

Annual 2014 Report



IN TECHNICAL COLLABORATION WITH
DOULTON
BATH ROOMS ENGLAND



**KARAM
CERAMICS
LIMITED**
SANITARY WARE - TILES - BATH TUBS

35th ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Irshad Ali S. Kassim	Chairman
Mr. Munawar Ali S.Kassim	Chief Executive
Mr. Shahid Ahmed	Independent Non-Executive Director
Mr. Shahnawaz Madhani	Director
Mrs. Mariam Shaban Ali	Director
Miss Natalia Kassim	Director
Miss. Anushka Kassim	Director
Mr. Anwar Ali Bardai	C.F.O
Mr. Manzoor Ali Natha	Company secretary

AUDIT COMMITTEE

Mr. Shahid Ahmed	Chairman
Mr. Irshad Ali S.Kassim	Member
Miss. Anushka Kassim	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Shahnawaz Madhani	Chairman
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 35th Annual General Meeting will be held at the Registered Office of the Company on Thursday September 25, 2014 at 5.00 p.m. to transact the following business:

1. To confirm the minutes of 34th Annual General Meeting held on October 26, 2013.
2. To receive, consider and adopt the audited financial statements of the Company together with Directors' and Auditors' Reports for the year ended June 30, 2014.
3. To approve a cash dividend of 10% i.e. Rs. 1/- per share, as recommended by the Board of Directors.
4. To appoint Auditors for the year 2015 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

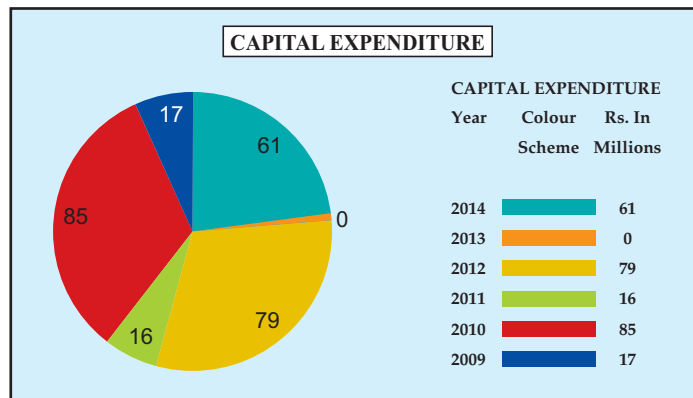
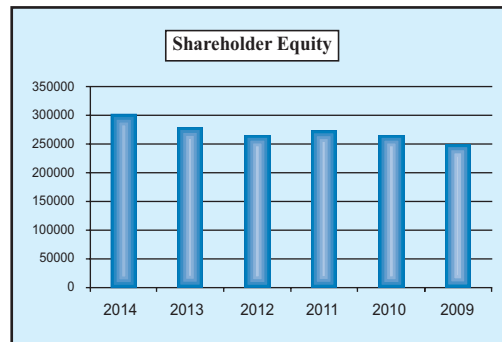
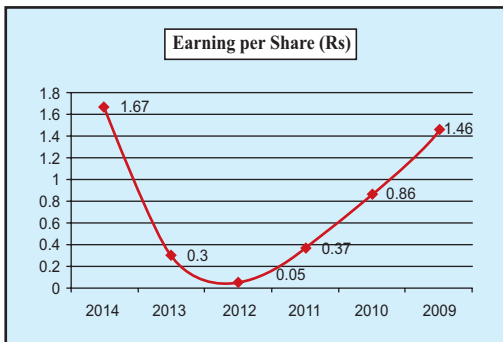
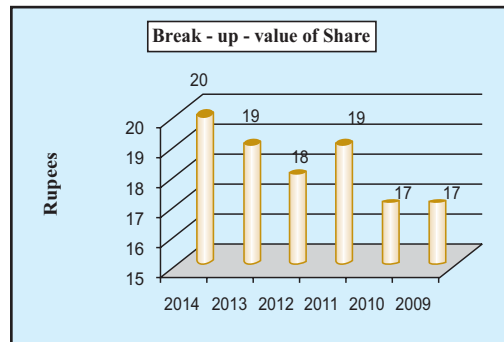
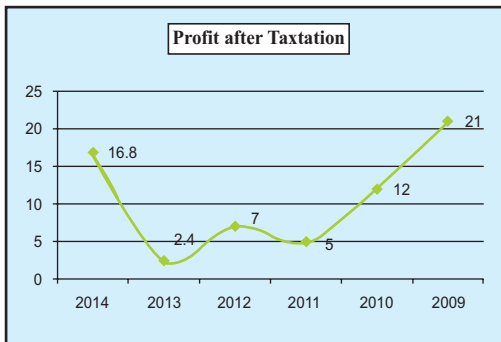
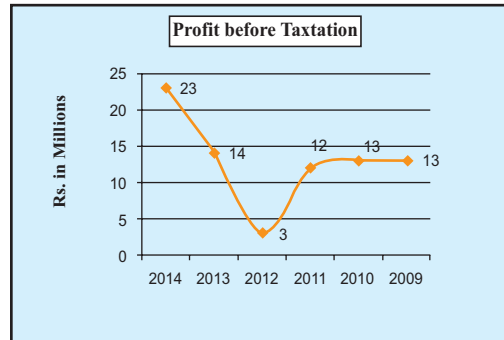
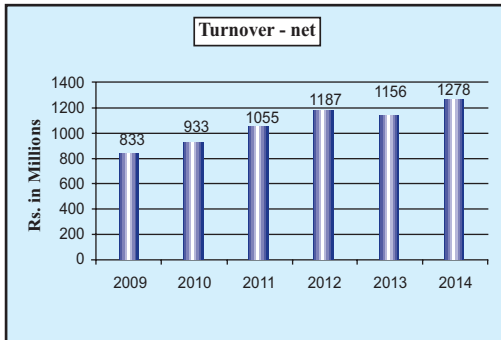
By Order of the Board

Karachi
September 5th, 2014

Manzooral Natha
Company Secretary

Notes :

1. The Share transfer book of the company will remain closed from September 19, 2014 to September 25, 2014 (both days inclusive)
2. A member eligible to attend and vote at the meeting may appoint another member as 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.
3. 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.
4. Members are requested to promptly notify any change of address to the Company's share registrar.



FINANCIAL HIGHLIGHTS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Sales	1278	1156	1187	1055	933	833	710	635	660	613
Gross Profit	93	111	107	129	114	130	139	99	136	137
Expenses	72	96	104	117	102	117	106	83	80	70
Profit before Taxtation	23	14	3	12	13	13	33	16	56	67
Profit after Taxtation	17	2.4	7	5	12	21	8	13	27	35
Dividend %	10.00	-	-	10	-	-	12.5	12.5	-	15
Right Shares %	-	-	-	-	-	-	-	-	33.3	-
Earning per Share (Rs.)	1.16	0.17	0.05	0.37	0.86	1.46	0.55	1.03	2.2	3.22

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report with audited financial statements of the company for the year ended June 30'2014.

OPERATING RESULTS

During the year ended June 30'2014; the sales of the company have increased to Rs 1,278.61 million from Rs 1,156.07 million in the corresponding period of last year, representing increase of 10.60% which was mainly due to increase in sales volume.

Cost of Sales increased to Rs 1,185.78 million from Rs 1,045.08 million in corresponding period of last year, representing increase of 13.46%, which had resulted decrease in the Gross Profit, this was mainly due to increase in gas charges and raw materials prices.

Operating expenses have decreased by Rs 24.5 million, representing decrease of 25.31% which was mainly due to better management of working capital and economization of expenses.

RETAINED EARNINGS

Your company is pleased to report a profit before tax at Rs 22.99 million compared to the profit of Rs 14.45 million of last year and after tax profit of Rs 16.82 million compared to the profit of Rs 2.41 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 staff is given challenging and aggressive targets to meet in the ensuing year

EARNING PER SHARE

Earning per share for the year ended June 30'2014 was Rs 1.16 as against Rs 0.17 of last year. Un-appropriated profit to be carried forward is Rs 154.75 million.

DECLARATION OF DIVIDEND

The Board of Directors of the company has recommended Cash Dividend @10% (i.e. Rs 1/- per share.)

FUTURE OUTLOOK

The Board of the company intends to expand the existing project. The cost of expansion would be around Rs 414 million. We have touch based with the banks for the Long Term Finance Facility and we have already provided the feasibility report to the banks. The banks have shown positive response to provide the Long Term Finance to the company. The profitability of the company will definitely be increased by the expansion of existing project.

The prevailing economic and political situation around the country will of course present challenges. 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 preferences 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 statements, prepared by the company, present fairly its state of affairs, the result of its operations, cash flows 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 going concern; and
- There has been no deviation from the best practices of Corporate Governance, as detailed in the listing regulations.

CHANGES IN BOARD OF DIRECTORS

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

NUMBER OF BOARD MEETINGS HELD

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

1.	Mr. Irshad Ali Kassim	4
2.	Mr. Munawar Ali S. Kassim	4
3.	Mr. Shahid Ahmed	4
4.	Ms. Mariam S. G. Kassim	2
5.	Mr. Shahnawaz Madhani	4
6.	Ms. Anushka Kassim	4
7.	Ms. Natalia Kassim	2

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

EMPLOYEES RELATION

The management would like to place on record its appreciation for the positive attitude of Labour Union during the year under review and we look forward to its support on issues mutually.



AUDITORS

The present auditors M/S Qavi & Co, Chartered Accountants have completed audit for the financial year ended June 30'2014 and shall retire on the conclusion of the 35th Annual General Meeting of the company. Being eligible for re-appointment, they have offered themselves for re-appointment. Based on Audit Committee's proposal the Board of Directors recommends their re-appointment for the year ending June 30'2015. The external auditors have been satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan

PATTERN OF SHAREHOLDING

Pattern of share holding as at June 30'2014 is annexed

APPRECIATION

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

MUNAWAR ALI S. KASSIM
CHIEF EXECUTIVE

DATE: August 30, 2014.



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, 2014

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of the Listing Regulations of the Karachi Stock Exchange and the Lahore Stock Exchanges (collectively, the "Exchanges"), for the purpose of establishing a framework of good corporate 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 interest on its Board of Directors. At present the board includes:

Category	Names
Executive Directors	Mr. Irshadali Shabanali Kassim Mr. Munawar Ali S. Kassim
Independent Non-Executive Director	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 in 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 the Exchanges, has been declared to be a defaulter by the Exchanges.
4. The Company has prepared and adopted 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 the appointment and determination of remuneration and terms and conditions of employment of the chief executive officer, other executive 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 of the Board 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 an 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 Directors' Report of the year ended June 30, 2014, has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
10. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.
11. 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.
12. The Company has complied with all the corporate and financial reporting requirements of the Code.
13. The Board has formed Audit Committee. It is comprised of three members, of which two are non-executive directors.
14. The meetings of the Audit Committee were held as least once every year 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 Audit Committee for compliance.
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purposes and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full-time basis.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 the International Federation of Accountants (the "IFAC") guidelines on code of ethics as adopted by the IFAC.
17. 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.
18. The "closed period," prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the Exchanges.
19. Material/price sensitive information has been disseminated among all market participants once through the Exchanges.
20. We confirm that we have complied with all other material principles contained in the Code.

By order of the Board
Karachi: August 30th, 2014



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, 2014 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, 2014.

DATE: August 30th, 2014
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, 2014 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, 2014 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: August 30th, 2014
Karachi

Qavi Co.
Chartered Accountants
Engagement partner: Khalid Anwer

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014	2013	July 1, 2012
		(Re-stated)		
		----- Rupees -----		
EQUITY AND LIABILITIES				
Share Capital and Reserves				
<i>Authorized</i>				
15,000,000 ordinary shares of Rs. 10 each		<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital	5	145,486,760	145,486,760	145,486,760
Unappropriated Profit		<u>154,755,680</u>	<u>134,030,980</u>	<u>119,848,795</u>
		300,242,440	279,517,740	265,335,555
Surplus on revaluation of fixed assets	6	81,338,247	84,512,272	37,448,317
Non Current Liabilities				
Long term financing	7	118,825,565	133,750,000	84,880,319
Deferred liability	8	73,076,239	68,455,075	66,710,827
Deferred taxation	9	84,551,142	85,054,680	92,086,486
		<u>276,452,946</u>	<u>287,259,755</u>	<u>243,677,632</u>
Current Liabilities				
Advance from customers		-	-	19,550,000
Trade and other payables	10	125,780,377	122,381,877	131,752,374
Mark up accrued on loans		6,933,808	6,564,487	10,766,831
Short term running finance	11	30,442,373	50,041,383	95,702,756
Provision for taxation		12,786,123	16,284,985	11,873,128
Current portion of long term financing		<u>38,400,000</u>	<u>30,000,000</u>	<u>128,663,001</u>
		214,342,681	225,272,733	398,308,091
Contingencies and commitments	12			
		<u>872,376,314</u>	<u>876,562,500</u>	<u>944,769,595</u>

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

BALANCE SHEET

AS AT JUNE 30, 2014

	Note	2014	2013	July 1, 2012
				(Re-stated)
ASSETS		----- Rupees -----		
Non Current Assets				
Property, plant and equipments	13	641,899,583	644,233,735	653,382,118
Long term deposits		907,038	897,038	897,038
Current Assets				
Stores and spares	14	8,874,390	9,379,478	9,567,511
Stock in trade	15	98,414,110	108,249,525	134,019,601
Trade debts - unsecured considered good		69,026,087	23,709,989	63,523,320
Loans and advances	16	1,370,243	6,598,994	1,877,022
Income tax refundable		-	89,300	4,286
Short-term prepayments and balances with statutory authorities	17	33,551,915	21,582,861	24,098,399
Cash and bank balances	18	18,332,948	61,821,580	57,400,300
		229,569,693	231,431,727	290,490,439
		<u>872,376,314</u>	<u>876,562,500</u>	<u>944,769,595</u>



Chirman



Chief Executive

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Re-stated)
----- Rupees -----			
Net Sales	19	1,278,612,267	1,156,074,834
Cost of sales	20	<u>(1,185,781,344)</u>	<u>(1,045,085,137)</u>
Gross Profit		92,830,923	110,989,697
Selling and distribution expenses	21	<u>(27,109,818)</u>	<u>(39,973,963)</u>
Administrative expenses	22	<u>(16,159,206)</u>	<u>(18,307,383)</u>
		(43,269,024)	(58,281,346)
Other operating charges	23	<u>(5,136,297)</u>	<u>(3,994,754)</u>
Financial charges	24	<u>(23,872,785)</u>	<u>(34,495,564)</u>
		(29,009,082)	(38,490,318)
Other operating income	25	<u>2,441,840</u>	<u>234,947</u>
Profit before taxation		22,994,658	14,452,980
Taxation	26	<u>(6,171,199)</u>	<u>(12,037,601)</u>
Profit after taxation		16,823,459	2,415,379
Earnings per share	27	<u>1.16</u>	<u>0.17</u>

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, 2014

	2014	2013 (Re-stated)
	----- Rupees -----	
Profit after taxation	16,823,459	2,415,379
Other comprehensive income		
Incremental depreciation transfer from surplus on revaluation of fixed assets (net of deferred tax)	3,174,025	3,473,259
Items that will not be re-classified to Profit or Loss		
Gain on remeasurement of Retirement Benefit Obligation	1,101,842	5,509,125
Impact of deferred tax	(374,626)	(1,873,103)
Total comprehensive income for the year	20,724,699	9,524,661

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, 2014

	2014	2013 (Re-stated)
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,994,658	14,452,980
Adjustments for		
Depreciation	62,913,259	64,368,723
Provision for staff gratuity	10,534,698	11,879,740
Workers' profit participation fund	1,244,798	966,385
Workers' welfare fund	656,499	952,771
Financial charges	23,872,785	34,495,564
Gain on sale of vehicles	-	(161,748)
Return on deposits	(51,254)	(3,199)
	99,170,784	112,498,236
(Increase) / Decrease in operating assets		
Stores and spares	505,088	188,033
Stock in trade	9,835,415	25,770,076
Trade debts	(45,316,098)	39,813,331
Loans and advances	5,228,751	(1,884,328)
Short-term prepayments and balances - with statutory authorities	(4,393,963)	722,203
	(34,140,808)	64,609,315
Increase / (Decrease) in operating liabilities		
Short term running finance	(19,599,010)	(45,661,373)
Trade and other payables	2,463,589	(13,752,460)
	(17,135,422)	(59,413,833)
Cash generated from operations	70,889,212	132,146,698
Financial charges paid	(23,503,465)	(38,697,908)
Income tax paid	(18,034,016)	(10,316,987)
Gratuity paid	(4,811,692)	(4,626,367)
Workers' profit participation fund paid	(966,385)	(222,654)
	(47,315,557)	(53,863,916)
Net cash generated from operating activities	23,573,654	78,282,782
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of vehicle	-	177,000
Purchase of property, plant and equipment	(60,579,107)	(4,698,380)
Return on deposits	51,254	3,199
Net cash used in investing activities	(60,527,853)	(4,518,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Directors loan	(16,424,434)	8,167,087
Long term loan received	42,000,000	150,000,000
Long term loan paid	(32,100,000)	(207,960,408)
Long term deposits and prepayments	(10,000)	-
Advance from customers	-	(19,550,000)
Net cash (used in) / generated from financing activities	(6,534,434)	(69,343,321)
Net (decrease) / increase in cash and cash equivalents	(43,488,632)	4,421,280
Cash and cash equivalents at beginning of the year	61,821,580	57,400,300
Cash and cash equivalents at end of the year	18,332,948	61,821,580

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



Chirman



Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	Unappropriated Profit	Total
	----- (Rupees) -----		
Balance as at July 01, 2012-as previously reported	145,486,760	117,898,126	263,384,886
Effect of change in accounting policy with respect to accounting for the recognition of actuarial gains/(losses) on defined benefit-net of tax-Note 4	-	1,950,669	1,950,669
Balance as at July 01, 2012 (Re-stated)	145,486,760	119,848,795	265,335,555
Total comprehensive income for the year	-	9,524,661	9,524,661
Balance as at June 30, 2013	145,486,760	129,373,456	274,860,216
Correction of error			
Relating to deferred tax on revaluation 2013	-	4,657,525	4,657,525
Balance as at 30 June 2013 (Re-stated)	145,486,760	134,030,980	279,517,740
Total comprehensive income for the year	-	20,724,699	20,724,699
Balance as at June 30, 2014	145,486,760	154,755,680	300,242,440

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, 2014

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, Manghpoir, 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 32 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.

The amendments to following standards have been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The new amendment is not expected to materially affect the disclosures in the financial statements of the Company.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies are to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 4 for the impact on the 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 January 1, 2013 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.

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 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, 2013.

3.2 Borrowings

Loans and borrowings are recorded as the proceeds are received. Financial charges are accounted for on an accrual basis.

All mark-up, interest and other charges on long-term and short term borrowings are charged to profit and loss account in the period in which they are incurred.

3.3 Trade and Other Payables

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

3.4 Property, Plant and Equipments

Owned:

- (a) Property, plant and equipments are stated at cost (including related borrowing cost) less accumulated depreciation and impairment losses, if any, except that freehold land which is stated at revalued amount and factory building on freehold land is stated at revalued amount less accumulated depreciation. Depreciation on property, plant and equipments is charged to profit and loss account applying the reducing balance method at the rates disclosed in Note 13.
- (b) Six month depreciation is charged on property, plant and equipments acquired and disposed off during the year.
- (c) Gains / (losses) on disposal of property, plant and equipments are included in profit and loss account currently.
- (d) Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

3.5 Capital Work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific operating assets as and when these are available for intended use.

3.6 Stores, spares and loose tools

These are valued at lower of cost and estimated net realizable value. The cost determination method is on First-In-First-Out basis (FIFO).

3.7 Stock-in-Trade

Stock in trade is valued at the lower of cost and estimated net realizable value. The cost determination method are as follows:

Raw Material	At lower of weighted average cost and net realizable value.
Work in Process	At lower of weighted average cost of direct material, labour and appropriate manufacturing expenses and net realizable value.
Finished goods	At lower of weighted average cost and net realizable value less impairment loss, if any. Cost is determined on the basis of prime cost and appropriate factory overheads.
Packing Material	At lower of cost on FIFO basis and net realizable value less impairment loss, if any.
Stock in Transit	At invoice value.

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost which is necessary to be incurred in order to make the sale.

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

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.16 Transactions with related parties

Transactions with related parties are based on the policy that all transactions between the company and the related parties are carried out at arm's length prices using the "Comparable Uncontrolled Price Method".

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 CHANGE IN ACCOUNTING POLICY AND CORRECTION OF ERRORS

4.1 Change In Accounting Policy

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term 'remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires 'remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur

Following the application of IAS 19 (revised) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of 'remeasurements' stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's financial statements are affected by the 'remeasurements' relating to prior years. The effects have been summarised below:"

	2013	July 1, 2012
	----- Rupees -----	
Impact on Balance Sheet		
Decrease in retirement benefit obligation	5,509,125	2,955,559
Increase in deferred tax liability	1,873,103	1,004,890
Increase in unappropriated profit	3,636,023	1,950,669
Impact on Statement of Changes in Equity		
Change in unappropriated profit		
- Cumulative effect from prior years	-	3,582,145
- Impact for the year ended	1,685,354	(1,631,476)
Impact on Profit & Loss		
Increase in Cost of sales	2,653,796	-
Increase in Selling and distribution expenses	114,085	-
Increase in Administrative expenses	187,678	-
Decrease in taxation expenses	1,004,890	-
Impact on Other Comprehensive Income		
Items that will not be re-classified to Profit or Loss Account	3,636,023	-
4.2 Correction of Error		
Impact on Balance Sheet		
Increase in deferred tax liability	4,657,525	-
Decrease in un-appropriated profit	4,657,525	-

5 SHARE CAPITAL

"Number of ordinary shares of Rs. 10 each"

2014	2013		2014	2013
			----- 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
 2014
 2013
 (Re-stated)
 ----- Rupees -----

6 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening balance	84,512,272	37,448,317
Add: Surplus on revaluation	-	50,537,214
Less: Incremental depreciation transferred from surplus on revaluation of fixed assets to retained earning (net of tax)	(3,174,025)	(3,473,259)
	<u>81,338,247</u>	<u>84,512,272</u>

7 LONG TERM FINANCING

From Banking companies:			
Term Finance Loan	7.1	106,500,000	105,000,000
From related parties:			
Directors Loan - unsecured	7.3	12,325,565	28,750,000
		<u>118,825,565</u>	<u>133,750,000</u>
7.1 Term Finance Loans			
Long Term Loans	7.1.1	144,900,000	135,000,000
Less: Current maturity	7.1.2	(38,400,000)	(30,000,000)
		<u>106,500,000</u>	<u>105,000,000</u>
7.1.1 Term Finance Loans			
Soneri Bank Term Finance Loan 1	7.1.3	105,000,000	135,000,000
Soneri Bank Term Finance Loan 2	7.1.4	39,900,000	-
		<u>144,900,000</u>	<u>135,000,000</u>
7.1.2 Current maturity of Term Finance Loans			
Soneri Bank Term Finance Loan 1		30,000,000	30,000,000
Soneri Bank Term Finance Loan 2		8,400,000	-
		<u>38,400,000</u>	<u>30,000,000</u>

- 7.1.3 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 105,000,000 (2013: Rs.135,000,000) for financing of fixed assets of the Company at a mark up rate of 6 month KIBOR + 1.5% p.a. (2013: 6 month KIBOR + 1.5% p.a.). This term finance loan is repayable by December 31, 2017.
- 7.1.4 This represents long term finance obtained from Soneri Bank Limited amounting to Rs. 39,900,000 (2013: Nil) to finance Imported Machinery through one-off LC Sight at a mark up rate of 6 month KIBOR + 1.5% p.a. (2013: Nil.). This term finance loan is repayable by March 31, 2019.
- 7.2 All term finance facilities are obtained against first equitable mortgage registered charge over Company's fixed assets except Soneri Bank Term Finance Loan 2 obtained from Soneri Bank Limited that is secured against specific charge on imported machinery for PKR 42.00M.
- 7.3 This represent net amount due to two directors. The loan carried interest @ 7% per annum (2013: 7%), the amount will be paid on September 15, 2015.

	Note	2014	2013 (Re-stated)
----- Rupees -----			
8 DEFERRED LIABILITIES			
Retirement Benefit Obligation	8.1	65,546,722	60,925,558
Dividend Payable	8.2	7,529,517	7,529,517
		73,076,239	68,455,075

8.1 Retirement Benefit Obligation
8.1.1 General description

The scheme provides terminal benefits for all its permanent employees who attain the minimum qualifying period of one year for entitlement to gratuity.

Annual charge is based on assumptions used by actuary in actuarial valuation carried out as at June 30, 2013 using the Projected Unit Credit method.

8.1.2 Principal actuarial assumptions

Following are few important actuarial assumptions used in the valuation carried out as on June 30, 2014:

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	8.1.4	65,546,722	60,925,558

	Note	2014	2013 (Re-stated)
----- Rupees -----			
8.1.4 Movement in liability recognized in Balance sheet			
Balance Sheet Liability / (Asset) as on June 30, 2014		60,925,558	59,181,310
Current service cost for the year	8.1.5	4,137,514	3,594,357
Interest cost for the year		6,397,184	8,285,383
Payment made during the year		(4,811,692)	(4,626,367)
Remeasurements recognised in Other Comprehensive Income		(1,101,842)	(5,509,125)
Present value of Defined Benefit Obligation as on June 30, 2014		65,546,722	60,925,558
8.1.5 Charge for the year			
Current service cost		4,137,514	3,594,357
Interest cost		6,397,184	8,285,383
		10,534,698	11,879,740
8.1.6 Charge for the year has been allocated as follows:			
Cost of sales		9,586,576	10,666,818
Selling and distribution expenses		210,693	458,558
Administrative expenses		737,429	754,364
		10,534,698	11,879,740
8.1.7 Historical information			
		2014 Rupees	2013 Rupees
			2012 Rupees (Re-stated)
Present value of obligation	65,546,722	60,925,558	59,181,310
Unrecognized actuarial gain /(loss)	-	-	-
8.2	<p>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 As per concerned lawyer said suit is pending and may further take 3 to 5 years to reach final decision. Number of shares involved in the case is 3,340,000 and dividend payable on said shares is Rs 7,529,517 (2013: 7,529,517)</p>		

	Note	2014	2013 (Re-stated)
		----- Rupees -----	
9	DEFERRED TAXATION		
	Deferred tax liability comprises of taxable/(deductible) temporary differences in respect of the following:		
	Credit / (debit) balances arising on account of Accelerated depreciation for tax purpose	91,265,555	89,601,766
	Relating to surplus on revaluation of fixed assets (Net after tax effect of incremental depreciation)	15,196,846	16,831,950
	Deductible temporary differences related to staff retirement benefits	(22,285,885)	(23,252,139)
	Effect of Change in policy related to staff retirement benefits	374,626	1,873,103
		<u>84,551,142</u>	<u>85,054,680</u>
10	TRADE AND OTHER PAYABLES		
	Trade creditors	52,433,499	54,114,511
	Accrued expenses	55,454,902	59,731,027
	Sales tax payable	14,190,098	6,110,764
	Workers' profit participation fund	1,244,797	966,385
	Workers' welfare fund	1,609,270	952,771
	Unclaimed dividend	371,280	371,280
	Withholding tax payable	476,531	135,139
		<u>125,780,377</u>	<u>122,381,877</u>
	10.1 Workers' profit participation fund		
	Opening balance	966,385	222,654
	Allocation for the year	1,244,798	966,385
	Interest on fund utilized in company's business	53,087	15,944
		<u>1,297,885</u>	<u>982,329</u>
		2,264,269	1,204,983
	Less: Paid during the year	(1,019,472)	(238,598)
		<u>1,244,797</u>	<u>966,385</u>
11	SHORT TERM RUNNING FINANCE		
	Soneri Bank Limited	4,642,918	50,041,383
	Habib Bank Limited	25,799,455	-
		<u>30,442,373</u>	<u>50,041,383</u>
11.1	The Company has obtained short term running finance facility from Soneri Bank Limited for the purpose of meeting working capital requirements. The rates of markup on this finance is 3 month KIBOR + 1.5% (2013: 6 month KIBOR + 1.5%) per annum. This facility from Soneri Bank Limited is secured against first equitable mortgage charge registered with SECP over factory property including land, building, plant and machinery situated at Survey no. 295 / 311 Deh Halkani, Tappo Mangophir, Taluka District, Hub Dam Road, Karachi in the name of Karam Ceramics Limited and first hypothecation charge over company's stocks with 25% margin amounting to Rs. 160 million and personal guarantees of Mr. Irshad Ali S. Kassim and Mr. Munawar Ali S. Kassim. This facility is valid up to twelve months and is 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% (2013: 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, 2014 amounted to Euros 76,414 and USD \$ 112,122 (2013: Euros 84,681 and USD \$ 178,899)

13 PROPERTY, PLANT AND EQUIPMENT

	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, 2012	15,330,000	266,680,775	2,664,102	1,340,150,202	20,402,921	12,713,151	6,237,230	1,512,579	1,665,690,960
Additions during the year	-	-	-	-	4,698,380	-	-	-	4,698,380
Revaluation adjustment	37,230,000	13,307,214	-	-	-	-	-	-	50,537,214
Disposal during the year	-	-	-	-	(350,000)	-	-	-	(350,000)
Balance as at June 30, 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
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
Revaluation adjustment	-	-	-	-	-	-	-	-	-
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
DEPRECIATION									
Balance as at July 01, 2012	-	184,898,895	2,446,528	794,816,043	16,328,390	9,752,775	2,633,357	1,432,855	1,012,308,843
Charge for the year	-	8,639,094	21,213	53,170,081	1,241,850	288,637	1,000,075	7,773	64,368,723
Disposal during the year	-	-	-	-	(334,747)	-	-	-	(334,747)
Balance as at June 30, 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
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
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
Book value as at June 30, 2013	52,560,000	86,450,000	196,361	492,164,078	7,515,808	2,671,739	2,603,798	71,951	644,233,735
Annual depreciation rate %	-	10	10	10	20	10	30	10	

	Note	2014	2013
		----- Rupees -----	
13.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales	20.1	62,140,260	63,577,840
Selling and distribution expenses	21	372,493	381,111
Administrative and general expenses	22	400,506	409,771
		<u>62,913,259</u>	<u>64,368,722</u>
13.2 Had there been no revaluation of property, plant and equipments, the written down value would have been as follows:			
Freehold land		3,964,588	3,964,588
Factory building		33,253,835	36,948,706
		<u>37,218,423</u>	<u>40,913,294</u>
14 STORES AND SPARES	14.1	<u>8,874,390</u>	<u>9,379,478</u>
14.1	It is not considered practicable to segregate stores, spares and loose tools in view of the nature of the Company's operation.		
15 STOCK-IN-TRADE			
Raw material		78,127,733	56,942,134
Packing material in hand		2,415,294	1,820,892
Work-in-process		5,545,093	4,577,961
Finished goods		12,325,990	44,908,538
		<u>98,414,110</u>	<u>108,249,525</u>
16 LOANS AND ADVANCES			
Loans to employees - considered good	16.1	331,500	460,500
Advance to suppliers		-	5,498,236
Advances - considered good			
- Employees		176,600	217,000
- Purchases		7,143	3,258
- Others		455,000	20,000
- Purchase of land	16.2	400,000	400,000
		<u>1,370,243</u>	<u>6,598,994</u>
16.1	Maximum aggregate balance of loans due at the end of any month during the year 2014 was Rs. 331,500 (2013: Rs. 460,500). These are secured against gratuity payable to them.		
16.2	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.		

	2014	2013
	----- Rupees -----	
17 SHORT-TERM PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITIES		
Prepayments against letters of credit	9,540,084	9,942,377
Other prepayments	1,131,345	1,335,089
Advance income tax	17,880,486	10,305,395
Other Receivable	5,000,000	-
	33,551,915	21,582,861
18 CASH AND BANK BALANCES		
Cash in hand	525,467	1,251,801
Cheques in hand	14,098,027	57,640,000
	14,623,494	58,891,801
Balance with banks in:		
- Current accounts	2,982,905	2,205,933
- Deposit accounts	726,549	723,846
	3,709,454	2,929,779
	18,332,948	61,821,580
	Note	
	2014	2013 (Re-stated)
	----- Rupees -----	
19 SALES - NET		
Gross sales	1,526,615,216	1,341,664,754
Less: Sales tax	(248,002,949)	(185,589,920)
	1,278,612,267	1,156,074,834
20 COST OF SALES		
Opening stock of finished goods	44,908,538	51,811,064
Cost of goods manufactured	1,153,198,796	1,038,182,611
	1,198,107,334	1,089,993,675
Closing stock of finished goods	(12,325,990)	(44,908,538)
	1,185,781,344	1,045,085,137

	Note	2014	2013 (Re-stated)
		----- Rupees -----	
20.1 Cost of goods manufactured			
Raw materials consumed			
Opening stock		56,942,134	70,356,290
Purchases			
- Local		121,298,700	81,623,065
- Imported		234,780,941	149,591,145
Total purchases		356,079,641	231,214,210
Available for use		413,021,775	301,570,500
Closing stock		(78,127,733)	(56,942,134)
		334,894,042	244,628,366
Other manufacturing expenses			
Moulds, dyes and consumable stores and spares		30,253,886	31,342,895
Fuel, power and water		543,137,614	506,019,755
Salaries allowances, wages and other benefits		127,149,254	118,616,675
Director's remuneration		2,400,000	2,200,000
Insurance		5,006,290	3,139,973
Vehicles running and maintenance		148,123	418,911
Repairs and maintenance		15,104,757	31,274,016
Other production expenses		2,365,412	1,215,264
Packing materials consumed		31,566,290	32,499,466
Depreciation	13.1	62,140,260	63,577,840
Total manufacturing expenses		1,154,165,928	1,034,933,161
Opening work-in-process		4,577,961	7,827,411
		1,158,743,889	1,042,760,572
Closing work-in-process		(5,545,093)	(4,577,961)
		1,153,198,796	1,038,182,611
21 SELLING AND DISTRIBUTION EXPENSES			
Salaries, allowances and other benefits		3,599,282	3,589,461
Rent, rates and taxes		1,068,450	816,800
Electricity and gas charges		237,482	236,991
Postage, telegraph and telephone charges		129,493	170,076
Printing and stationery		117,154	90,502
Vehicles running and maintenance		1,334,231	1,397,032
Repairs and maintenance		1,179,764	1,950,092
Travelling and conveyance		177,898	207,217
Entertainment		29,403	41,711
Advertisement expenses		848,715	977,878
Insurance		-	325,319
Forwarding and transportation		16,643,050	28,565,195
Commission		1,241,901	1,093,548
Depreciation	13.1	372,493	381,111
Sundry expenses		130,501	131,030
		27,109,818	39,973,963

	Note	2014	2013 (Re-stated)
----- Rupees -----			
22 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits		7,563,139	8,792,139
Directors, remuneration and allowance		2,400,000	2,200,000
Rent, rates and taxes		1,120,916	1,200,530
Electricity and gas charges		1,030,492	992,810
Postage, telegraph and telephone charges		441,516	606,165
Printing and stationery		294,442	287,065
Vehicles running and maintenance		354,003	632,119
Repairs and maintenance		382,239	373,192
Travelling and conveyance		450,586	459,956
Entertainment		99,786	94,378
Legal and professional charges		265,360	461,382
Fees and subscription		732,874	783,049
Insurance		623,347	1,014,827
Depreciation	13.1	400,506	409,771
		16,159,206	18,307,383
23 OTHER OPERATING CHARGES			
Auditors' remuneration	23.1	450,000	440,000
Donations	23.2	2,785,000	1,170,000
Exchange loss		-	465,598
Workers' profit participation fund		1,244,798	966,385
Workers' welfare fund		656,499	952,771
		5,136,297	3,994,754
23.1 Auditors' Remuneration			
Audit fee		360,000	360,000
Half yearly review		50,000	40,000
Code of corporate governance review		40,000	40,000
		450,000	440,000
23.2	None of the directors or spouse is interested in the funds of donees.		
Name of Institutions			
The Aga khan Hospital & Medical College		2,250,000	100,000
Karachi Lions AKUH Blood Bank		-	10,000
Aga Khan Education Services of Pakistan		500,000	500,000
Focus Humanitarian Assistance		-	500,000
CPLC		-	50,000
Others		35,000	10,000
		2,785,000	1,170,000

	2014	2013 (Re-stated)
	----- Rupees -----	
24 FINANCIAL CHARGES		
Interest on workers' profit participation fund	53,087	15,944
Mark-up on :		
Short term finances	6,662,218	12,789,044
Term finance	14,951,986	18,699,899
Bank charges	787,603	883,278
Interest on directors' loan	1,417,891	2,107,399
	23,872,785	34,495,564
25 OTHER INCOME		
Income from financial assets		
Return on deposit accounts	51,254	3,199
Income from non-financial assets		
Gain on sale of vehicles	-	161,748
Exchange gain	2,340,585	-
Remission of liability	50,000	70,000
	2,441,840	234,947
26 TAXATION		
For current year		
- Current	12,786,123	16,284,985
- Deferred	(878,164)	(4,247,384)
	11,907,959	12,037,601
For prior year		
- Income tax	(5,736,760)	-
	6,171,199	12,037,601

26.1 Relationship between accounting profit and tax expenses for the year is as follows:

	2014	2013	2014	2013
	Effective tax rate (%)		----- Rupees -----	
Profit before taxation			22,994,658	14,452,980
Application Tax rate	34.00	35.00	7,818,184	5,058,543
Tax effect of amount that are inadmissible/ admissible in determining taxable profit	5.63	73.21	1,295,135	10,580,497
Tax effect of tax credit	-	(2.69)	-	(388,500)
Tax effect of amount relating to prior year's tax	(24.95)	-	(5,736,760)	-
Tax effect of temporary difference (Deferred tax)	(3.82)	(29.39)	(878,164)	(4,247,384)
Average effective rate charged to income	10.87	76.13	2,498,394	11,003,158

26.2 The income tax assessments of the company have been finalized upto the financial year ended June 30, 2013

	2014	2013 (Re-stated)
	----- Rupees -----	
27 EARNINGS PER SHARE-BASIC AND DILUTED		
27.1 Earnings per share - Basic		
Net profit for the year after taxation	<u>16,823,459</u>	<u>2,415,379</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>1.16</u>	<u>0.17</u>

27.2 Earnings per share - Diluted

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

28 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	
	2014	2013	2014	2013	2014	2013
Managerial remuneration and allowances	1,548,387	1,419,355	1,548,387	1,419,355	3,096,774	2,838,710
House rent	696,774	638,710	696,774	638,710	1,393,548	1,277,420
Utilities	154,839	141,935	154,839	141,935	309,678	283,870
Total	<u>2,400,000</u>	<u>2,200,000</u>	<u>2,400,000</u>	<u>2,200,000</u>	<u>4,800,000</u>	<u>4,400,000</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.

29 TRANSACTIONS WITH RELATED PARTY

Related parties comprise of directors or a close member of that person's family and key management personnel.

The transactions with related parties / connected persons are in the normal course of business and at contracted rates.

All other transactions with related parties /connected persons are in the normal course of business and are carried out on agreed terms.

Details of transactions with related parties / connected persons and balances with them at year end are as follows

		2014	2013 (Re-stated)
		----- Rupees -----	
Relation with the Company	Nature of Transaction		
Details of the transactions during the year			
Director's spouse	Rent expense	960,000	840,000
Directors	Loan paid	21,424,435	37,313,105
Directors	Loan received	5,000,000	45,480,192
Directors	Interest on loan	1,417,891	2,107,399
Amount outstanding as at year end			
Directors	Loan outstanding	12,325,565	28,750,000
Directors	Accrued interest	1,570,528	1,143,991
Director's spouse	Accrued rent	240,000	210,000

		2014	TILES 2013 (Sq. Meters)
30	CAPACITY AND PRODUCTION		
	Capacity	3,600,000	3,600,000
	Actual production	3,169,930	3,112,010

31 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

31.1 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:

31.1.1 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. 89,636,316 (2013: 93,027,601), the financial assets that are subject to credit risk amounted to Rs 89,110,849 (2013: Rs. 91,775,801).

The maximum exposure to credit risk as at June 30, 2014, along with comparative is tabulated below:

	2014 Rupees	2013 Rupees
Financial Assets		
Long term deposits	907,038	897,038
Trade debts - unsecured	69,026,087	23,709,989
Loans and advances	1,370,243	6,598,994
Cheques in hand	14,098,027	57,640,000
Bank balances	3,709,454	2,929,779
	<u>89,110,849</u>	<u>91,775,800</u>

The bank balances along with credit rating are tabulated below:

Name of bank	Credit rating	Rating agency	2014 Rupees
Soneri Bank Limited	A1+	PACRA	885,871
National Bank of Pakistan	A-1+	JCR-VIS	3,129
MCB Bank Limited	A1+	PACRA	1,019,134
Habib Metro Bank Limited	A1+	PACRA	1,705,741
KASB Bank Limited	A3	PACRA	87,177
Habib Bank Limited	A-1+	JCR-VIS	8,402
			3,709,454

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.

31.1.2 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:

	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
	68,842,373	118,825,565	187,667,938	115,193,489	7,529,517	122,723,006	310,390,944

	2013						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	30,000,000	133,750,000	163,750,000	-	-	-	163,750,000
Dividend payable	-	-	-	-	7,529,517	7,529,517	7,529,517
Short term borrowings	50,041,383	-	50,041,383	-	-	-	50,041,383
Trade and other payable	-	-	-	114,216,818	-	114,216,818	114,216,818
Markup accrued on loans	-	-	-	6,564,487	-	6,564,487	6,564,487
	<u>80,041,383</u>	<u>133,750,000</u>	<u>213,791,383</u>	<u>120,781,305</u>	<u>7,529,517</u>	<u>128,310,822</u>	<u>342,102,206</u>

31.1.3 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 optimising 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, 2014, 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. 107,313 (2013: Rs. 1,082,817). 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, 2014 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	
	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial liabilities	<u>12,325,565</u>	<u>28,750,000</u>
Variable rate instrument		
Financial liabilities	<u>175,342,373</u>	<u>185,041,383</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. 1,753,423 (2013: Rs. 1,080,413). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2013.

31.1.4 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 30,2014 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

31.1.5 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 june 30, 2014 the shareholder's equity amounts Rs. 300,242,440 (2013: Rs. 279,517,740)

32 ACCOUNTING ESTIMATES AND JUDGEMENTS

32.1 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.

32.2 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.

32.3 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.

32.4 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.

32.5 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.

	2014	2013
33 STAFF STRENGTH		
Number of employees as at June 30	<u>537</u>	<u>548</u>
Average number of employees	<u>543</u>	<u>555</u>

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

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified where necessary for the purposes of comparison. These changes were made for better presentation of transactions in the financial statements of the Company. However, reclassification is not material.

		2014	2013
		Rupees	
Bills Payable - Import	Creditors	<u>21,462,539</u>	<u>21,656,333</u>

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 August 30, 2014.

36 EVENTS AFTER REPORTING PERIOD

The Board of Directors has proposed a final dividend for the year ended June 30, 2014 of Rs. 1 Per share (2013: Nil), amounting to Rs. 14,548,676 (2013: Nil) at their meeting held on August 30, 2014 for approval of the members at the annual general meeting to be held on September 25, 2014 . However these events have been considered as non -adjusting events under IAS 10" Events after Reporting Period" and have not been recognized in these financial statements.

37 GENERAL

Figures have been rounded off to the nearest rupee.



Chairman



Chief Executive

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2014

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
183	1	100	1961	0.0135
83	101	500	37656	0.2588
19	501	1000	14860	0.1021
33	1001	5000	87782	0.6034
14	5001	10000	104720	0.7198
1	10001	15000	10612	0.0729
3	15001	20000	57746	0.3969
1	25001	30000	27244	0.1873
1	30001	35000	32751	0.2251
1	35001	40000	36000	0.2474
1	45001	50000	50000	0.3437
1	215001	220000	219500	1.5087
1	300001	305000	305000	2.0964
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
353	Company Total		14548676	100.0000

TOTAL OUT STANDING SHARES AS AT 30 JUNE 2014 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 PUBLE	79	302080	260	3984027	339	4286107	29.4605
Total		93	10564649	260	3984027	353	14548676	100.0000

CATEGORY OF SHARE HOLDERS AS AT 30 JUNE 2014

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
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
003889000028	NATIONAL BANK OF PAKISTAN	004	202	0.0014
007393000024	SUMMIT BANK LIMITED	004	3340000	22.9574
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
007385000017	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	010	6752	0.0464

CATEGORIES OF SHAREHOLDERS AS AT 30 JUNE 2014

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)	328	873343	6.0029
GENERAL PUBLIC (FOREIGN)	4	30409	0.2090
OTHERS	4	40653	0.2794
Total	353	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 35th Annual General Meeting of the Company to be held on
Thursday, September 25, 2014 at 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. _____

Signature on
Rupees Five
Revenue Stamp

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

Dated _____

Important:

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