

IN TECHNICAL COLLABORATION WITH
DOULTON
BATH ROOMS ENGLAND



KARAM CERAMICS LIMITED
WALL TILES - FLOOR TILES

ANNUAL REPORT 2015



www.karamceramics.com

36th ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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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
Mr. Shahid Ahmed	Independent Non-Executive Director
Mr. Shah Nawaz Madhani	Director
Miss Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Abdul Sultan	Chief Financial officer
Mr. Manzoor Ali Natha	Company secretary

AUDIT COMMITTEE

Mr. Shahid Ahmed	Chairman
Miss Anushka Kassim	Member
Miss. Natalia Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shah Nawaz Madhani	Chariman
Mr. Munawar Ali S. Kassim	Member
Miss. Natalia Kassim	Member

BANKERS

Soneri Bank Limited
Habib Bank Limited
National Bank Limited
MCB Bank Limited
Habib Metropolitan Bank Limited

AUDITORS / REGISTRAR AND SHARE TRANSFER OFFICE

Qavi & Co
Chartered Accountants
T.H.K. Associates (Private) Limited
Ground Floor ,state Life Building-3
Dr. Ziauddin Ahmed Road,Karachi

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

Chowk Kahna Railway Station Defence Road,
Near Facatory Shaikh Hidayatullah, Lahore.
Tel# (92-42)-37042259
(92-42)-37042263

NOTICE OF MEETING

Notice is hereby given that the 36th Annual General Meeting of the Company will be held at the registered office of the company on Tuesday 27th October, 2015 at 5.30 p.m. to transact the following business:-

1. To confirm the minutes of the 35th Annual General Meeting held on 25th September, 2014.
2. To consider and adopt the audited account of the company for the year ended 30th June, 2015 along with Directors' and Auditors' Reports thereon.
3. To approve cash dividend of 12% i.e. Rs.1.2 per share as recommended by the Board of Directors of the Company..
4. To appoint Auditors for the year 2016 and fix their remuneration.
5. **SPECIAL BUSINESS**

To revise remuneration of full time Chief Executive and the Vice Chairman of the company with effect from 1st November, 2015.

"Resolved that the remuneration of full time Chief Executive and Vice Chairman of the company be and is hereby revised w.e.f. 01-11-2015 from Rs. 200,000/- p.m. to Rs. 325,000/- p.m. each."

6. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
October 5th, 2015

Manzooral Natha
Company Secretary

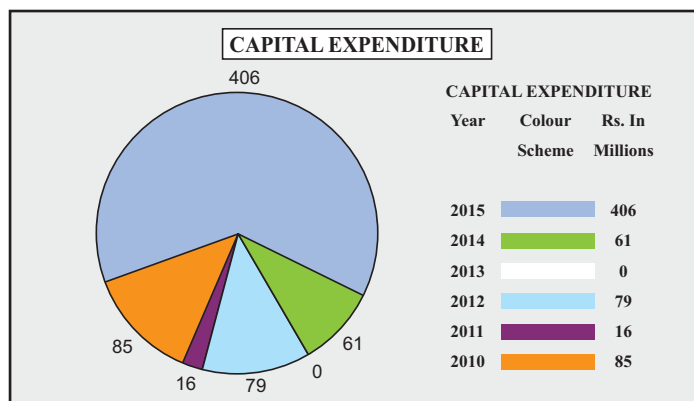
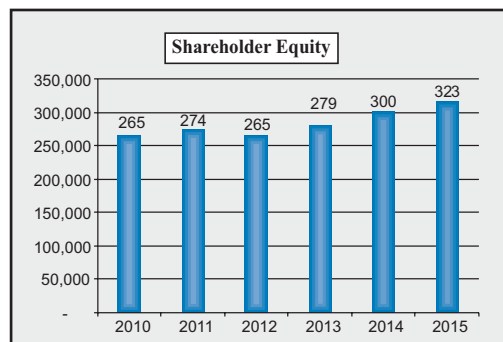
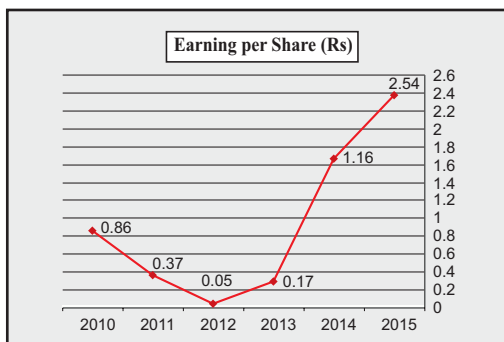
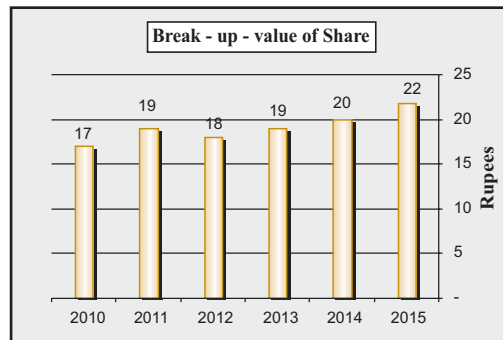
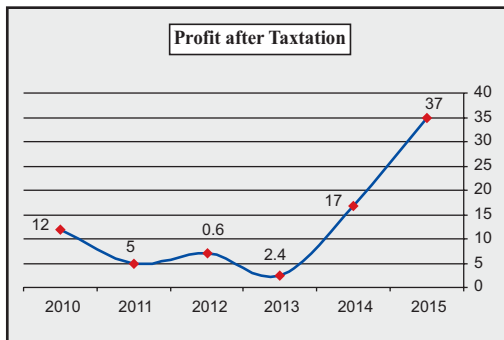
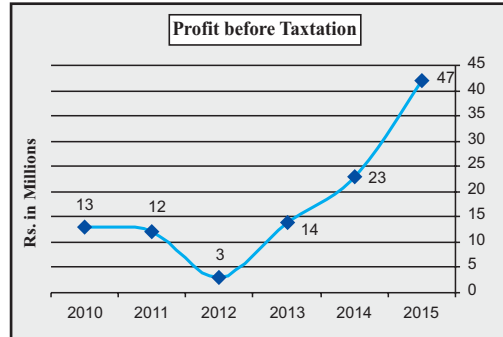
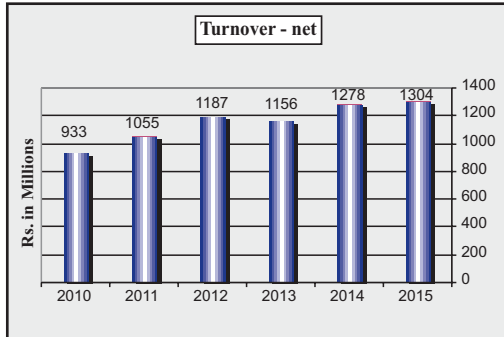
NOTES:

01. The share transfer book of the company will remain closed from 21st October 2015 to 27th October 2015 (both days inclusive).
02. A member eligible to attend and vote at the meeting may appoint another member on his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be received by the company not less than 48 hours before the time of holding of the meeting.
03. 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.
04. Members are requested to communicate to the company or the Registrar to the company of any change in their address.

Statement u/s 160 of the Companies Ordinance 1984.

This statement set out the material facts concerning the special business to be transacted at the 36th Annual General Meeting of the Karam Ceramics Limited to be held on October 27, 2015, subject to approval of share holders, remuneration payable to full time Chief Executive and Vice Chairman in accordance with their terms and condition of service be increased to Rs.325,000/- p.m. each from existing Rs. 200,000/- p.m. each. For this purpose it is intended to propose that the following resolution be passed as ordinary resolution, namely:

"Resolved that remuneration of Chief Executive and Vice Chairman for holding their offices as full time Directors at Rs. 325,000/- p.m. w.e.f. 01-11-2015 be and is hereby approved."



FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Sales	1304	1278	1156	1187	1055	933	833	710	635	660
Gross Profit	134	93	111	107	129	114	130	139	99	136
Expenses	87	72	96	104	117	102	117	106	83	80
Profit before Taxtation	47	23	14	3	12	13	13	33	16	56
Profit after Taxtation	37	17	2.4	0.6	5	12	21	8	13	27
Dividend %	12%	10	-	-	10	-	-	12.5	12.5	-
Right Shares %	-	-	-	-	-	-	-	-	-	33.3
Earning per Share (Rs.)	2.54	1.16	0.17	0.05	0.37	0.86	1.46	0.55	1.03	2.2

DIRECTORS' REPORT

The Directors of your company have pleasure in submitting the report along with audited accounts for the year ended 30th June 2015.

OPERATING PERFORMANCE

Pakistan's economy has shown sign of recovery during the year in terms of stable foreign exchange rates of Pakistan Rupee against major world currencies and increase in country's foreign exchange reserves. Net sales for the year under review of Rs.1304.17 million was higher by 2.0% than the sales of Rs.1278.61 million for the preceding year. Increase in sales was due to improved market and economic conditions. However, continuous inflow of cheap imported ceramics tiles from China and Iran adversely impacted the production and sales of locally manufactured tiles. The gross profit for the year has increased to Rs.134.36 million against the last year gross profit of Rs.92.83, million due to increase in net sales.

RETAINED EARNINGS

The company managed to earn Profit before tax for the year at Rs. 46.98 million. After charging tax of Rs.9.99 million, profit for the year is Rs. 36.98 million as compared with the after tax profit of Rs. 16.82 million for the preceding year. Un-appropriated Profit to be carried forward is Rs.178.40 million.

EARNING PER SHARE

Earnings per share for the year ended 30th June, 2015 were Rs.2.54 as compared to Rs.1.16 for the last year.

DECLARATION OF DIVIDEND

The Board of Directors of the company has recommended Cash Dividend @ 12% (i.e. Rs. 1.2/- per share).

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 and schemes. There is a wider gap between demand and supply but influx of cheaper imported smuggled ceramics tiles from China and Iran would continue to impact adversely on the local tiles manufacturing producers. The increase in the gas tariff rates by the government by imposing Gas Infrastructure Development Charges (GIDC) and sliding in the value of Pak Rupees will also increase the cost of production of local manufactured tiles. However, your company will take rigorous efforts to improve its market volume.

The company is confident that future demand of local manufactured ceramics tiles will increase and to meet the demand the company, as reported last year had planned for further expansion of existing production capacity. Your directors are pleased to inform that the new plant and machinery have been imported with the financing facilities granted by the Banks. The new plant is under installation and it is expected that the commercial production would start by the end of December 2015.

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 changes in equity.

- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting 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.
- The company has the ability to continue as a going concern.
- There has been no deviation from the best practice of Corporate Governance, as detailed in the listing regulations.

CHANGE IN BOARD OF DIRECTORS

There has been no any change in the Board of Director of the company during the year.

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	2
4.	Ms Mariam S.G. Kassim	4
5.	Mr. Shahnawaz Madhani	4
6.	Ms. Anushka Kassim	3
7.	Ms. Natalia Kassim	3

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

AUDIT COMMITTEE

The audit committee comprises two non-executive directors and one independent director who is also Chairman. During the year, four (4) meetings of audit committee were held. The attendance of each member is given hereunder:

Members	Number of meetings attended
Mr. Shahid Ahmed	4
Mr. Irshad Ali Shaban Ali Kassim	4 (resigned w.e.f July 2015)
Ms. Anushka Kassim	4
Ms. Nathalia Kassim	- (appointed w.e.f. July 2015)

TRAINING PROGRAM OF DIRECTORS:

Code of Corporate Governance requires that every listed Company to make appropriate arrangements to 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. Orientation course of one Director has been completed. The requirements of training of directors will be complied by the date specified in the code of corporate governance.

Corporate Social Responsibility

Company is extensively supporting educational and health projects with renowned NGO./Institutions. Company spent PKR 1.325 million under social commitment during the year. The company worked closely with NGO/Institutions to support their programs for health and education to provide socio-economic opportunities to a multitude of individuals and house holds.

Safety, Health Environment

Company always endures environment preservation and adopts all the possible means for environment protection. We have been taking various steps to ensure minimal dust and emission from our plant and our production lines are installed with pollutant trapping and suppression system to control dust particles and other emissions. Safety is an all-encompassing priority for the company, from the Board down to the business units. The health and safety of our employee, the safety of our assets and the security of our operations always remain among the top priorities of the Company. Due to these controls and with the blessing of Al- Mighty Allah no major accidents or incidents took place

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, 2015 and shall retire on the conclusion of the 36th 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, 2016. 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, 2015 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.



MUNAWAR ALI S. KASSIM
CHIEF EXECUTIVE

September 10, 2015

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 30cm | |
| - 30cm x 30cm | 25cm x 33cm |
| - 40cm x 40cm | 30cm x 46cm |

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the Year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance ("Code") contained in Regulation No. 35 of the Listing Regulations of the Karachi and Lahore Stock Exchanges (collectively, the "Exchanges"), for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present the board includes:

Category	Names
Executive Directors	Mr. Irshad Ali S. Kassim Mr. Munawar Ali S. Kassim
Independent Directors	Mr. Shahid Ahmed
Non - Executive Directors	Ms. Mariam Shaban Ali Ms. Anushka Kassim Ms. Natalia Kassim Mr. Shahnawaz Madhani

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the company, but excluding the listed subsidiaries of listed holding companies where applicable.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock Exchanges, has been declared to be a defaulter by the Exchange.
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. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the chief executive officer, other executive directors and non-executive directors, have been taken by the Board and the shareholders.
6. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days prior to the meetings. The minutes of the meetings were appropriately recorded and circulated.
7. The Company has requested its financial institutions to nominate a representative for its Board. As soon as the nomination is received, the nominee shall be appointed as an independent non-executive director.

8. The Company has prepared a Statement of Ethics and Business practices which has been signed by all the directors and employees of the Company.
9. The Company's new Chief Financial Officer appointed in July, 2015, after close of the accounting year ended June 30, 2015.
10. The Directors' Report for the year ended June 30, 2015, has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee. It comprises three members, all which two are non-executive directors including the Chairman of the committee.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Audit Committee have been formed and advised to the Committee for compliance.
16. The Board has set-up an effective internal audit function who are considered suitably experienced for the purposes and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.
17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 IFAC.
18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and the Exchanges.
20. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
21. We confirm we have complied with all other material principles contained in the Code.

By order of the Board
Karachi: 10th September, 2015



Munawar Kasim
Chief Executive Officer

Review Report to the Members on Statement of Compliance with the Best Practice of the Code of Corporate Governance

We have reviewed the statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015 prepared by the Board of Directors of **KARAM CERAMICS LIMITED** ("the Company") to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliances with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited preliminary to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develops an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transaction before the audit committee. We have not carried out any procedures to determine 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2015.

DATE: 10th September, 2015
Karachi

Chartered Accountants
Engagement Partner: Khalid Anwer

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of KARAM CERAMICS LIMITED ("the Company") as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profits, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion 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.

DATE: 10th September, 2015
Karachi

Qavi Co.
Chartered Accountants
Engagement partner: Khalid Anwer

BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital 15,000,000 (2014:15,000,000) ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	4	145,486,760	145,486,760
Unappropriated Profit		<u>178,398,418</u>	<u>159,413,204</u>
		323,885,178	304,899,964
Surplus on revaluation of fixed assets	5	74,694,552	76,680,722
Non Current Liabilities			
Long term financing	6	206,914,038	118,825,565
Bills payable	7	253,317,960	-
Deferred liabilities	8	89,352,475	73,076,239
Deferred taxation	9	77,462,089	84,551,142
		627,046,562	276,452,946
Current Liabilities			
Trade and other payables	10	176,133,508	125,780,377
Mark up accrued on loans		9,285,328	6,933,808
Short term borrowings - secured	11	57,175,324	30,442,373
Current portion of long term loan	6	47,824,007	38,400,000
		290,418,167	201,556,558
Contingencies and commitments	12		
		<u>1,316,044,459</u>	<u>859,590,190</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	13	701,341,374	641,899,583
Capital work in progress	14	279,937,195	-
Long term deposits		897,038	907,038
Current Assets			
Stores and spares	15	11,198,449	8,874,390
Stock in trade	16	90,550,061	98,414,110
Trade debts - unsecured considered good		127,363,964	69,026,086
Loans and advances	17	11,551,275	1,370,243
Income tax		27,436,109	5,094,363
Sales tax		6,113,278	-
Short-term prepayments	18	15,351,293	15,671,429
Cash and bank balances	19	44,304,423	18,332,948
		333,868,852	216,783,569
		1,316,044,459	859,590,190



Chirman



Chief Executive

PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
----- Rupees -----			
Net Sales	20	1,304,166,041	1,278,612,267
Cost of sales	21	(1,169,801,547)	(1,185,781,344)
Gross Profit		134,364,494	92,830,923
Selling and distribution cost	22	(34,890,162)	(27,109,818)
Administrative expenses	23	(20,060,262)	(16,159,206)
		(54,950,424)	(43,269,024)
Other operating expenses	24	(5,343,337)	(5,136,297)
Finance cost	25	(27,313,953)	(23,872,785)
		(32,657,290)	(29,009,082)
Other income	26	221,631	2,441,840
Profit before taxation		46,978,411	22,994,658
Taxation	27	(9,999,629)	(6,171,199)
Profit after taxation		36,978,782	16,823,459
Earnings per share	28	2.54	1.16

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chirman



Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended June 30, 2015

	2015	2014
	----- Rupees -----	
Profit for the year after taxation	36,978,782	16,823,459
Other comprehensive income for the year		
Incremental depreciation transfer from surplus on revaluation of fixed assets (net of deferred tax)	2,899,904	3,174,025
Items that will not be re-classified to Profit or Loss		
Gain on remeasurement of Employee Benefits Obligation	(6,344,796)	1,101,842
Impact of deferred tax	-	(374,626)
Total comprehensive income for the year	33,533,890	20,724,699

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chirman



Chief Executive

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	46,978,411	22,994,658
Adjustments for		
Depreciation	67,285,548	62,913,259
Provision for staff gratuity	11,302,664	10,534,698
Workers' profit participation fund	2,525,537	1,244,798
Workers' welfare fund	1,006,800	656,499
Financial charges	27,313,953	1,901,297
Gain on sale of vehicles	(72,290)	-
Return on deposits	-	(51,254)
	109,362,213	99,170,784
(Increase) / Decrease in operating assets		
Stores and spares	(2,324,059)	505,088
Stock in trade	7,864,049	9,835,415
Trade debts	(58,337,878)	(45,316,098)
Loans and advances	(10,181,032)	5,228,751
Short-term prepayments	320,136	(29,746,844)
	(62,658,784)	(34,140,808)
Increase / (Decrease) in operating liabilities		
Short term borrowing	26,732,951	(19,599,010)
Trade and other payables	48,065,592	2,463,589
	74,798,543	(17,135,422)
Cash generated from operations	168,480,383	70,889,212
Finance cost paid	(24,962,433)	36,618,369
Income tax paid	(38,516,694)	(18,034,016)
Sales tax refundable	(6,113,278)	-
Gratuity paid	(4,711,224)	(4,811,692)
Workers' profit participation fund paid	(1,244,798)	8,721,567
	(75,548,427)	(47,315,557)
Net cash generated from operating activities	92,931,956	23,573,654
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicle	80,000	-
Purchase of property, plant and equipment	(406,672,244)	(60,579,107)
Return on deposits	-	51,254
Net cash used in investing activities	(406,592,244)	(60,527,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Directors loan	67,674,435	(16,424,434)
Long term loan received	68,238,045	42,000,000
Long term loan paid	(38,400,000)	(32,100,000)
Bills payable against long term loan	253,317,960	-
Dividend Paid	(11,208,676)	-
Long term deposits and prepayments	10,000	(10,000)
Net cash (used in) / generated from financing activities	339,631,763	(6,534,434)
Net (decrease) / increase in cash and cash equivalents	25,971,475	(43,488,632)
Cash and cash equivalents at beginning of the year	18,332,948	61,821,580
Cash and cash equivalents at end of the year	44,304,423	18,332,948

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chairman



Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Share Capital	Unappropriated Profit	Total
	----- (Rupees) -----		
Balance as at June 30, 2013	145,486,760	134,030,980	279,517,740
Total comprehensive income for the year 2014	-	20,724,699	20,724,699
Prior year correction		4,657,525	4,657,525
Balance as at 30 June 2014 (Restated)	145,486,760	159,413,204	304,899,964
Dividend @ 10% paid during the year ended, relating to the year June 30, 2014	-	(14,548,676)	(14,548,676)
Total comprehensive income for the year 2015	-	33,533,890	33,533,890
Balance as at June 30, 2015	145,486,760	178,398,418	323,885,178

The annexed notes from 1 to 37 form an integral part of these financial statements.



Chirman



Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 STATUS AND NATURE OF BUSINESS

Karam Ceramics Limited was incorporated in Pakistan on April 8, 1979 as a public limited company under the Companies Act, 1913 (now Companies Ordinance, 1984). The shares of the company are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and principal office is situated at 295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi. The principal activity of the company is manufacturing of tiles.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention except that the non current assets are stated at the revalued amounts and derivative financial instruments are measured at fair values.

2.3 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.

2.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are discussed in note 34 to these financial statements.

2.5 CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards, interpretations and amendments to published approved accounting standards that are effective and relevant.

There were certain amendments to the approved accounting standards and a new interpretation issued by International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

"The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here."

Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

"There are no new standards, amendments to existing approved accounting standards and new interpretations that are not yet effective that would be expected to have a material impact on the financial statements of the Company."

2.5.1 CHANGES IN ACCOUNTING POLICY, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS AS PER IAS-8 :

Disclosures revised - No impact on profit and loss account.

- a) In Note 9, in the year 2014 the amount of Deferred Tax Liability on Accelerated depreciation of Rs. 91,265,555 were increased to Rs. 106,462,401 by transferring the amount of Rs. 15,196,846 which were stated as Deferred tax liability on Surplus on Revaluation for proper disclosure and restated.
- b) An amount of Rs. 4,657,525 was inadvertently credited to surplus on revaluation in the year 2014 has been corrected by debiting to surplus on revaluation and crediting equity and restated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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 recognised in the balance sheet 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 bond. 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, 2015.

3.2 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.

3.3 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.

3.4 Property, Plant and Equipments

Owned assets

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. Asset acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Depreciation is charged on the same basis as used for owned assets.

Financial charges are allocated to accounting period in a manner so as to provide a constant rate of charge on outstanding liability.

3.5 Capital Work-in-progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.6 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.

3.7 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 progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realisable value whichever is lower
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June 2015 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 upto the balance sheet 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.

3.8 Trade debts

Trade debts are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement cash and cash equivalents comprise cash and cheques in hand and balances with banks.

3.10 Foreign currency transactions

Transactions in foreign currencies are translated into Pak rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Pak rupees at the rate of exchange prevailing at the Balance Sheet date.

Exchange differences arising on translation are recognized in profit and loss account currently.

3.11 Taxation

Income tax expense comprises 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.

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.

Deferred

Deferred tax is recognized using balance sheet 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 balance sheet 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 equipments which is adjusted against the related deficit / surplus.

3.12 Financial instruments

All financial assets and financial liabilities are recognized at the time when company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially made at fair value, and subsequently made at fair value are amortized cost as the case may be. All financial assets and liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.14 Provisions

A provision is recognized in the balance sheet 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. Provision are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.15 Impairment

All company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated. Impairment losses are recognized in the profit and loss account currently.

3.16 Transactions with related parties

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Ordinance 1984.

3.17 Dividend and appropriation in / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.18 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Sales are recorded on dispatch of goods to customers.
Profit on bank deposits is recognized on an accrual basis.

4 SHARE CAPITAL

"Number of ordinary shares of Rs. 10 each"

2015	2014		2015	2014
			----- Rupees -----	
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 allotted 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>

Note
 2015
 2014
 (Re-stated)
 ----- Rupees -----

5 SURPLUS ON REVALUATION OF FIXED ASSETS

Surplus on revaluation of land	48,595,412	48,595,412
Surplus on revaluation of building	43,282,156	48,091,285
Incremental depreciation on revalued assets	(4,328,216)	(4,809,128)
	<u>87,549,353</u>	<u>91,877,568</u>
Deferred tax liability as on 01 July	15,196,846	16,831,950
Tax effect due to change in tax rate proportion	(913,734)	-
Related deferred tax on incremental depreciation	(1,428,311)	(1,635,104)
	<u>(12,854,800)</u>	<u>(15,196,846)</u>
	<u>74,694,552</u>	<u>76,680,722</u>

On June 04, 2013, further revaluation was made of the Land and Building by M/s MYK Associates which resulting in increase in revaluation surplus of Rs. 37,230,000 and Rs. 13,307,214 respectively.

Land and building were first revalued in the year 2005 by M/s. Iqbal A. Najee & Co which resulting in increase in revaluation surplus of Rs. 11,365,412 and Rs. 93,218,591 respectively.

6 LONG TERM FINANCING

From Banking companies:			
Term Finance Loan	6.1	126,914,038	106,500,000
From related parties:			
Directors Loan - unsecured	6.2	80,000,000	12,325,565
		<u>206,914,038</u>	<u>118,825,565</u>
6.1 Term Finance Loans			
Long Term Loans	6.1.1	174,738,045	144,900,000
Less: Current maturity	6.1.2	(47,824,007)	(38,400,000)
		<u>126,914,038</u>	<u>106,500,000</u>

		2015	2014
		----- Rupees -----	
6.1.1	Term Finance Loans		
	Soneri Bank Term Finance Loan 1	6.1.3 75,000,000	105,000,000
	Soneri Bank Term Finance Loan 2	6.1.4 31,500,000	39,900,000
	Soneri Bank Term Finance Loan 3	6.1.5 43,284,045	-
	JS Bank Term Finance Loan 1 & 2	6.1.6 24,954,000	-
		174,738,045	144,900,000
6.1.2	Current maturity of Term Finance Loans		
	Soneri Bank Term Finance Loan	30,000,000	30,000,000
	Soneri Bank Term Finance Loan 2	8,400,000	8,400,000
	Soneri Bank Term Finance Loan 3	5,935,782	-
	JS Bank Term Finance Loan 1&2	3,488,225	-
		47,824,007	38,400,000

6.1.3 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 75,000,000 (2014: Rs. 105,000,000) for financing of fixed assets of the Company at a mark up rate of 6 months KIBOR +1.5% p.a (2014:KIBOR +1.5% p.a.). This term finance loan is repayable by December 31, 2017.

6.1.4 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 31,500,000 (2014: Rs. 39,900,000) to finance Imported Machinery through one -off LC Sight at a mark up rate of 6 months KIBOR +1.5% p.a (2014:KIBOR +1.5% p.a.). This term finance loan is repayable by March 31, 2019.

6.1.5 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 43,284,045 (2014: Rs. Nil) to finance Imported Machinery through one -off LC Usance at a mark up rate of 6 months KIBOR +1.75% p.a (2014:Nil). This term finance loan is repayable by February 28, 2021.

6.1.6 This represents long term finance obtained from JS Bank Limited amounting to Rs. 24,954,000 (2014: Rs. Nil) to finance Imported Machinery through one -off LC Usance at a mark up rate of 6 months KIBOR +1.75% p.a (2014:Nil). This term finance loan is repayable by October 31, 2012. JS Bank Limited has sanctioned total Term Loan Facility of Rs. 350,000,000 for financing of Imported Plant and Machinery. Bills Payable as shown in Note 7, on maturity will be paid by the Bank against this Facility.

6.1.7 All term finance facilities are obtained against first equitable mortgage registered charge over Company's fixed assets except Soneri Bank Term Finance Loan 2 is secured against specific charge on imported machinery for Rs.42.0 million. In addition, Term Finance Loan 3 of Soneri Bank Ltd. (Sanctioned Limit Rs. 150 million) and JS Bank Term Loan 2 & 3 (Sanctioned Limited of Rs. 350) million are also secured against personal guarantees of two Directors of the Company and subordinated Directors Loan of Rs. 50.0 million.

6.2 This represent net amount due to three directors. The loan carried interest @ 7% per annum (2014: 7%), the amount of Rs. 50,000,000/- is subordinated to the bank against sanction of long term loan. The balance amount of Rs. 30,000,000/- will be paid after September 15, 2017.

7 BILLS PAYABLE

This represent value of documents for import of plant and machinery. The amount of import documents will be converted into long term loan on maturity dates. The value of import documents will be paid from Long Term Loan sanctioned by the JS banks (refer Note 6.1.6).

	Note	2015	2014
		----- Rupees -----	
8 DEFERRED LIABILITIES			
Retirement Benefit Obligation	8.1	78,482,958	65,546,722
Dividend Payable	8.2	10,869,517	7,529,517
		89,352,475	73,076,239
8.1 Retirement Benefit Obligation			
8.1.1 General description			
<p>The scheme provides terminal benefits for all its permanent employees who attain the minimum qualifying period of one year for entitlement to gratuity.</p> <p>Annual charge is based on assumptions used by actuary in actuarial valuation carried out as at June 30, 2015 using the Projected Unit Credit method.</p>			
8.1.2 Principal actuarial assumptions			
<p>Following are few important actuarial assumptions used in the valuation carried out as on June 30, 2015:</p>			
Discount rate		10.50%	10.50%
Expected rate of salary increase in future years		9.50%	9.50%
Average expected remaining working life time of employees		11 years	11 years
8.1.3 Reconciliation of payable to Defined Benefit Plan		Rupees	Rupees
Present value of defined benefit obligation		78,482,958	65,546,722
Unrecognized actuarial gain / (loss)		-	-
	8.1.4	78,482,958	65,546,722
8.1.4 Movement in liability recognized in Balance sheet			
Balance Sheet Liability / (Asset) as on June 30, 14		65,546,722	60,925,558
Current service cost for the year	8.1.5	3,827,944	4,137,514
Interest cost for the year		7,474,720	6,397,184
Actuarial gain realized		-	-
Payment made during the year		(4,711,224)	(4,811,692)
Remeasurments recognised in other Comprehensive income		6,344,796	(1,101,842)
Present value of Defined Benefit Obligation as on June 30, 2015		78,482,958	65,546,722
8.1.5 Charge for the year			
Current service cost		3,827,944	4,137,514
Interest cost		7,474,720	6,397,184
Actuarial gain charge		-	-
		11,302,664	10,534,698
8.1.6 Charge for the year has been allocated as follows:			
Cost of sales		10,285,424	9,586,576
Selling and distribution expenses		226,053	210,693
Administrative expenses		791,186	737,429
		11,302,664	10,534,698

	2015 Rupees	2014 Rupees	2013 Rupees
8.1.7 Historical information			
Present value of obligation	78,482,958	65,546,722	60,925,558

8.2 One of the shareholder of the Company with others filed Civil Suit # 1489/2008 in Honorable High Court of Sindh against fraudulent pledging of shares by M/s Ismail Abdul Shakoor Securities (Private) Limited which they had fraudulently pledged with Summit Bank Limited (Formerly Arif Habib Bank Limited). Subsequently Brokerage House had been declared defaulter by Karachi Stock Exchange (Guarantee) Limited and Honorable High Court of Sindh had passed order dated November 14, 2008 directing Central Depository Company (CDC) to block all such shares and restrain any transfers / sell transaction. Number of shares involved in the case is 3,340,000 and dividend payable on said shares is Rs 10,869,517(2014: 7,529,517)

	2015	Restated 2014
	----- Rupees -----	

9 DEFERRED TAXATION

Deferred tax liability comprises of taxable temporary differences in respect of the following:

Tax depreciation allowance	103,361,465	106,462,401
Deferred tax asset on deductible temporary difference on staff retirement benefits - gratuity	(25,899,376)	(22,285,885)
Effect of Change in policy related to staff retirement benefits	-	374,626
	77,462,089	84,551,142

10 TRADE AND OTHER PAYABLES

Trade creditors/Bills payable	109,907,534	52,433,499
Accrued expenses	55,230,427	55,454,902
Sales tax payable	5,067,282	14,190,098
Workers' profit participation fund	2,525,536	1,244,797
Workers' welfare fund	2,616,070	1,609,270
Unclaimed dividend	463,360	371,280
Withholding tax payable	323,299	476,531
	176,133,508	125,780,377

10.1 Workers' profit participation fund

Opening balance	1,244,797	966,385
Allocation for the year	2,525,537	1,244,798
Interest on fund utilized in company's business	68,345	53,087
	2,593,882	1,297,885
	3,838,679	2,264,269
Less: Paid during the year	(1,313,143)	(1,019,472)
	2,525,536	1,244,797

	Note	2015	2014
11		----- Rupees -----	
SHORT TERM BORROWINGS			
Soneri Bank Limited	11.1	57,175,324	4,642,918
Habib Bank Limited	11.2	-	25,799,455
		<u>57,175,324</u>	<u>30,442,373</u>

11.1 The company has obtained short term running finance facility from Soneri Bank Limited and Habib Bank Limited for the purpose of meeting working capital requirements. The rates of markup on these finances range from KIBOR + 1% to KIBOR + 1.5% (2014: KIBOR + 1.5%) per annum. These facilities from Soneri Bank Limited and Habib Bank Limited are secured against first registered hypothecation charge of Rs 160 (M) over company's stocks and third party mortgage over KCL Head Office, located at BC-6, Block 5, Kehkashan Clifton, Karachi respectively. These facilities mature within twelve months and are renewable.

11.2 The Company has obtained short term running finance facility from Habib Bank Limited for the purpose of meeting working capital requirements. The rates of markup on these finances is 1 month KIBOR + 1% (2014: 1 month KIBOR + 1%) per annum. This facility from Habib Bank Limited is secured against 3rd party Mortgage over property, KCL's Head Office, located at BC-6, Block 5, Scheme No. 5 Kehkashan Clifton, Karachi measuring 400 square yards, owned by third party namely Mrs. Kulsoom Noorali Kassim and Mrs. Sohaila Irshad Kassim. This facility is valid up to twelve months and is renewable.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Nil

12.2 Commitments

Commitments under letter of credit of raw materials as at June 30, 2015 amounted to Euro 97,130 and USD \$ 342,973 (2014: Euro 76,414 and USD \$ 112,122)

13. Property, Plant and Equipments

	Building			Plant and machinery	Motor vehicles	Furniture, fixture & equipment	Moulds	Laboratory equipment	Total
	Freehold Land	Factory building on Free-hold land	Lahore warehouse on free hold land						
COST									
Balance as at July 01, 2013	52,560,000	279,987,989	2,664,102	1,340,150,202	24,751,301	12,713,151	6,237,230	1,512,579	1,720,576,554
Additions during the year	-	-	-	58,138,081	2,441,026	-	-	-	60,579,107
Disposal during the year	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	52,560,000	279,987,989	2,664,102	1,398,288,283	27,192,327	12,713,151	6,237,230	1,512,579	1,781,155,661
Balance as at July 01, 2014	52,560,000	279,987,989	2,664,102	1,398,288,283	27,192,327	12,713,151	6,237,230	1,512,579	1,781,155,661
Additions during the year	-	54,453,110	-	70,412,439	1,770,500	99,000	-	-	126,735,049
Revaluation adjustment	-	-	-	-	-	-	-	-	-
Disposal during the year	-	-	-	-	(535,000)	-	-	-	(535,000)
Balance as at June 30, 2015	52,560,000	334,441,099	2,664,102	1,468,700,722	28,427,827	12,812,151	6,237,230	1,512,579	1,907,355,710
DEPRECIATION									
Balance as at July 01, 2013	-	193,537,989	2,467,741	847,986,124	17,235,493	10,041,412	3,633,432	1,440,628	1,076,342,819
Charge for the year	-	8,428,875	19,145	51,583,378	1,891,799	260,495	722,552	7,015	62,913,259
Disposal during the year	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2014	-	201,966,864	2,486,886	899,569,502	19,127,292	10,301,907	4,355,984	1,447,643	1,139,256,078
Balance as at July 01, 2014	-	201,966,864	2,486,886	899,569,502	19,127,292	10,301,907	4,355,984	1,447,643	1,139,256,078
Charge for the year	-	10,329,715	17,279	54,461,497	1,708,636	240,046	522,044	6,331	67,285,548
Disposal during the year	-	-	-	-	(527,290)	-	-	-	-
Balance as at June 30, 2015	-	212,296,580	2,504,165	954,030,999	20,308,637	10,541,953	4,878,028	1,453,974	1,206,014,336
Book value as at June 30, 2015	52,560,000	122,144,519	159,937	514,669,723	8,119,190	2,270,198	1,359,202	58,605	701,341,374
Book value as at June 30, 2014	52,560,000	78,021,125	177,216	498,718,781	8,065,035	2,411,244	1,881,246	64,936	641,899,583
Annual depreciation rate %	-	10	10	10	10	20	10	30	10

13.1 Depreciation charge for the year has been allocated as follows:

	Note	2015	2014
		----- Rupees -----	
Cost of sales	21.1	66,458,828	62,140,260
Selling and distribution cost	22	398,380	372,493
Administrative expenses	23	428,340	400,506
		67,285,548	62,913,259

13.2 Disposal of fixed assets

Particulars	Cost of acquisition	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of sale	Particulars of purchaser
Rupees							
Hundai Shahzor Pickup LXX 7968	535,000	527,290	7,710	80,000	72,290	Negotiation	Mr. Javed Iqbal S/o Nazar Hussain CNIC# 31201-5605724-9
	-	-	-	-	-	-	
	-	-	-	-	-	-	
Total 2015	535,000	527,290	-	80,000	72,290		
Total 2014	-	-	-	-	-		

13.3 Had there been no revaluation of property, plant and equipments, the written down value would have been as follows:

	2015	2014
	----- Rupees -----	
Freehold land	3,964,588	3,964,588
Factory building	78,943,799	33,253,835
	82,908,387	37,218,423
14 CAPITAL WORK IN PROGRESS		
Plant and Machinery	279,937,195	-
	279,937,195	-

The plant and machinery has been imported during the year and the same is being installed at factory premises. On completion of installation work the cost of plant will be transferred to Fixed Assets.

15 STORES AND SPARES	11,198,449	8,874,390
16 STOCK-IN-TRADE		
Raw material	62,554,339	78,127,733
Packing material in hand	1,246,525	2,415,294
Work-in-process	5,162,290	5,545,093
Finished goods	21,586,907	12,325,990
	90,550,061	98,414,110
17 LOANS AND ADVANCES		
Loans to employees - considered good	242,000	331,500
Advances - considered good		
- Employees	178,300	176,600
- Purchases	4,315	7,143
- Advance to suppliers	2,262,448	-
- Advance to contractors	6,200,000	-
- Others	2,264,212	455,000
- Purchase of land	400,000	400,000
	11,551,275	1,370,243

17.1 Maximum aggregate balance of loans due at the end of any month during the year 2015 was Rs. 613,800 (2014: Rs. 281,500). These are secured against gratuity payable to them.

17.2 This represents amount paid against purchase of land. However, the seller has filed a suit in the Civil Court Lahore for cancellation of the agreement and the matter is pending adjudication.

	2015	2014
	----- Rupees -----	
18 SHORT-TERM PREPAYMENTS		
Letters of credit charges	13,908,367	9,540,084
Other prepayments	1,442,926	1,131,345
Other Receivable	-	5,000,000
	15,351,293	15,671,429
19 CASH AND BANK BALANCES		
Cash in hand	923,824	525,467
Cheques in hand	41,764,000	14,098,027
	42,687,824	14,623,494
Balance with banks in:		
- Current accounts	816,627	2,982,905
- Deposit accounts	799,972	726,549
	1,616,599	3,709,454
	44,304,423	18,332,948
	Note	
		2015 2014
		----- Rupees -----
20 SALES - NET		
Gross sales	1,564,916,407	1,526,615,216
Less: Sales tax	(260,750,366)	(248,002,949)
	1,304,166,041	1,278,612,267
21 COST OF SALES		
Opening stock of finished goods	12,325,990	44,908,538
Cost of goods manufactured	21.1 1,179,062,464	1,153,198,796
	1,191,388,454	1,198,107,334
Closing stock of finished goods	(21,586,907)	(12,325,990)
	1,169,801,547	1,185,781,344

	Note	2015	2014
----- Rupees -----			
21.1 Cost of goods manufactured			
Raw materials consumed			
Opening stock		78,127,733	56,942,134
Purchases			
- Local		136,729,117	121,298,700
- Imported		189,938,302	234,780,941
Total purchases		326,667,419	356,079,641
Available for use		404,795,152	413,021,775
Closing stock		(62,554,339)	(78,127,733)
		<u>342,240,813</u>	<u>334,894,042</u>
Other manufacturing expenses			
Moulds, dyes and consumable stores and spares		33,258,184	30,253,886
Fuel, power and water		534,043,174	543,137,614
Salaries allowances, wages and other benefits		136,584,855	127,149,254
Director's remuneration		2,400,000	2,400,000
Insurance		4,085,563	5,006,290
Vehicles running and maintenance		252,497	148,123
Repairs and maintenance		20,923,499	15,104,757
Other production expenses		2,612,539	2,365,412
Packing materials consumed		35,819,708	31,566,290
Depreciation	13.1	66,458,828	62,140,260
Total manufacturing expenses		<u>1,178,679,661</u>	<u>1,154,165,928</u>
Opening work-in-process		5,545,093	4,577,961
		<u>1,184,224,754</u>	<u>1,158,743,889</u>
Closing work-in-process		(5,162,290)	(5,545,093)
		<u><u>1,179,062,464</u></u>	<u><u>1,153,198,796</u></u>
22 SELLING AND DISTRIBUTION COST			
Salaries, allowances and other benefits		5,418,524	3,599,282
Rent, rates and taxes		1,142,220	1,068,450
Electricity and gas charges		234,096	237,482
Postage, telegraph and telephone charges		134,986	129,493
Printing and stationery		75,290	117,154
Vehicles running and maintenance		1,067,148	1,334,231
Repairs and maintenance		388,843	1,179,764
Travelling and conveyance		430,343	177,898
Entertainment		109,466	29,403
Advertisement expenses		793,853	848,715
Insurance		233,770	-
Forwarding and transportation		22,692,500	16,643,050
Commission		1,578,342	1,241,901
Depreciation	13.1	398,380	372,493
Sundry expenses		192,399	130,501
		<u>34,890,162</u>	<u>27,109,818</u>

	Note	2015	2014
----- Rupees -----			
23	ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	8,476,344	7,563,139
	Directors, remuneration and allowance	2,400,000	2,400,000
	Rent, rates and taxes	1,196,880	1,120,916
	Electricity and gas charges	1,552,309	1,030,492
	Postage, telegraph and telephone charges	669,563	441,516
	Printing and stationery	386,776	294,442
	Vehicles running and maintenance	617,196	354,003
	Repairs and maintenance	881,143	382,239
	Travelling and conveyance	626,865	450,586
	Entertainment	86,848	99,786
	Legal and professional charges	359,020	265,360
	Fees and subscription	1,045,194	732,874
	Insurance	1,333,784	623,347
	Depreciation	428,340	400,506
	13.1	20,060,262	16,159,206
24	OTHER OPERATING EXPENSES		
	Auditors' remuneration	486,000	450,000
	Donations	1,325,000	2,785,000
	Workers' profit participation fund	2,525,537	1,244,798
	Workers' welfare fund	1,006,800	656,499
		5,343,337	5,136,297
	24.1 Auditors' Remuneration		
	Audit fee	396,000	360,000
	Half yearly review	50,000	50,000
	Code of corporate governance review	40,000	40,000
		486,000	450,000
	24.2 None of the directors or spouse is interested in the funds of donees. Donations include payment made to following institutions		
	Name of Institutions		
	The Aga khan Hospital & Medical College	650,000	2,250,000
	Aga Khan Education Services of Pakistan	500,000	500,000
	Institute of Business Administration Karachi	100,000	-
	Others	75,000	35,000
		1,325,000	2,785,000

	Note	2015	2014
25	FINANCE COST	----- Rupees -----	
	Interest on workers' profit participation fund	68,345	53,087
	Mark-up on :		
	Short term finances	6,974,636	6,662,218
	Term finance	16,591,935	14,951,986
	Bank charges	1,207,856	787,603
	Interest on directors' loan	2,471,181	1,417,891
		<u>27,313,953</u>	<u>23,872,785</u>
26	OTHER INCOME		
	Income from financial assets		
	Return on deposit accounts	-	51,254
	Income from non-financial assets		
	Gain on sale of vehicles	72,290	-
	Exchange gain	149,341	2,340,585
	Remission of liability	-	50,000
		<u>221,631</u>	<u>2,441,840</u>
27	TAXATION		
	For current year		
	- Current	16,174,948	12,786,123
	- Deferred	(6,175,319)	(878,164)
		9,999,629	11,907,959
	For prior year		
	- Income tax	-	(5,736,760)
		<u>9,999,629</u>	<u>6,171,199</u>

	2015	2014	2015	2014
			----- Rupees -----	
			Effective tax rate (%)	
Profit before taxation			46,978,411	22,994,658
Application Tax rate	33.00	34.00	15,502,876	7,818,184
Tax effect of amount that are inadmissible/ admissible in determining taxable profit	2.36	5.63	1,109,322	1,295,135
Tax effect of tax credit	(0.93)	-	(437,250)	-
Tax effect of amount relating to prior year's tax	-	(24.95)	-	(5,736,760)
Tax effect of temporary difference (Deferred tax)	(13.15)	(3.82)	(6,175,319)	(878,164)
Tax effect of 15% surcharge	-	-	-	-
Average effective rate charged to income	<u>21.286</u>	<u>10.87</u>	<u>9,999,629</u>	<u>2,498,394</u>

27.2 The income tax assessments of the company have been finalized upto the financial year ended June 30, 2014

	2015	2014
	----- Rupees -----	
28 EARNINGS PER SHARE-BASIC AND DILUTED		
28.1 Earnings per share - Basic		
Net profit for the year after taxation	<u>36,978,782</u>	<u>16,823,459</u>
	Number of shares	
Weighted average ordinary shares in issue	<u>14,548,676</u>	<u>14,548,676</u>
Basic earnings per share	<u>2.54</u>	<u>1.16</u>

28.2 Earnings per share - Diluted

There is no dilution effect on basic earnings per share as the Company has no such commitments.

29 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including all benefits, to Chief Executive and Director of the Company are as follows:

	CHIEF EXECUTIVE		DIRECTOR		Grand Total	
	2015	2014	2015	2014	2015	2014
Managerial remuneration and allowances	1,548,387	1,548,387	1,548,387	1,548,387	3,096,774	3,096,774
House rent	696,774	696,774	696,774	696,774	1,393,548	1,393,548
Utilities	154,839	154,839	154,839	154,839	309,678	309,678
Total	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>4,800,000</u>	<u>4,800,000</u>
No of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

In addition, the Chief Executive and directors and certain executives are provided with free use of Company maintained cars.

30 TRANSACTIONS WITH RELATED PARTY

The detail of transactions with the related parties during the year:

		2015	2014
		----- Rupees -----	
Relation with the Company	Nature of Transaction		
Director's spouse	Rent expenses	<u>1,032,000</u>	<u>960,000</u>
Directors	Loan repaid	<u>2,397,110</u>	<u>21,424,435</u>
Directors	Loan received	<u>70,071,545</u>	<u>5,000,000</u>
Directors	Interest on loan	<u>2,471,181</u>	<u>1,417,891</u>
PICIC Insurance Co. Ltd.	Premium Paid	<u>3,039,330</u>	<u>-</u>

	2015	TILES 2014
31 CAPACITY AND PRODUCTION	(Sq. Meters)	
Capacity	3,600,000	3,600,000
Actual production	3,229,878	3,169,930

Increase in production during the year was due to increase in market demand.

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 The Company's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but not limited to, credit risk, liquidity risk and market risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risks measured and managed by the Company are explained in notes 31.1.1, 31.1.2 and 31.1.3 below:

32.1.1 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 completely to perform as contracted.

Credit risk arises from cash equivalents and credit exposures to customers, including trade receivables and committed transactions. Out of the total financial assets of Rs. 184,116,700 (2014: 89,636,316), the financial assets that are subject to credit risk amounted to Rs 183,192,876 (2014: Rs. 89,110,849).

The maximum exposure to credit risk as at June 30, 2015, along with comparative is tabulated below:

	2015	2014
	----- Rupees -----	
Financial Assets		
Long term deposits	897,038	907,038
Trade debts - unsecured	127,363,964	69,026,087
Loans and advances	11,551,275	1,370,243
Cheques in hand	41,764,000	14,098,027
Bank balances	1,616,599	3,709,454
	183,192,876	89,110,849

The bank balances along with credit rating are tabulated below:

Name of bank	Credit rating	Rating agency	2015 Rupees
Soneri Bank Limited	A1+	PACRA	1,240,551
National Bank of Pakistan	A1+	PACRA	3,129
MCB Bank Limited	A1+	PACRA	70,291
Habib Metro Bank Limited	A1+	PACRA	42,026
JS Bank Limited	A1+	PACRA	28,159
Habib Bank Limited	A-1+	JCR-VIS	232,443
			1,616,599

Due to the Company's long standing business relationships with counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by counter parties on their obligations to the Company.

For trade receivables, 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 based on internal or external ratings in accordance with limits set by the management. The utilization 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.

32.1.2 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 believes that it is not exposed to any significant level of liquidity risk.

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. This involves monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

	2015						Grand Total
	Interest / Mark-up bearing			Non-interest bearing			
	Maturity within year	Maturity after year	Sub total	Maturity within year	Maturity after year	Sub total	
----- Rupees -----							
FINANCIAL LIABILITIES							
Long term financing	47,824,007	206,914,038	254,738,045	-	-	-	254,738,045
Dividend payable	-	-	-	-	10,869,517	10,869,517	10,869,517
Short term borrowings	57,175,324	-	57,175,324	-	-	-	57,175,324
Trade and other payable	-	-	-	165,601,321	-	165,601,321	165,601,321
Markup accrued on loans	-	-	-	9,285,328	-	9,285,328	9,285,328
	<u>104,999,331</u>	<u>206,914,038</u>	<u>311,913,369</u>	<u>174,886,649</u>	<u>10,869,517</u>	<u>185,756,166</u>	<u>497,669,535</u>

	2014						Grand Total
	Interest / Mark-up bearing			Non-interest bearing			
	Maturity within year	Maturity after year	Sub total	Maturity within year	Maturity after year	Sub total	
----- Rupees -----							
FINANCIAL LIABILITIES							
Long term financing	38,400,000	118,825,565	157,225,565	-	-	-	157,225,565
Dividend payable	-	-	-	-	7,529,517	7,529,517	7,529,517
Short term borrowings	30,442,373	-	30,442,373	-	-	-	30,442,373
Trade and other payable	-	-	-	108,259,681	-	108,259,681	108,259,681
Markup accrued on loans	-	-	-	6,933,808	-	6,933,808	6,933,808
	<u>68,842,373</u>	<u>118,825,565</u>	<u>187,667,938</u>	<u>115,193,489</u>	<u>7,529,517</u>	<u>122,723,006</u>	<u>310,390,944</u>

32.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is exposed to currency risk and interest rate risk only.

Currency Risk

Foreign 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, 2015, if the currency had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, pre-tax profit for the year would have been higher / lower by Rs. 2,296,922 (2014: Rs. 107,313). This will mainly result due to foreign exchange gains / losses on bills payable and bank balances denominated in USD and Euro."

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. At June 30, 2015 the Company's financial instruments mainly affected due to changes in the interest rates on long term financing and short term financing provided to Company where changes in interest rates may have impact on the future profits / cash flows. The effects of changes in interest rates on the future profits arising on long term financing and short term financing provided to company are not considered to be material. The Company places its funds in banks having good credit ratings as stated in note 31.1.1.

	Carrying amount	
	2015	2014
	Rupees	Rupees
Fixed rate instruments		
Financial liabilities	<u>80,000,000</u>	<u>12,325,565</u>
Variable rate instrument		
Financial liabilities	<u>231,913,369</u>	<u>175,342,373</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 2,319,134 (2014: Rs. 1,753,423). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

32.1.4 Fair value of financial instruments

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

As at June 30, 2015 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

32.1.5 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'current portion of the long term financing' as shown in the balance sheet). Total capital comprise shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

As at June 30, 2015 the shareholder's equity amounts to Rs. 323,885,178 (2014: Rs. 304,899,964)

33 ACCOUNTING ESTIMATES AND JUDGEMENTS

33.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

33.2 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

33.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, which provision may differ in the future years based on the actual experience. The difference in provision if any, is recognised in the future period.

33.4 Property, plant and equipments

The Company's management determines the estimated useful lives and related depreciation charge for its property, plant and equipments. The estimates for revalued amounts of different classes of property are based on valuation performed by external professional valuers, recommendation of technical teams of the Company. The said

recommendation also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

33.5 Stock-in-trade and stores and spares

The Company's management reviews the net realizable value (NRV) and impairment of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The difference in provision, if any, is recognised in the future period.

34	STAFF STRENGTH	2015	2014
	Number of employees as at June 30, 2015	<u>523</u>	<u>537</u>
	Average number of employees	<u>533</u>	<u>543</u>

The above numbers include the contractual staff and workers of the Company.

35 DATE OF AUTHORIZATION

The Financial Statements have been authorized for issue by the Board of Directors of the Company in its meeting held on September 10, 2015.

36 RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions of the propuses of comparison.

	From	To	From 2014 Rupees	To 2014 Rupees
Provision for taxation		Income tax	<u>12,786,123</u>	12,786,123
Income tax refundable		Income tax	-	-
Advance income tax		Income tax	<u>17,880,486</u>	17,880,486
			<u>30,666,609</u>	<u>30,666,609</u>

37 EVENTS AFTER REPORTING PERIOD

The Board of Directors has proposed a final dividend for the year ended June 30, 2015 of Rs. 1.2 Per share (2014: Rs. 1 Per share) ,amounting to Rs. 17,458,411 (2014: Rs. 14,548,676) at their meeting held on September 10, 2015 for approval of the members at the annual general meeting to be held on October 27, 2015. However these events have been considered as non adjusting event under IAS 10 "Events after Reporting Period" and have not been recognized in these financial statements.



Chirman



Chief Executive

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2015

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
183	1	100	1950	0.0134
90	101	500	41390	0.2845
17	501	1000	13025	0.0895
35	1001	5000	97952	0.6733
15	5001	10000	115662	0.7950
3	10001	15000	36612	0.2517
4	15001	20000	76746	0.5275
1	20001	25000	23000	0.1581
1	25001	30000	27244	0.1873
1	30001	35000	32751	0.2251
1	215001	220000	219500	1.5087
1	295001	300000	300000	2.0620
1	435001	440000	435812	2.9955
1	730001	735000	732920	5.0377
3	735001	740000	2207760	15.1750
3	980001	985000	2942678	20.2264
2	1950001	1955000	3903674	26.8318
1	3335001	3340000	3340000	22.9574
363	Company Total		14548676	100.0000

TOTAL OUT STANDING SHARES AS AT 30 JUNE 2015 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	14	10262569	0	0	14	10262569	70.5395
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 PUBLIC	79	302080	270	3984027	349	4286107	29.4605
Total		93	10564649	270	3984027	363	14548676	100.0000

CATEGORY OF SHARE HOLDERS AS AT 30 JUNE 2015

Folio No	Name	Code	Balance Held	Percentage
000000000001	Mr SHABANALI KASSIM	001	9113	0.0626
000000000002	MR. IRSHAD ALI S. KASSIM	001	1951838	13.4159
000000000003	MR. MUNAWAR ALI S. KASSIM	001	1951836	13.4159
000000000004	MRS .MARIAM SHABANALI	001	10612	0.0729
000000000005	MRS. SHAHEEN A. REHMAN	001	10000	0.0687
000000000006	MRS. SAKIN NOORALLAH	001	10000	0.0687
00000000734	MR. SHAHNAWAZ NOOR ALI A.MADHANI	001	435812	2.9955
00000000831	MISS. ALIZA KASSIM	001	981226	6.7444
00000000838	MISS. ALISHBA IRSHAD ALI	001	981226	6.7444
00000000861	MISS. ANUSHKA KASSIM	001	980226	6.7376
00000000862	MANEEZA	001	732920	5.0377
00000000863	MISS MANISHA KASSIM	001	735920	5.0583
00000000864	MISS MYRA KASSIM	001	735920	5.0583
00000000865	MISS NATALIA KASSIM	001	735920	5.0583
003889000028	NATIONAL BANK OF PAKISTAN	004	202	0.0014
007393000024	SUMMIT BANK LIMITED	004	3340000	22.9574
00000000773	GULF INSURANCE COMPANY LTD.	005	1500	0.0103
001339000034	INTERMARKET SECURITIES LIMITED	010	9967	0.0685
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 SECURITES (PVT) LIMITED	010	1	0.0000
007385000017	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	010	6752	0.0464

CATEGORIES OF SHAREHOLDERS AS AT 30 JUNE 2015

Particulars	No. of Folio	Balance Share	Percentage
DIRECATORS,CEO & CHILDREN	14	10262569	70.5395
BANKS,DFI & NBF	2	3340202	22.9588
INSURANCE COMPANIES	1	1500	0.0103
GENERAL PUBLIC (LOCAL)	337	853876	5.8691
GENERAL PUBLIC (FOREIGN)	4	39909	0.2743
OTHERS	5	50620	0.3479
Company Total	363	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 36th Annual General Meeting of the Company to be held on Tuesday,
 October 27, 2015 at 5.: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. _____

Signature on
Rupees Five
Revenue Stamp

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

2) Signature _____
 Name _____
 Address _____

 NIC or Passport No. _____

Dated _____

Important:

This form of proxy, duly completed must be deposited at the Company's Registered Office
 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 from. _____