machinery, furniture and fixtures, laboratory equipment, moulds and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

"Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to The Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss as and when incurred except major repairs which are capitalized."

Depreciation on all property, plant and equipment is charged using the reducing balance method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if significant. The revalued amount of buildings on freehold land is depreciated over its estimated useful life. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date. Depreciation on additions is charged from the month in which the assets become available for use, while no depreciation is charged in the month of disposal.

Increases in the carrying amounts arising on revaluation of freehold land and buildings on freehold land are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

Gains / losses on disposal of property, plant and equipment are charged to the statement of profit or loss.

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.

4.2 Capital Work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). All expenditure connected to the specific assets incurred during installation and construction period is carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

4.3 Stores, spares and loose tools

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made in the financial statements for slow moving and obsolete stores and spares based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

4.4 Stock-in-Trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost or replacement cost whichever is lower
Work in process	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower

Valuation of raw material and finished goods as on June 30, 2019 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon up to the Statement of Financial Position date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

Provision is made in the financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

4.5 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method. Impairment of trade debts and other receivables is described in note 4.12.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

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 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in comprehensive income, in which case it is recognized in comprehensive income.

(i) Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The change for current tax also includes prior year adjustments, where considered necessary, arising due to assessments finalized during the year.

(ii) Deferred

Deferred tax is recognized using Statement of Financial Position liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the Statement of Financial Position date.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Further, The Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.9 Retirement Benefit Obligation

Defined Benefit Plan - Gratuity

Defined benefit plans define an amount of pension or gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bonds. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The Company operates an Unfunded Gratuity Scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The latest actuarial valuation for gratuity scheme was carried out as on June 30, 2019.

4.10 Trade and Other Payables

Liabilities for trade and other amounts payable are recognized and carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to The Company.

4.11 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

4.12 Financial instruments

Financial Assets

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

a) Financial assets at amortised cost

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

b) Financial assets at fair value through other comprehensive 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.

Financial Liabilities

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

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

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

4.13 Offsetting of financial assets and financial liabilities

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

4.14 Provisions

Provision is recognized in the Statement of Financial Position when The Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect current best estimates.

4.15 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.

4.16 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 become virtually certain.

4.17 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.

4.18 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.

4.19 Revenue recognition

Sales are stated net of sales tax and discounts and are recognised when persuasive evidence of sale exists. The key area of judgment in recognising revenue is the timing of recognition, which reflects the point or period when The Company has transferred control of goods to customers. Revenue from sale of goods is measured at fair value of the consideration received or receivable and is recognised as revenue on dispatch of goods to customers.

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

4.20 Basic and diluted (loss) / earnings per share

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

4.21 Corrections

Reclassification in statement of profit or loss and other comprehensive income

Up to June 30, 2018, the Company was classifying deferred tax expense on post employment benefits and impact of change in rate of deferred tax on revaluation surplus in statement of profit or loss in taxation - deferred tax expense/(income). This amount has now been reclassified to other comprehensive income under their respective head of accounts as per the provisions of IAS 12 - Income Taxes.

Restatement of cash and cash equivalents

Up to June 30, 2018, the Company was classifying only cash and bank balances under cash and cash equivalents. Impact of short term borrowings on cash flow statement was classified under the head Cash flows from Operating Activities. This amount has now been reclassified to cash and cash equivalents as per the provisions of IAS 7 - Statement of Cash flows.

Effect of corrections

Resultantly, the effect of reclassification and restatement is disclosed as follows:

	June 30, 2018		
	As reclassified / restated	As previously reported	(Increase) / Decrease
Effect of reclassification on statement of profit or loss			
Taxation	2,423,148	1,094,334	(1,328,814)
Profit after taxation	13,787,537	15,116,351	1,328,814
Effect of reclassification on statement of other comprehensive income			
Other comprehensive income / (loss)	877,622	(135,665)	(1,013,287)
Effect of reclassification on earnings per share			
EPS	0.95	1.04	(0.09)
Effect of reclassification on statement of changes in equity			
Transfer from surplus on revaluation of property, plant and equipment - net of tax	2,208,688	1,893,161	(315,527)
Effect of restatement on statement of cash flows			
Net cash flows generated from operating activities	304,624,271	121,717,787	182,906,484
Net increase / (decrease) in cash and cash equivalents	110,955,824	1,363,444	109,592,380
Cash and cash equivalents as the beginning of the year	(206,676,287)	3,227,590	(209,903,877)
Cash and cash equivalents as the end of the year	(95,720,463)	4,591,034	(100,311,497)

There was no net effect on statement of financial position and statement of changes in equity.

5. Property, Plant and Equipments

	Freehold Land	Building on freehold land	Plant and machinery	Furniture and fittings	Moulds	Laboratory equipment	Vehicles		Total
							Owned	Leased	
Net carrying value basis	Rupees								
Year ended June 30, 2019									
Opening net book value	52,560,000	109,890,425	627,671,015	1,654,974	1,578,651	42,723	11,759,078	2,127,491	807,284,357
Additions (at cost)	-	-	41,618,567	-	-	-	-	-	41,618,567
Surplus on revaluation during the year	111,690,000	266,202,119	-	-	-	-	-	-	377,892,119
Depreciation charge	-	(13,123,449)	(64,868,863)	(165,497)	(473,595)	(4,272)	(2,351,816)	(425,498)	(81,412,990)
Disposal	-	-	-	-	-	-	(146,594)	-	(146,594)
Closing net book value	<u>164,250,000</u>	<u>362,969,095</u>	<u>604,420,719</u>	<u>1,489,477</u>	<u>1,105,056</u>	<u>38,451</u>	<u>9,260,668</u>	<u>1,701,993</u>	<u>1,145,235,459</u>
Gross carrying value basis									
At June 30, 2019									
Cost	164,250,000	630,974,354	1,814,790,949	12,646,654	8,356,171	1,505,564	33,440,827	2,163,550	2,668,128,069
Accumulated depreciation	-	(268,005,259)	(1,210,370,230)	(11,157,177)	(7,251,115)	(1,467,113)	(24,180,159)	(461,557)	(1,522,892,610)
Net book value	<u>164,250,000</u>	<u>362,969,095</u>	<u>604,420,719</u>	<u>1,489,477</u>	<u>1,105,056</u>	<u>38,451</u>	<u>9,260,668</u>	<u>1,701,993</u>	<u>1,145,235,459</u>
Net carrying value basis									
Year ended June 30, 2018									
Opening net book value	52,560,000	122,100,472	697,412,239	1,838,860	2,255,216	47,470	7,157,348	-	883,371,605
Additions (at cost)	-	-	-	-	-	-	6,500,000	2,163,550	8,663,550
Depreciation charge	-	(12,210,047)	(69,741,224)	(183,886)	(676,565)	(4,747)	(1,856,436)	(36,059)	(84,708,964)
Disposal	-	-	-	-	-	-	(41,834)	-	(41,834)
Closing net book value	<u>52,560,000</u>	<u>109,890,425</u>	<u>627,671,015</u>	<u>1,654,974</u>	<u>1,578,651</u>	<u>42,723</u>	<u>11,759,078</u>	<u>2,127,491</u>	<u>807,284,357</u>
Gross carrying value basis									
At June 30, 2018									
Cost	52,560,000	364,772,235	1,773,172,382	12,812,151	8,356,171	1,505,564	35,294,827	2,163,550	2,250,636,880
Accumulated depreciation	-	(254,881,810)	(1,145,501,367)	(11,157,177)	(6,777,520)	(1,462,841)	(23,535,749)	(36,059)	(1,443,352,523)
Net book value	<u>52,560,000</u>	<u>109,890,425</u>	<u>627,671,015</u>	<u>1,654,974</u>	<u>1,578,651</u>	<u>42,723</u>	<u>11,759,078</u>	<u>2,127,491</u>	<u>807,284,357</u>
Rate of Depreciation	-	10%	10%	10%	30%	10%	20%	20%	

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

	Note	2019	2018
		----- Rupees -----	
Cost of sales	24	80,414,203	83,669,741
Selling and distribution expenses	25	481,296	500,781
Administrative expenses	26	517,492	538,442
		<u>81,412,991</u>	<u>84,708,964</u>

5.2 Had there been no revaluation, the net book value of Freehold land and Building on freehold land would have been Rs. 3,964,588 (2018: Rs. 3,964,588) and Rs.73,343,702 (2018: 81,493,588) respectively.

5.3 Forced sales value (as per recent revaluation report dated June 26, 2019) of freehold land and building on freehold land amounts to Rs. 530.27 million.

5.4 Particulars of immovable property (freehold land and building on freehold land) in the name of the Company are as follows:

Location	Usage of Immovable property	Total Area (Square meters)
295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi.	Manufacturing facility	88,626
S-86R-257/H-Hall, Main Ferozpur Road, Lahore	Warehouse	4,181

	2019	2018
	----- Rupees -----	
6. LONG TERM DEPOSITS		
Others - note 6.1	<u>897,038</u>	<u>897,038</u>
6.1	This includes deposits placed with utility companies including K-Electric, Pakistan Telecommunication Company Limited and Sui Southern Gas Company.	
	2019	2018
	----- Rupees -----	
7. STORES AND SPARES		
Spares	10,094,168	3,265,853
Stores	<u>1,055,084</u>	<u>141,655</u>
	<u>11,149,252</u>	<u>3,407,508</u>
8. STOCK IN TRADE		
Raw material	201,952,962	190,447,689
Packing materials	2,816,066	2,808,688
Work-in-process	6,403,232	7,143,665
Finished goods	91,672,892	89,687,575
Stock in transit	<u>4,190,895</u>	<u>-</u>
	<u>307,036,047</u>	<u>290,087,617</u>
8.1	The carrying amount of inventory pledged as security is Rs. 191.5 million (2018: Rs. 225 million).	
	2019	2018
	----- Rupees -----	
9. TRADE DEBTS		
Considered good - unsecured	22,244,347	37,237,123
9.1	As of June 30, aging analysis of trade debts is as follows:	
Not yet due	10,767,417	30,532,324
Past due 1 - 30 days	6,192,049	3,097,391
Past due 30 - 90 days	4,195,041	3,353,154
Over 90 days	<u>1,089,840</u>	<u>254,254</u>
	<u>22,244,347</u>	<u>37,237,123</u>
10. LOANS AND ADVANCES - CONSIDERED GOOD		
Loans to employees	259,050	279,300
Advances to:		
Suppliers	1,849,737	-
Seller of land - note 10.1	400,000	400,000
Employees - note 10.2	<u>66,512</u>	<u>77,577</u>
	<u>2,316,249</u>	<u>477,577</u>
	<u>2,575,299</u>	<u>756,877</u>
10.1	This represents advance given for purchase of land. The company has filed suit for the specific performance of the agreement.	
10.2	The advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.	

			2019	2018
			----- Rupees -----	
11. REFUNDS DUE FROM THE GOVERNMENT				
Sales tax receivable			2,595,999	242,841
Income tax refundable			77,072,446	60,214,577
			<u>79,668,445</u>	<u>60,457,418</u>
12. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES				
Prepayments			4,108,597	318,058
Letters of credit			738,867	73,830
Short term deposits			395,000	840,001
Other receivables			35,327	12,485,639
			<u>5,277,791</u>	<u>13,717,528</u>
13. CASH AND BANK BALANCES				
Cash in hand			67,381	189,103
Cash at banks				
- Current accounts			4,546,307	3,483,598
- Deposit accounts			1,206,049	918,333
			<u>5,752,356</u>	<u>4,401,931</u>
			<u>5,819,737</u>	<u>4,591,034</u>
14. Share Capital				
2019	2018		2019	2018
(Number of shares)			----- Rupees -----	
Authorized Share Capital				
15,000,000	15,000,000	Ordinary shares of Rs. 10 each	150,000,000	150,000,000
Issued, subscribed and paid up Share Capital				
13,267,786	13,267,786	Ordinary shares of Rs. 10 each fully paid in cash	132,677,860	132,677,860
1,280,890	1,280,890	Ordinary shares of Rs. 10 each issued as bonus shares	12,808,900	12,808,900
<u>14,548,676</u>	<u>14,548,676</u>		<u>145,486,760</u>	<u>145,486,760</u>

	2019	2018
	Number of shares	
14.1 Shares held by the related parties of the Company		
Name of shareholders		
Mr. Irshad Ali S. Kassim	3,315,214	3,315,214
Mr. Munawar Ali S. Kassim	3,583,459	3,583,459
Ms. Mariam Shaban Ali	90,612	90,612
Mr. Shah Nawaz Noor Ali A. Madhani	435,812	435,812
Ms. Anushka Kassim	980,226	980,226
Ms. Natalia Kassim	735,920	735,920
Mr. Shahid Ahmed	5,000	5,000
Mrs. Shaheen A. Rehman	10,000	10,000
Mrs. Sakin Noorallah	10,000	10,000
Ms. Aliza Kassim	1,008,470	1,008,470
Ms. Alisha Irshad Ali	981,226	981,226
Ms. Maneeza	735,920	735,920
Ms. Manisha Kassim	735,920	735,920
Ms. Myra Kassim	735,920	735,920
Ms. Hina Bashir	219,500	219,500

	2019	2018
	----- Rupees -----	
15. REVALUATION SURPLUS ON PROPERTY, PLANT & EQUIPMENT		
Surplus on revaluation of operating fixed assets as at July 1	76,992,835	80,148,104
Surplus arising on revaluation during the year	377,892,119	-
Transfer to unappropriated profit in respect of incremental depreciation charged during the year	(3,575,845)	(2,208,688)
Related deferred tax liability	(1,460,556)	(946,581)
Surplus on revaluation of operation fixed assets as at June 30	449,848,553	76,992,835
Less: related deferred tax liability:		
at beginning of the year	8,519,227	9,781,335
on surplus arising on revaluation during the year	77,198,615	-
on adjustment due to change in tax rate	(283,974)	(315,527)
on incremental depreciation charged during the year	(1,460,556)	(946,581)
	(83,973,312)	(8,519,227)
	<u>365,875,241</u>	<u>68,473,608</u>

15.1 Freehold land and building were revalued twice prior to current year's revaluation. These resulted in revaluation surplus amounting to Rs. 104,584,003 and Rs. 50,537,214 respectively.

15.2 On June 26, 2019, Freehold land and building were revalued by Dimensions Evaluators and Consultants (Pvt) Ltd which increased the revaluation surplus by Rs. 377,892,119.

	2019	2018
	----- Rupees -----	
16. LONG TERM FINANCING - SECURED		
From banking companies - note 16.1	151,368,656	188,826,966
Less: Current maturity shown under current liabilities	(101,349,857)	(77,059,896)
	50,018,799	111,767,070
From directors - note 16.2	262,165,123	277,000,608
	312,183,922	388,767,678
16.1 Loan from banking companies		
Soneri Bank Limited - note 16.1.1	89,383,273	85,540,621
JS Bank Limited - note 16.1.2	50,269,828	83,783,047
Habib Bank Limited - note 16.1.3	11,715,555	19,503,298
	151,368,656	188,826,966

16.1.1 Terms and conditions of borrowings from Soneri Bank Limited are as follows:

Facility name	Term Finance -III	Term Finance-IV	Term Finance
Loan outstanding	Rs. 49.778 million	Rs. 7.400 million	Rs 32.205 million
Nature of facility	Term Finance	Term Finance	Term Finance
Sanctioned limit	151.204 million	7.400 million	34.100 million
Markup rate	6MK + 2% p.a.	6MK+2.5% p.a.	6MK+2% p.a.
Total installments	65 monthly	36 monthly	36 monthly
No. of installments outstanding	21 monthly	36 monthly	34 monthly
Date of final repayment	Mar 31, 2021	Jun 28, 2022	Apr 09, 2022

Purpose:

- For import of Plant and Machinery
- For local purchase of Plant and Machinery

Security/Collateral:

- First equitable mortgage charge of Rs. 800 million on factory property including land, building, plant and machinery situated at Hub Dam road, Karachi.
- Specific charge on imported machinery for Rs. 59 million.
- Personal guarantees provided by the directors of The Company.

16.1.2 Terms and conditions of borrowing from JS Bank Limited are as follows:

Facility name	Term Loan- 1
Loan outstanding	Rs. 50.269 million
Nature of facility	Term Finance
Sanctioned limit	175.917 million
Markup rate	3MK + 1.75% p.a.
Total installments	54 monthly
No. of installments outstanding	10 monthly
Date of final repayment	May 10, 2020

Purpose:

- For import of Plant and Machinery

Security/Collateral:

- First Pari Passu charge over fixed assets amounting to Rs. 267 million inclusive of 25% margin
- Personal guarantees provided by the directors of the Company.
- Subordination of Directors' loan amounting to Rs. 50 million.

16.1.3 Terms and conditions of borrowings from Habib Bank Limited are as follows:

Facility name	Term Finance - 1	Term Finance - 2
Loan outstanding	Rs. 6.832 million	Rs. 4.884 million
Nature of facility	Term Finance	Term Finance
Sanctioned limit	23.058 million	11.987 million
Markup rate	3MK + 1.5% p.a.	3MK + 1.5% p.a.
Total installments	54 monthly	54 monthly
No. of installments outstanding	16 monthly	22 monthly
Date of final repayment	Oct 01, 2020	May 01, 2021

Purpose:

- For import of Plant and Machinery

Security/Collateral:

- Mortgage charge over plant and machinery amounting to Rs. 35 million.
- Personal guarantees provided by the directors of the Company.

16.2 This represents outstanding amounts pertaining to interest bearing @ 4% & interest free loan obtained from directors amounting to Rs. 109.54 million (2018: Rs. 132.11 million) and Rs. 152.64 million (2018: Rs. 144.89 million) respectively. These loans are repayable from September, 2021.

17. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE	2019	2018
	----- Rupees -----	
Balance at the beginning of the year	1,703,200	-
Assets acquired during the year	-	1,703,200
Repaid / adjusted during the year	(234,496)	-
	1,468,704	1,703,200
Current portion grouped under current liabilities	(297,327)	(282,943)
Balance at the end of the year	1,171,377	1,420,257

17.1 This represents vehicle acquired under finance lease from Soneri Bank Limited. Rentals are payable on monthly basis. This finance facility, during the year, was subject to finance cost at the rate 9.38% per annum. This facility is secured against title of the leased vehicle in the name of lessor. The Company intends to exercise its option to purchase the leased vehicle upon completion of the lease terms.

	2019			2018		
	Minimum lease payments	Finance cost allocated to future periods	Present value of minimum lease payments	Minimum lease payments	Finance cost allocated to future periods	Present value of minimum lease payments
	← Rupees →					
Not later than one year	476,352	179,025	297,327	423,525	140,582	282,943
Later than one year and not later than five years	1,429,056	257,679	1,171,377	1,694,101	273,844	1,420,257
	1,905,408	436,704	1,468,704	2,117,626	414,426	1,703,200

18. POST EMPLOYMENT BENEFITS

18.1 The latest actuarial valuation of the Gratuity scheme at June 30, 2019 was carried out using the Projected Unit Credit Method details of which are as follows:

	2019	2018
	----- Rupees -----	
18.2 Movement in obligation		
Opening balance	96,130,169	89,891,817
Charge for the year	12,857,605	10,812,294
Remeasurement	(4,017,284)	135,665
Benefits paid	(4,981,568)	(4,709,607)
Closing balance	<u>99,988,922</u>	<u>96,130,169</u>
18.3 Movement in the present value of defined benefit obligation		
Opening balance	96,130,169	89,891,817
Service cost	4,444,624	4,053,258
Interest cost	8,412,981	6,759,036
Remeasurement	(4,017,284)	135,665
Benefits paid	(4,981,568)	(4,709,607)
Closing balance	<u>99,988,922</u>	<u>96,130,169</u>
18.4 Expense recognized in profit and loss account		
Service cost	4,444,624	4,053,258
Interest cost	8,412,981	6,759,036
	<u>12,857,605</u>	<u>10,812,294</u>
18.5 Charge for the year has been allocated as follows:		
Cost of sales - note 24.1	11,700,421	9,839,188
Selling and distribution expenses - note 25.1	257,152	216,246
Administrative expenses - note 26.1	900,032	756,860
	<u>12,857,605</u>	<u>10,812,294</u>
18.6 (Income) / Expense recognized in other comprehensive income		
Remeasurement of post-employment benefits	<u>(4,017,284)</u>	<u>135,665</u>
18.7 Key actuarial assumptions used are as follows:		
Discount factor used	14.25%	9.00%
Expected rate of increase in salaries	13.25%	8.00%
Retirement age (years)	60	60
18.8 Sensitivity analysis for actuarial assumptions		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate at June 30	1%	6,936,445	6,240,079
Future salary increases	1%	6,936,445	6,345,496

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the Statement of Financial Position.

18.9 As per actuarial advice, the expected charge for the next year is Rs. 18,507,102.

	2019	2018
19. DEFERRED TAXATION	----- Rupees -----	
Credit balance arising in respect of:		
- accelerated tax depreciation allowance	101,137,841	98,790,575
- revaluation surplus on property, plant and equipment	83,973,312	8,519,227
	185,111,153	107,309,802
Debit balance arising in respect of:		
- provision for post employment benefit obligations	(28,996,787)	(28,879,750)
	156,114,366	78,430,052
20. TRADE AND OTHER PAYABLES		
Trade creditors / bills payable	105,347,313	110,502,268
Accrued expenses - note 20.1	47,516,690	41,674,114
Sales tax payable	6,493,929	13,559,017
Workers' profit participation fund - note 20.2	2,814,565	923,062
Workers' welfare fund	4,595,417	3,943,557
Withholding tax payable	73,695	1,158,849
	166,841,609	171,760,867

20.1 This includes an amount of Rs. 5,390,976 (2018: Rs. 3,844,896) in respect of rent payable to Directors' spouse- related party.

20.2 The balance represents provision for the year ended June 30, 2019.

	2019	2018
21. SHORT TERM BORROWINGS FROM BANKS - SECURED	----- Rupees -----	
Soneri Bank Limited - note 21.1	8,433,808	15,448,588
Habib Bank Limited - note 21.2	46,397,183	43,618,020
Habib Bank Limited FATR - note 21.3	37,030,480	41,244,889
	91,861,471	100,311,497

21.1 This represents Running Finance Facility amounting to Rs. 191.5 million (2018: Rs. 160 million). The profit rate on this facility is 3 months KIBOR plus 1.50% (2018: 6 months KIBOR plus 2%). This is secured by first hypothecation charge over stock of the company for Rs. 191.5 million and first pari passu equitable charge of Rs. 800 million over fixed assets of the company and personal guarantee of the Directors.

21.2 This represents Running Finance Facility amounting to Rs. 50 million (2018: Rs. 50 million). The profit rate on this facility is 3 months KIBOR plus 1% (2018: 3 months KIBOR plus 1%). This is secured by third party mortgage over Company's headoffice situated at Kehkashan Clifton, Karachi valued at Rs. 189 million, ranking charge over plant and machinery of Rs. 200 million and second ranking charge on hypothecated stock and first charge on book debts of Rs. 150 million and personal guarantee of the Directors.

21.3 This represents Finance Against Trust Receipt Facility amounting to Rs. 80 million (2018: Rs. 80 million). The profit rate on this facility is Matching tenor KIBOR + 1% (2018: Matching tenor KIBOR plus 1%). This is secured by third party mortgage over Company's headoffice situated at Kehkashan Clifton, Karachi valued at Rs. 189 million, ranking charge over plant and machinery of Rs. 200 million and second ranking charge on hypothecated stock and first charge on book debts of Rs. 150 million and personal guarantee of the Directors.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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 2017 to June 2019. 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.

22.2 Commitments

Commitments under letter of credit for import of raw materials as at June 30, 2019 amounted to Rs. 52,991,328 (2018: Rs. 33,343,437).

	2019	2018
	----- Rupees -----	
23. REVENUE		
Gross local sales	1,752,071,011	1,463,420,962
Less: Sales tax	(312,776,767)	(253,030,196)
	<u>1,439,294,244</u>	<u>1,210,390,766</u>
24. COST OF SALES		
Raw materials consumed		
Opening stock	190,447,689	147,855,718
Purchases	448,312,598	405,205,217
Closing stock	(201,952,962)	(190,447,689)
	<u>436,807,325</u>	<u>362,613,246</u>
Manufacturing expenses		
Fuel, power and water	500,671,449	313,194,621
Salaries, wages and benefits - note 24.1	146,008,616	153,611,506
Stores and spare parts consumed	7,926,392	23,802,673
Packing material consumed	24,221,420	34,084,950
Repairs and maintenance	32,068,454	59,831,552
Depreciation - note 5.1	80,414,203	83,669,741
Director's remuneration	3,900,000	3,900,000
Insurance	5,483,130	6,113,674
Vehicles running and maintenance	463,856	311,411
Others - note 24.2	15,097,623	11,313,921
	<u>816,255,143</u>	<u>689,834,049</u>
Opening work in process	7,143,665	7,911,071
Closing work in process - note 8	(6,403,232)	(7,143,665)
Cost of goods manufactured	<u>1,253,802,901</u>	<u>1,053,214,701</u>
Opening stock of finish goods	89,687,575	110,432,803
Closing stock of finished goods - note 8	(91,672,892)	(89,687,575)
	<u>1,251,817,584</u>	<u>1,073,959,929</u>

24.1 This includes Rs. 11,700,421 (2018: Rs. 9,839,188) in respect of staff retirement benefits.

24.2 This includes Rs. 11,631,252 (2018: Rs. 7,031,390) in respect of rental charges of generator.

	2019	2018
	----- Rupees -----	
25. SELLING AND DISTRIBUTION EXPENSES		
Salaries, wages and benefits - note 25.1	6,264,771	6,355,788
Freight charges	27,409,367	29,610,060
Rent, rates and taxes	162,452	195,902
Fuel, power and water	562,595	412,791
Postage, telegraph and telephone charges	281,662	280,787
Printing and stationery	45,560	47,639
Vehicles running and maintenance	936,410	876,406
Repairs and maintenance	1,392,148	1,090,721
Travelling and conveyance	315,650	162,660
Entertainment	226,831	172,013
Advertisement expenses	225,155	718,470
Insurance	257,400	287,380
Depreciation - note 5.1	481,296	500,781
	<u>38,561,297</u>	<u>40,711,398</u>

25.1 This includes Rs. 257,152 (2018: Rs. 216,246) in respect of staff retirement benefits.

	2019	2018
	----- Rupees -----	
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits - note 26.1	9,843,471	11,004,623
Director's remuneration	3,900,000	3,900,000
Fees and subscription	1,283,108	2,182,465
Rent, rates and taxes	1,592,500	1,571,396
Fuel, power and water	1,235,379	1,032,411
Postage, telegraph and telephone charges	634,410	523,623
Printing and stationery	219,599	119,960
Vehicles running and maintenance	201,374	353,239
Repairs and maintenance	262,581	581,994
Travelling and conveyance	795,590	604,625
Entertainment	13,852	29,400
Legal and professional charges	629,768	152,320
Insurance	957,601	877,587
Insurance claim written off	12,450,000	-
Depreciation - note 5.1	517,492	538,442
	<u>34,536,725</u>	<u>23,472,085</u>

26.1 This includes Rs. 900,031 (2018: Rs. 756,860) in respect of staff retirement benefits.

	2019	2018
	----- Rupees -----	
27. OTHER EXPENSES		
Auditor's remuneration - note 27.1	743,000	607,568
Worker profit participation fund	2,814,565	923,062
Worker welfare fund	1,979,347	1,327,487
Donations - note 27.2	500,000	130,000
	<u>6,036,912</u>	<u>2,988,117</u>
27.1 Auditor's remuneration	2019	2018
	----- Rupees -----	
Audit fee	525,000	435,600
Fee for review of half yearly financial information	60,000	50,000
Statutory Certifications	70,000	44,000
Out of pocket expenses	35,600	35,600
Others	52,400	42,368
	<u>743,000</u>	<u>607,568</u>
27.2 This donation has been given to Prime Minister and Chief Justice of Pakistan Fund against Basha and Mohmand Dam. None of the Directors or their spouse have any interest in the donees.		
28. OTHER INCOME	2019	2018
	----- Rupees -----	
Income from financial assets		
Remission of trade creditors	4,476,381	-
Income from non-financial assets		
Gain on disposal of items of property, plant and equipment	488,406	478,166
	<u>4,964,787</u>	<u>478,166</u>
29. FINANCE COST		
Mark-up on:		
Short term borrowings	1,201,179	5,724,837
Lease	214,795	-
Term Finance	24,266,275	23,003,091
	<u>25,682,249</u>	<u>28,727,928</u>
Interest on directors' loan - note 29.1	12,173,564	14,647,835
Bank charges	1,610,639	1,089,528
Interest on workers' profit participation fund	59,794	-
Exchange loss	22,282,878	9,061,427
	<u>61,809,124</u>	<u>53,526,718</u>
29.1 This includes reversal of imputed interest income on Directors' interest free loan to the Company amounting to Rs. 7,736,708 (2018: Rs. 8,201,208).		

	2019 ----- Rupees -----	2018 ----- Restated -----
30. TAXATION		
Current	24,729,373	9,135,413
Deferred	886,710	(9,590,550)
Prior year	(2,996,634)	2,878,285
	<u>22,619,449</u>	<u>2,423,148</u>
Relationship between tax expenses and accounting profit		
Profit before taxation	51,497,389	16,210,685
Tax at the applicable rate of 29%	14,934,243	4,863,206
Tax effect of permanent differences	5,854,145	2,499,362
Effect of prior tax	(2,996,634)	2,878,285
others	4,827,695	(7,817,705)
	<u>22,619,449</u>	<u>2,423,149</u>

30.1 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2018	2017	2016
Provision as for taxation	<u>9,135,413</u>	<u>-</u>	<u>-</u>
Tax assessed	<u>6,327,164</u>	<u>-</u>	<u>-</u>

	2019 ----- Rupees -----	2018 -----
31. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	28,877,940	13,787,537
Weighted average number of shares	14,548,676	14,548,676
Earnings per share (Rupees) - Basic and diluted	1.98	0.95

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

32. 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 33.

Relationship with the Company	Nature of Transaction	2019 ----- Rupees -----	2018 -----
Director's spouse	Rent expenses	1,546,080	1,405,536
Directors	Loan (paid) / received - net	(22,570,000)	(19,757,999)
Directors	Interest on loan	4,436,856	6,446,627
Directors	Notional interest on loan	7,736,708	8,201,208
Director	Remuneration and allowances	7,800,000	7,800,000
Directors	Dividend paid	10,862,559	-

The related party status of outstanding balances as at June 30, 2019 & 2018 is included in long term financing obtained from directors and accrued expenses.

33. 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		Total	
	2019	2018	2019	2018	2019	2018
Managerial remuneration and allowances	2,516,129	2,516,129	2,516,129	2,516,129	5,032,258	5,032,258
House rent	1,132,258	1,132,258	1,132,258	1,132,258	2,264,516	2,264,516
Utilities	251,613	251,613	251,613	251,613	503,226	503,226
Bonus	-	-	-	-	-	-
	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>3,900,000</u>	<u>7,800,000</u>	<u>7,800,000</u>
Number of persons	1	1	1	1	2	2

- 33.1 Aggregate basic salary of executives excluding Chief Executive and Director are below the threshold described in the fourth schedule of Companies Act, 2017, therefore their remuneration details have not been disclosed in the note.
- 33.2 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.
- 33.3 No remuneration has been paid in current and preceding year to non-executive directors of the Company.

	2019	2018
	----- Square Meters -----	
34. PLANT CAPACITY AND PRODUCTION		
Installed Capacity	6,480,000	6,480,000
Actual Production	<u>2,667,607</u>	<u>2,197,957</u>
35. NUMBER OF EMPLOYEES		
Number of employees at June 30,2019:		
- Permanent	267	316
- Contractual	<u>113</u>	<u>120</u>
	<u>380</u>	<u>436</u>
Average number of employees during the year:		
- Permanent	292	363
- Contractual	<u>117</u>	<u>126</u>
	<u>409</u>	<u>489</u>

	2019	2018
	----- Rupees -----	
36. CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,819,737	4,591,034
Short term borrowings from banks-secured	(91,861,471)	(100,311,497)
	<u>(86,041,734)</u>	<u>(95,720,463)</u>
37. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
At amortized cost		
Long term deposits	897,038	897,038
Trade debts	22,244,347	37,237,123
Loans to employees	1,849,737	-
Short term deposits and other receivables	430,327	13,325,640
Cash and bank balances	5,819,737	4,591,034
	<u>31,241,186</u>	<u>56,050,835</u>
FINANCIAL LIABILITIES		
At amortized cost		
Long term finance	413,533,779	465,827,574
Trade and other liabilities	152,864,003	152,176,382
Accrued markup on loans	11,280,044	10,285,340
Short term borrowings	91,861,471	100,311,497
Dividend payable	5,607,818	4,843,417
	<u>675,147,115</u>	<u>733,444,210</u>

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 38.1.1, 38.1.2 and 38.1.3 below:

38.1.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Out of the total financial assets of Rs. 29,524,370 (2018: Rs. 56,128,412), the financial assets that are subject to credit risk aggregated Rs 29,456,989 (2018: Rs 55,939,309).

The analysis below summarises the credit quality of the Company's financial assets as at June 30, 2019 / 2018.

The bank balances along with credit ratings are tabulated below:

	2019	2018
	----- Rupees -----	
Credit ratings		
A-1+	5,752,356	4,401,931
Others	-	-
	<u>5,752,356</u>	<u>4,401,931</u>

Long term deposits are held with parties which have long association with the Company and have a good credit history.

For trade debts, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are fixed by the management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Accordingly the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Company's total credit exposure. The Company's financial assets are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. Therefore, the Company believes that it is not exposed to major concentration of credit risk.

38.1.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments.

The management forecasts the liquidity of the Company on basis of expected cash flow considering the level of liquid assets necessary to meet such risk.

Financial liabilities in accordance with their contractual maturities are presented below:

	Non-interest / mark-up bearing		
	Maturity within one year	Maturity after one year	Total
June 30, 2019			
	----- Rupees -----		
Financial liabilities			
Long term finance	101,349,857	312,183,922	413,533,779
Trade and other liabilities	152,864,003	-	152,864,003
Accrued markup on loans	11,280,044	-	11,280,044
Short term borrowings	91,861,471	-	91,861,471
Dividend payable	5,607,818	-	5,607,818
	<u>362,963,193</u>	<u>312,183,922</u>	<u>675,147,115</u>
June 30, 2018			
	----- Rupees -----		
Financial liabilities			
Long term finance	77,059,896	388,767,678	465,827,574
Trade and other liabilities	152,176,382	-	152,176,382
Accrued markup on loans	10,285,340	-	10,285,340
Short term borrowings	100,311,497	-	100,311,497
Dividend payable	4,843,417	-	4,843,417
	<u>344,676,532</u>	<u>388,767,678</u>	<u>733,444,210</u>

38.1.3 Market risk

Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars (USD) and Euro.

At June 30, 2019, had Pakistan rupee weakened / strengthened by 5% against the USD and Euro with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs.3,559,473 (2018: Rs. 1,667,172). This will mainly result due to foreign exchange gains / losses on translation of USD and Euro denominated bills payables.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from borrowings which includes short term borrowings note 21 and long term financing note 16. Borrowings availed at variable rates expose the Company to cash flow interest rate risk.

As at June 30, 2019, the Company had variable interest bearing financial liabilities of Rs. 352,772,730 (2018: Rs. 421,251,066), and had the interest rate varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 35,277,273 (2018: Rs. 42,125,107), mainly as a result of higher / lower interest expense on floating rate borrowings.

Price risk

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2019, all financial assets and financial liabilities are estimated to approximate their carrying values.

39. CAPITAL RISK MANAGEMENT

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

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

The debt to capital ratio at June 30 was as follows:

	2019 ----- Rupees -----	2018
Total borrowings	505,395,250	566,139,071
Cash and bank - note 36	(5,819,737)	(4,591,034)
Net debt	499,575,513	561,548,037
Equity	625,544,802	303,194,004
Total capital	1,125,120,315	864,742,041
Debt to capital ratio	44%	65%

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at June 30, 2018	Non-cash changes	Cash Flows	As at June 30, 2019
	----- Rupees -----			
Long term financing	465,827,574	36,439,839	88,733,634	413,533,779
Liabilities against assets subject to finance lease	1,703,200	-	234,496	1,468,704
	467,530,774	36,439,839	88,968,130	415,002,483

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassification has been made during the year:

Description	Reclassified From	Reclassified To	Amount in Rs.
Container deposits	Advances to others	Short term deposits	840,001
Out of pocket expenses	Legal and professional charges	Auditors Remuneration	35,600
Sales tax	Legal and professional charges	Auditors Remuneration	42,368
Exchange loss	Other expenses	Finance cost	9,061,427

42. GENERAL

42.1 The Board of Directors has proposed a final dividend for the year ended June 30, 2019 at 5% i.e. Rs. 0.5 per share amounting to Rs.7,274,338 (2018: 11,638,941) at their meeting held on September 28, 2019 for the approval of the shareholders at the annual general meeting to be held on October 25, 2019. However, these events have been considered as non adjusting events under IAS 10 "Events after the Reporting Period" and have not been recognized in these financial statements.

42.2 These financial statements were authorized for issue on September 28, 2019 by the Board of Directors of the Company.


 Chief Executive


 Chief Financial Officer


 Director

PATTERN OF SHAREHOLDING

AS AT 30 JUNE 2019

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
181	1	100	1758	0.0121
87	101	500	38852	0.2670
16	501	1000	12928	0.0889
5	1001	5000	66298	0.4557
10	5001	10000	74643	0.5131
2	10001	15000	24612	0.1692
1	20001	25000	23500	0.1615
1	25001	30000	27244	0.1873
1	30001	35000	32751	0.2251
2	75001	80000	155500	1.0688
1	215001	220000	219500	1.5087
1	310001	315000	312360	2.1470
1	345001	350000	350000	2.4057
1	435001	440000	435812	2.9955
1	730001	735000	732920	5.0377
3	735001	740000	2207760	15.1750
3	980001	985000	2942678	20.2264
1	1350001	1355000	1354263	9.3085
1	1630001	1635000	1631623	11.2149
	1950001	1955000	3903674	26.8318
341	Company Total		14548676	100.0000

TOTAL OUT STANDING SHARES

AS AT 30 JUNE 2019

CATEGORIES OF SHAREHOLDERS

Serial No	Name	<---Shares Held in Physical Form --->		<--- Shares Held in CDC --->		<--- Total Shareholding --->		% Holding
		No of Shareholders	Shares Held	No of Shareholders	Shares Held	No of Shareholders	Shares Held	
01	PROMOTORS/DIRECTORS/ACQUIRERS	15	10482069	6	3101130	21	13583199	93.3638
02	PERSONS/BODIES WITH "CONTROLLING INTEREST"	0	0	0	0	0	0	0.0000
03	GOVERNMENT HOLDING AS PEROMOTOR/ACQUIRER	0	0	0	0	0	0	0.0000
04	ASSOCIATED/GROUP COMPANIES (CROSS-HOLDING)	0	0	0	0	0	0	0.0000
05	SHARES THAT COULD NOT BE SOLD IN THE OPEN MARKET, IN NORMAL	0	0	0	0	0	0	0.0000
06	SHARE HELD WITH GENERAL PUBLE	74	77249	246	888228	320	965477	6.6362
	Total	89	10559318	252	3989358	341	14548676	100.0000

CATEGORY OF SHARE HOLDERS

AS AT 30 JUNE 2019

Folio No	Name	Code	Balance Held	Percentage
000000000002	MR. IRSHAD ALI S. KASSIM	001	1951838	13.4159
000000000003	MR. MUNAWAR ALI S. KASSIM	001	1951836	13.4159
000000000004	MRS. MARIAM SHABAN ALI	001	10612	0.0729
000000000005	MRS. SHAHEEN A. REHMAN	001	10000	0.0687
000000000006	MRS. SAKIN NOORALLAH	001	10000	0.0687
000000000734	MR. SHAHNAWAZ NOOR ALI A.MADHANI	001	435812	2.9955
000000000831	MISS. ALIZA KASSIM	001	981226	6.7444
000000000838	MISS. ALISHBA IRSHAD ALI	001	981226	6.7444
000000000861	MISS. ANUSHKA KASSIM	001	980226	6.7376
000000000862	MANEEZA	001	732920	5.0377
000000000863	MISS MANISHA KASSIM	001	735920	5.0583
000000000864	MISS MYRA KASSIM	001	735920	5.0583
000000000865	MISS NATALIA KASSIM	001	735920	5.0583
000000000871	IRSHAD ALI SHABAN ALI KASSIM	001	9113	0.0626
000364017317	SHAHID AHMAD	001	5000	0.0344
003277064848	IRSHAD ALI SHABAN ALI KASSIM	001	1354263	9.3085
003277064857	MUNWAR ALI KASSIM	001	1631623	11.2149
003277064868	ALIZA KASSIM	001	27244	0.1873
003277072006	MANEEZA KASSIM	001	3000	0.0206
003277086457	MARIAM SHABAN ALI	001	80000	0.5499
003889000028	NATIONAL BANK OF PAKISTAN	004	202	0.0014
007393000024	SUMMIT BANK 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 (PVT) LIMITED	010	1	0.0000
006684000029	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD.	010	7000	0.0481

CATEGORIES OF SHAREHOLDERS

AS AT 30 JUNE 2019

Particulars	No. of Folio	Balance Share	Percentage
DIRECATORS,CEO & CHILDREN	21	13583199	93.3638
BANKS,DFI & NBFI	2	312562	2.1484
INSURANCE COMPANIES	1	1500	0.0103
GENERAL PUBLIC (LOCAL)	312	606515	4.1689
GENERAL PUBLIC (FOREIGN)	1	3999	0.0275
OTHERS	4	40901	0.2811
Company Total	341	14548676	100.0000

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 40th Annual General Meeting of the Company to be held on Friday,
October 25, 2019 at 3:30 pm Company's Registered Office situated at BC-6, Block-5, Scheme-
5, Kehkashan, Clifton, Karachi.

WITNESS:

(1) Signature _____

Name _____

Address _____

NIC or Passport No. _____

2) Signature _____

Name _____

Address _____

NIC or Passport No. _____

Dated _____

Signature on
Rupees Five
Revenue Stamp

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

Important:

This form of proxy, duly completed must be deposited at the Company's Registered Office BC-6, Scheme-5, Kehkashan, Clifton, 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 form. _____

پراکسی فارم

میں/ہم _____ رجسٹرڈ فوئیو نمبر _____ اپنی جانب سے جتاب بطور ممبر کرم سیراکس لمیٹڈ اور عارضی شیئرز _____ کا تقرر کرتا ہوں جو کہ کرم سیراکس لمیٹڈ رجسٹرڈ فوئیو نمبر کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمپنی کی 40 ویں سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز جمعہ 25 اکتوبر 2019ء کو دوپہر 3:30 بجے کمپنی کے رجسٹرڈ آفس واقع BC-6، بلاک 5، اسکیم نمبر 5، کہکشاں کلفٹن کراچی میں ہوگا۔

گواہ:

(پانچ روپے والے ریونیو اسٹیپ
پر دستخط)

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

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

ا۔ نام: _____
دستخط: _____
پتہ: _____
شناختی کارڈ/ پاسپورٹ نمبر: _____
مورخہ: _____

نوٹ:

پراکسی فارم کو مکمل کر کے کمپنی کے رجسٹرڈ آفس واقع BC-6، بلاک 5، اسکیم نمبر 5، کہکشاں کلفٹن کراچی میں میٹنگ سے کم از کم 48 گھنٹے قبل جمع کرائیں۔
CDC شیئر ہولڈرز اور ان کے پراکسی اپنے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراکسی فارم کے ساتھ _____ تک جمع کرا دیں۔



Dear Shareholder(s)

Dated:

MANDATORY PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE

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

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

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

Bank Account Details of Transfer for Cash Dividend

*(Mandatory to provide)

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

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

(signature of shareholder)

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

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

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

M/s THK Associates (Pvt.) Limited

1th Floor, 40-C, Block 6,
P.E.C.H.S, Karachi-75400

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

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

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