

Annual Report
2017

KARAM CERAMICS LIMITED

IN TECHNICAL COLLABORATION WITH
DOULTON
BATH ROOMS ENGLAND



**KARAM
CERAMICS
LIMITED**
WALL TILES - FLOOR TILES

www.karamceramics.com

38th ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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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. Shahnawaz Madhani | Director |
| Miss Natalia Kassim | Director |
| Miss. Anushka Kassim | Director |
| Mr. Amir Sawja | 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. Shahnawaz Madhani | Chariman |
| Mr. Munawar Ali S. Kassim | Member |
| Miss. Natalia Kassim | Member |

BANKERS

Soneri Bank Limited
Habib Bank Limited
JS 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
1st Floor, 40 C, Block -6 P.E.C.H.S
Karachi-75400

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

REGISTERED OFFICE

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

FACTORY

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

LAHORE

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

NOTICE OF MEETING

Notice is hereby given that the 38th Annual General Meeting of the Company will be held at the registered office of the company on 26th October, 2017 at 5:00 p.m. to transact the following business:-

1. To confirm the minutes of the 37th Annual General Meeting held on 26th October, 2016.
2. To consider and adopt the audited account of the company for the year ended 30th June, 2017 along with the Report of the Directors thereon.
3. To appoint Auditors for the year 2018 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

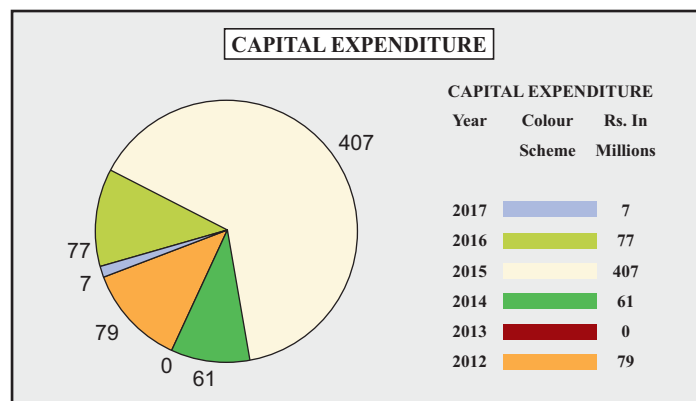
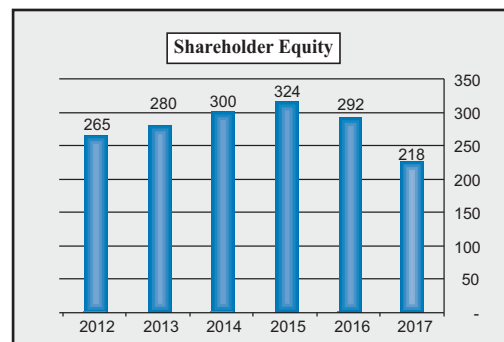
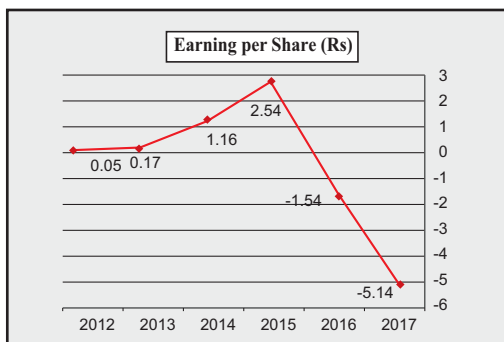
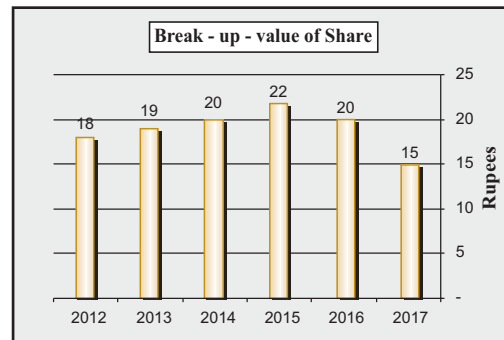
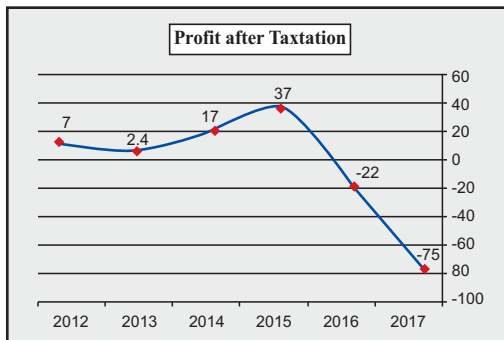
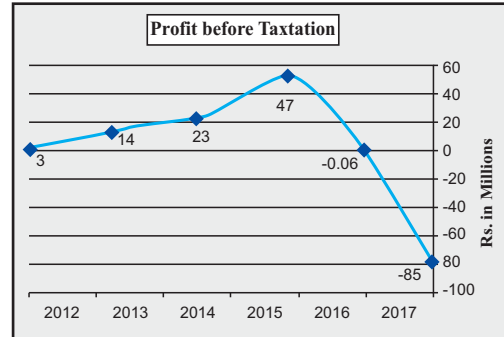
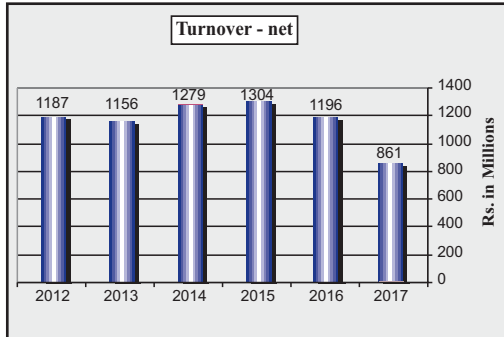
By order of the Board

Karachi
October 05, 2017

Manzoor Ali Natha
Company Secretary

NOTES:

01. The share transfer book of the company will remain closed from 20th October 2017 to 26th October, 2017 (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 National Identity Cards and in case of institutions 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.



FINANCIAL HIGHLIGHTS

(Rs. In millions)

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|-------------------------|-------|-------|------|------|------|------|------|------|------|------|
| Sales | 861 | 1196 | 1304 | 1279 | 1156 | 1187 | 1055 | 933 | 833 | 710 |
| Gross Profit | 22 | 58 | 134 | 93 | 111 | 107 | 129 | 114 | 130 | 139 |
| Expenses (Net) | 107 | 95 | 87 | 72 | 96 | 104 | 117 | 102 | 117 | 106 |
| Profit before Taxtation | -85 | -0.06 | 47 | 23 | 14 | 3 | 12 | 13 | 13 | 33 |
| Profit after Taxtation | -75 | -22 | 37 | 17 | 2.4 | 7 | 5 | 12 | 21 | 8 |
| Dividend % | - | - | 12 | 10 | - | - | 10 | - | - | 12.5 |
| Right Shares % | - | - | - | - | - | - | - | - | - | - |
| Earning per Share (Rs.) | -5.14 | -1.54 | 2.54 | 1.16 | 0.17 | 0.05 | 0.37 | 0.86 | 1.46 | 0.55 |

DIRECTORS' REPORT

The Directors of your company have pleasure in submitting the report along with audited accounts for the year ended 30th June 2017.

OPERATING PERFORMANCE

The Ceramics and tile industry in Pakistan continued to face multiple challenges in the year under review. Gross sales of your company for the year under review, was Rs. 860.670 million. The desired result could not be achieved due the inflow of cheaper imported tiles from China and smuggling of tiles in the country.

RETAINED EARNINGS

The company has incurred net loss before tax of Rs.84.58 million for the year 2017. During the year under review the company has incurred finance cost of Rs.58.02 million as against Rs.47.41 million during immediate preceding year, net loss after tax for the year was Rs. 74.82 million as compared with the after tax loss of Rs. 22.45 million for the preceding year. Un-appropriated Profit carried forward is Rs.72.36 million.

EARNING PER SHARE

Loss per share for the year ended 30th June, 2017 is Rs.5.14as compared to loss per share Rs.1.54 for the last year.

FUTURE OUTLOOK

The favorable economic outlook of the country has resulted into increase in living standard of the population and expansion of housing industry. This positive aspect would contribute to the increase in the demand of ceramics tiles. Further, Tiles association is working with National Tariff Commission for the determination and imposition of anti-dumping duty for a period of 5 years to safeguard the interest of local manufacturers.

However, selling price of the product will remain under pressure due to import of large quantity of ceramics tiles into the country at competitive rates. The company will make efforts to improve its market share by introducing new innovative designs, reducing product cost and economization of expenses.

CORPORATE SOCIAL RESPONSIBILITY:

Your company is aware of its social responsibility and continues to contribute for health and education in Pakistan.

CODE OF CORPORATE GOVERNANCE

The Directors of the company have reviewed the Code of Corporate Governance and are pleased to state that:

- The Company has complied with the provisions of the Code of Corporate Governance as required by the Securities and Exchange Commission of Pakistan (SECP).
- The financial statement, prepared by the management of your company present fairly its state of affairs, the results of its operation, cash flow and change in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The International 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.
- There is no significant doubt on the Company's ability to continue as a going concern.
- A summary of key operating and financial data of the Company for the last six years is annexed in this report.
- There are no outstanding statutory payments due on account of taxes, levies and charges except those disclosed in these financial statements.
- There has been no material deviation from the best practice of Corporate Governance, as detailed in the listing regulations.

CHANGE IN BOARD OF DIRECTORS

There has been no change in the Board of Directors 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 | 3 |
| 4. | Ms Mariam S.G. Kassim | 4 |
| 5. | Mr. Shahnawaz Madhani | 4 |
| 6. | Ms. Anushka Kassim | 3 |
| 7. | Ms. Natalia Kassim | 2 |

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

AUDIT COMMITTEE

The Audit Committee held four (4) meetings during the year. Attendance by each members was as follows:

| Members Name | Attendance |
|---------------------|-------------------|
| Mr. Shahid Ahmed | 4 |
| Ms. Natalia Kassim | 3 |
| Ms. AnushkaKassim | 3 |

TRAINING PROGRAM OF DIRECTORS:

The Company arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Three directors are certified under the Directors Training Program, and three directors met the criteria of exemption under Code of Corporate Governance.



EMPLOYEES RELATION

The management would like to place on record its appreciation for the positive attitude of the labour union during the year under review and we look forward for its support in resolving all issues mutually with the active cooperation of the labor union.

AUDITORS

The present auditors M/s. Qavi & Co., Chartered Accountants have completed audit for the financial year ended 30th June, 2017 and shall retire on the conclusion of the 38th 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 recommend their reappointment for the year ending June 30, 2018. 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, 2017 is annexed.

APPROPRIATION

The Board of Directors has not recommended any dividend or bonus shares for the financial year ended June 30, 2017 due to loss for the year.

APPRECIATION

The Directors take this opportunity to thank all foreign and local suppliers of plant & machinery, 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, financial institutions and customers for the confidence reposed by them on the company.

MUNAWARALI S. KASSIM
CHIEF EXECUTIVE

September 20, 2017

ڈائریکٹرز رپورٹ:

آپ کی کمپنی کے ڈائریکٹرز اختتامی سال 30 جون 2017ء کی رپورٹ بشمول آڈٹ شدہ اکاؤنٹ پیش کرنے میں خوشی محسوس کر رہے ہیں۔

کارکردگی کا معیار:

اس سال جائزہ کے تحت پاکستان میں سیرامکس اور ٹائل کی صنعت کو کئی چیلنجز کا سامنا کرنا پڑا۔ اس سال کے جائزہ کے تحت کمپنی کی مجموعی فروخت مبلغ 860.670 ملین تھی۔ جین سے درآمد شدہ سے ٹائل کی غیر قانونی درآمد کی وجہ سے آمدنی کے مطلوبہ نتائج حاصل نہیں کئے جاسکے۔

حاصل کردہ آمدنی:

کمپنی کو سال 2017ء میں قبل از ٹیکس مبلغ 84.58 ملین روپے کا خسارہ ہوا ہے۔ زیر نظر سال کے دوران کمپنی نے مالیاتی اخراجات کی مد میں پچھلے سال کے 47.41 ملین روپے کے مقابلے میں مبلغ 58.02 ملین روپے خرچ کئے۔ صافی خسارہ مبلغ 74.82 ملین روپے تھا جس کا موازنہ گزشتہ سال کے بعد از ٹیکس خسارہ 22.45 ملین روپے سے کیا جاسکتا ہے۔ غیر مرتب کردہ منافع کا تناسب 72.36 ملین روپے ہے۔

فی شیئر کے حساب سے آمدنی:

30 جون 2017ء کو ختم ہونے والے سال میں فی شیئر خسارہ 5.14 روپے ہے جس کا موازنہ گزشتہ سال کے خسارہ فی شیئر 1.54 روپے سے کیا جاسکتا ہے۔

مستقبل پر نظر:

ملک کی بہتر اقتصادی صورتحال سے رہائشی معیار اور ہاؤسنگ انڈسٹری کی توسیع میں اضافہ ہوا ہے، یہ مثبت پہلو سیرامک ٹائلز کی طلب میں اضافے کیلئے اپنا کردار ادا کرے گا۔ مزید ٹائلز ایسوسی ایشن اینٹی ڈمپنگ ڈیوٹی کے عزم اور عمل کیلئے مقامی مینوفیکچررز کے مفادات کی حفاظت کیلئے پانچ سالہ مدت کیلئے نیشنل ٹیرف کمیشن کے ساتھ کام کر رہی ہے۔

ملک میں مسابقتی شرحوں پر بڑی مقدار میں سیرامک ٹائلز کی درآمد کی وجہ سے مصنوعات کی قیمت فروخت دباؤ میں رہیں گی، کمپنی نئے جدید ڈیزائن متعارف کروا کر مصنوعات کی قیمت اور اقتصادی اخراجات کو کم کرنے کے علاوہ کمپنی کے حصص کو بہتر بنانے کی کوشش کرے گی۔

کارپوریٹ معاشرتی ذمہ داریاں:

آپ کی کمپنی اپنی معاشرتی ذمہ داری سے پوری طرح آگاہ ہے اور پاکستان میں صحت اور تعلیم کیلئے مستقل طور پر تعاون کر رہی ہے۔

کارپوریٹ نظم و ضبط کا کوڈ:

کمپنی کے ڈائریکٹرز نے کارپوریٹ نظم و ضبط کے کوڈ کا جائزہ لیا ہے اور درج ذیل تحریر کرتے ہیں:

- ☆ نظم و ضبط کے حوالے سے کمپنی میں کارپوریٹ گورننس کو مکمل طور پر نافذ کیا ہے جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ضروری ہے۔
- ☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے

ہیں۔

- ☆ کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- ☆ مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور مقاطع فیصلوں پر مبنی ہوتے ہیں۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، ان کی پیروی کی گئی ہے۔
- ☆ انٹرنل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ☆ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ☆ گزشتہ چھ سالوں کے لئے کمپنی کے اہم آپریٹنگ اور مالیاتی تفصیلات کا خلاصہ اس رپورٹ میں شامل ہے۔
- ☆ ٹیکسز، ڈیوٹیز اور دیگر چارجز کے اکاؤنٹ پر کوئی ادائیگی واجب الادا نہیں ہے جو کہ مالیاتی سال سے متعلق ہے۔
- ☆ کارپوریٹ نظم و ضبط کی اعلیٰ پریکٹس کے سلسلے میں کوئی مواد موجود نہیں ہے جیسا کہ قوانین کی فہرست میں دیا گیا ہے۔

بورڈ آف ڈائریکٹرز کی تبدیلی:

اس سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں کی گئی۔

بورڈ کی منعقدہ میٹنگز کی تعداد:

زیر نظر سال کے دوران بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئی تھیں جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

| | |
|---|------------------------|
| 4 | جناب ارشد علی ایس قاسم |
| 4 | جناب منور علی ایس قاسم |
| 3 | جناب شاہد احمد |
| 4 | مس مریم ایس جی قاسم |
| 4 | جناب شاہنواز مادھانی |
| 3 | مس نوشکا قاسم |
| 2 | مس نتالیہ قاسم |

(جو ڈائریکٹرز بورڈ کی میٹنگز میں شرکت نہیں کر سکے انہیں چھٹی دی گئی تھی)۔

آڈٹ کمیٹی:

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

| | |
|---------------|----------------|
| شرکت کی تعداد | ممبرز کا نام |
| 4 | جناب شاہد احمد |
| 3 | مس نتالیہ قاسم |
| 3 | مس نوشکا قاسم |

ڈائریکٹرز کا تربیتی پروگرام:

کمپنی نے اپنے ڈائریکٹرز کیلئے تعارفی کورس کا اہتمام کیا ہے جس میں انہیں ان کے فرائض اور ذمہ داریوں سے آگاہ کرنے کی ضرورت ہوتی ہے۔ ڈائریکٹرز تربیتی پروگرام کے تحت تین ڈائریکٹرز تصدیق شدہ ہیں اور تینوں ڈائریکٹرز کو ڈوڈ آف کارپوریٹ گورننس کے تحت اس پروگرام سے مستثنیٰ قرار دیا گیا ہے۔

ملازمین سے تعلقات:

زیر نظر سال کے دوران انتظامیہ لیبر یونین کے مثبت رویے کے لئے ریکارڈ پر خراج تحسین درج کرے گی اور ہم امید کرتے ہیں کہ تمام معاملات مشترکہ تعاون سے حل کئے جائیں گے جو کہ لیبر یونین کے موثر تعاون سے حاصل ہوگا۔

آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز مسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے مالیاتی سال 30 جون 2017ء کے لئے آڈٹ مکمل کر لیا ہے اور یہ کمپنی کی 38 ویں سالانہ جنرل میٹنگ میں ریٹائر ہو جائے گی۔ سال 30 جون 2018ء کیلئے انہوں نے دوبارہ تقرری کی اہلیت پر کمپنی میں اپنی خدمات پیش کرنے کی سفارش کی ہے۔ ایکسٹرنل آڈیٹرز نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے کوالٹی کنٹرول جائزہ پروگرام کے تحت اطمینان بخش ریٹنگ پیش کی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

30 جون 2017ء کیلئے شیئر ہولڈنگ کا طریقہ کار منسلک ہے۔

مناسب عمل:

بورڈ آف ڈائریکٹرز نے مالیاتی سال 30 جون 2017ء میں خسارے کی وجہ سے کسی بھی ڈویڈنڈ یا بونس شیئر کی سفارش نہیں کی ہے۔

اظہار تشکر:

ڈائریکٹرز اس موقع پر پلانٹ، مشینری اور خام مال کی غیر ملکی اور لوکل سپلائرز، سرکاری ایجنسی، شیئر ہولڈرز اور اسٹاف / ملازمین کی کارکردگی میں تعاون کرنے پر بے حد مشکور و ممنون ہیں اس کے علاوہ ہم بینکس اور مالیاتی اداروں اور صارفین کا بھی کمپنی پر مکمل اعتماد کرنے پر شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے



منور علی ایس قاسم
چیف اگزیکٹو

کراچی مورخہ: 20 ستمبر 2017ء



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

- | | |
|---------------|-------------|
| - 20cm x 60cm | 20cm x 20cm |
| - 20cm x 30cm | 30cm x 60cm |
| - 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, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24(b) of Rule Book of Pakistan Stock Exchanges Limited (PSX) 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 CCG 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 | Name |
|---------------------------|--|
| Independent Directors | Mr. Shahid Ahmed |
| Executive Directors | Mr. Irshad Ali S. Kassim Mr. Munawar Ali S. Kassim |
| Non - Executive Directors | Ms. Mariam Shaban Ali Ms. Anushka Kassim Ms. Natalia Kassim Mr. Shahnawaz Madhani |

The Independent Director meets the criteria of independence under clause 5.19.1. (b) of PSX Rule Book.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
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 NBFI or, being a Member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. 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 / shareholders.
8. 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 before to the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranged orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Three directors are certified under the Directors Training Program, and three directors met the criteria of exemption under Code of Corporate Governance.
10. No new appointment of CFO/Company Secretary has been made during the year.
11. The Directors' Report for the year ended June 30, 2017, has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. 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.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the Chairman is an independent director.
16. 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 CCG. The terms of reference of the Audit Committee have been formed and advised to the Committee for compliance.
17. The board has formed a Human Resources and Remuneration Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
18. 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.

19. 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 ICAP.
20. 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.
21. 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 Pakistan Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
23. We confirm that all other material enshrined in the Code of Corporate Governance have been complied with.

By order of the Board



Munawar Kasim
Chief Executive Officer

Karachi: 20th September 2017

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **KARAM CERAMICS LIMITED** ("the Company") for the year ended 30 June 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its 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 and recording proper justification for using such alternate pricing mechanism.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 as applicable to the Company for the year ended 30 June 2017.


Ghulam Abbas & Co

Chartered Accountants

Date: September 20, 2017
Karachi

Audit Engagement Partner : Ghulam Abbas

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KARAM CERAMICS LIMITED** ("the Company") as at June 30,2017 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 disclosure 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 repealed 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 repealed 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 repealed 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 30,2017 and of the loss, its comprehensive loss, cash flows and changes in equity for the year then ended; and
- d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII OF 1980),


Ghulam Abbas & Co

Date: September 20, 2017
Karachi

Chartered Accountants
Audit Engagement Partner: Ghulam Abbas

BALANCE SHEET AS AT JUNE 30, 2017

| | Note | 2017 Rupees | 2016 Rupees |
|---------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 883,371,605 | 951,487,537 |
| Capital work in progress | 5 | - | 16,669,771 |
| Long term deposits | 6 | 897,038 | 897,038 |
| | | 884,268,643 | 969,054,346 |
| Current assets | | | |
| Stores and spares | 7 | 11,475,790 | 14,862,579 |
| Stock in trade | 8 | 274,884,940 | 215,004,440 |
| Trade debts | 9 | 140,349,053 | 260,681,390 |
| Loans and advances | 10 | 931,099 | 1,504,889 |
| Taxation - net | 11 | 12,943,225 | 22,974,074 |
| Refunds due from the government | 12 | 50,519,628 | 33,243,114 |
| Short term prepayments | 13 | 31,229,420 | 22,639,930 |
| Cash and bank balances | 14 | 3,227,590 | 8,659,641 |
| | | 525,560,745 | 579,570,057 |
| TOTAL ASSETS | | 1,409,829,388 | 1,548,624,403 |

BALANCE SHEET AS AT JUNE 30, 2017

| | Note | 2017 Rupees | 2016 Rupees |
|--|------|----------------------|----------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 15 | 145,486,760 | 145,486,760 |
| Unappropriated profit | | 72,359,789 | 146,799,537 |
| | | 217,846,549 | 292,286,297 |
| Surplus on revaluation of fixed assets | 16 | 70,366,769 | 72,435,224 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long term financing | 17 | 477,380,464 | 523,551,889 |
| Post employment benefits | 18 | 89,891,817 | 81,008,740 |
| Deferred taxation | 19 | 89,349,416 | 99,455,117 |
| | | 656,621,697 | 704,015,746 |
| Current liabilities | | | |
| Trade and other payables | 20 | 141,362,730 | 133,620,747 |
| Markup accrued on loans | | 19,567,870 | 16,401,112 |
| Short term borrowings - from banks | 21 | 209,903,877 | 217,263,809 |
| Long term financing | 17 | 94,159,896 | 112,601,468 |
| | | 464,994,373 | 479,887,136 |
| Total liabilities | | 1,121,616,070 | 1,183,902,882 |
| Contingencies and Commitments | 22 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 1,409,829,388 | 1,548,624,403 |

The annexed notes 1 to 39 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

| | Note | 2017 | 2016 |
|---|------|---------------------|---------------------|
| | | ----- Rupees ----- | |
| Revenue | 23 | 860,670,027 | 1,196,043,437 |
| Cost of sales | 24 | (838,541,136) | (1,137,369,905) |
| Gross profit | | 22,128,891 | 58,673,532 |
| Selling and distribution expenses | 25 | 23,402,095 | 26,308,642 |
| Administrative expenses | 26 | 23,336,634 | 20,138,747 |
| Other operating charges | 27 | 2,600,133 | 1,229,600 |
| | | (49,338,862) | (47,676,989) |
| Operating (loss) / profit | | (27,209,971) | 10,996,543 |
| Other income | 28 | 653,326 | 36,343,948 |
| Finance Cost | 29 | (58,020,259) | (47,405,198) |
| | | (57,366,933) | (11,061,250) |
| Loss before taxation | | (84,576,904) | (64,707) |
| Taxation | 30 | 9,755,116 | (22,382,567) |
| Loss after taxation | | (74,821,788) | (22,447,274) |
| Earnings per share - Basic and diluted | 31 | (5.14) | (1.54) |

The annexed notes 1 to 39 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended June 30, 2017

| | 2017 | 2016 |
|---|---------------------|---------------------|
| | ----- Rupees ----- | |
| Loss after taxation | (74,821,788) | (22,447,274) |
| Other comprehensive income | | |
| Items that will not be reclassified to Profit or loss | | |
| Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax | 2,419,040 | 2,648,868 |
| Actuarial (loss) / gain on remeasurement of retirement benefit obligation | (2,037,000) | 5,723,068 |
| Total other comprehensive income, net of deferred tax | 382,040 | 8,371,936 |
| Total comprehensive loss for the year | <u>(74,439,748)</u> | <u>(14,075,338)</u> |

The annexed notes 1 to 39 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|--|---------------------|----------------------|
| | ----- Rupees ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (84,576,904) | (64,707) |
| Adjustments for non cash charges and other items | | |
| Depreciation | 91,824,085 | 79,353,111 |
| Provision for gratuity | 9,610,452 | 12,535,262 |
| Finance cost | 58,020,259 | 47,405,198 |
| Imputed interest on directors' interest free loan | - | (26,550,191) |
| Gain on disposal of fixed assets | (653,326) | (218,769) |
| Adjust for insurance refund | - | (9,546,303) |
| | <u>158,801,470</u> | <u>102,978,308</u> |
| Cash flow from operating activities before working capital changes | 74,224,566 | 102,913,601 |
| Effect on cash flow due to working capital changes | | |
| Decrease / (Increase) in stores and spares | 3,386,789 | (3,664,130) |
| Increase in stock in trade | (59,880,500) | (124,454,379) |
| Decrease / (Increase) in trade debts | 120,332,337 | (133,317,426) |
| Decrease in loans and advances | 573,790 | 10,046,386 |
| Increase in short term prepayments & balances with statutory authorities | (8,589,490) | (7,288,637) |
| (Decrease) / Increase in short term running finance | (7,359,932) | 160,088,485 |
| Increase / (Decrease) in trade and other payables | 7,741,983 | (39,987,225) |
| | <u>56,204,977</u> | <u>(138,576,926)</u> |
| Net cash generated from / (used in) operating activities | 130,429,543 | (35,663,325) |
| Finance cost paid | (47,116,513) | (40,289,414) |
| Income tax paid | (12,747,811) | (22,974,075) |
| Sales tax refundable | 5,502,146 | 241,141 |
| Gratuity paid | (2,764,375) | (4,286,413) |
| Workers' profit participation fund paid | - | (2,525,536) |
| | <u>(57,126,553)</u> | <u>(69,834,297)</u> |
| Net cash used in operating activities | 73,302,990 | (105,497,622) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition to property, plant and equipment | (23,754,827) | (76,646,775) |
| Asset transferred from capital work in progress | 16,669,771 | - |
| Sale proceeds from disposal of property, plant and equipment | 700,000 | 20,180,000 |
| | <u>(6,385,056)</u> | <u>(56,466,775)</u> |
| Net Cash used in investing Activities | (6,385,056) | (56,466,775) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Directors loan received | 35,922,000 | 191,448,603 |
| Long term loan received | - | 293,928,216 |
| Long term loan paid | (108,271,985) | (77,411,316) |
| Bills payable against long term loan | - | (253,317,960) |
| Dividend paid | - | (28,327,928) |
| Long term deposits and prepayments | - | - |
| Net cash generated from financing activities | (72,349,985) | 126,319,615 |
| Net decrease in cash and cash equivalents | (5,432,051) | (35,644,782) |
| Cash and cash equivalents at the beginning of the year | 8,659,641 | 44,304,423 |
| Cash and cash equivalents at the end of the year | <u>3,227,590</u> | <u>8,659,641</u> |

The annexed notes 1 to 39 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

| | Share Capital | Unappropriated Profit | Total |
|---|----------------------|--------------------------|--------------------|
| | ----- (Rupees) ----- | | |
| | | | |
| Balance as at July 01, 2015 | 145,486,760 | 178,398,418 | 323,885,178 |
| Dividend paid during the year | - | (17,458,411) | (17,458,411) |
| Prior year Income tax adjustment | - | (65,132) | (65,132) |
| Total comprehensive loss for the year ended June 30, 2016 | - | (14,075,338) | (14,075,338) |
| Balance as at June 30, 2016 | 145,486,760 | 146,799,537 | 292,286,297 |
| Total comprehensive loss for the year ended June 30, 2017 | - | (74,439,748) | (74,439,748) |
| Balance as at June 30, 2017 | 145,486,760 | 72,359,789 | 217,846,549 |

The annexed notes 1 to 39 form an integral part of these financial statements.


 Chief Executive


 Chief Financial Officer


 Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. STATUS AND NATURE OF BUSINESS

Karam Ceramics Limited was incorporated in Pakistan on April 8, 1979 as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and 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

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company's financial statements for the year ended June 30, 2017 have been prepared considering the requirements of the repealed Companies Ordinance, 1984 and 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 repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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 cost / revalued amounts.

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.

2.5 Changes in accounting standards, interpretations and pronouncements

(a) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year and are relevant

IAS 7, 'Cashflow statements' - This amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only effects disclosures in the Company's financial statements.

IAS 16 & 38, 'Property, plant and equipment' & 'Intangible assets' - The amendments introduces severe restrictions on the use of revenue - based amortization for intangible assets and explicitly state that revenue - based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that use of revenue - based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible assets are highly correlated. Or when the intangible asset is expressed as a measure of revenue.

IAS 1, 'Presentation of Financial Statements' - Amendments to this standard are made in the context of the IASBs disclosure initiative, which explores how financial statements disclosures can be improved. The amendments provide clarifications on a number of issues, including:

Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

IAS 19, 'Employee Benefits' - this amendment is a part of Annual improvements 2014 clarifies that when determining the discount rate for post - employment benefit obligations, it is the currency that the liabilities are dominated in that is important, not the country where they arise. The Company's policy is already in line with this amendment.

IAS 34, 'Interim Financial Reporting' - amendments to this standard clarifies what is meant by the reference in the standard to information disclosed elsewhere in the interim financial report; entities taking advantage of the relief must provide a cross - reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements. The amendments only effects disclosures in the Company's financial statements.

(b) Standards, interpretations and amendments to published approved accounting standards that are effective in the current year but are not relevant

Except as stated in (a), new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2017 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

(c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

IAS 12, 'Income Tax' - this amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.

IFRS 9, 'Financial instruments' - IASB has published the complete version of IFRS 9, Financial instruments; which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of the relevant committee of the Institute of Chartered Accountants of Pakistan. This standard is not likely to have material impact on the Company's financial statements.

IFRS 15, 'Revenue from contracts with customers' - the IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risk and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. This IFRS is under consideration of the relevant committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the full impact of this standard on its financial statements.

IFRS 16, 'Leases' - this standard will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short - term and low - value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant committee of the Institute of Chartered Accountants of Pakistan. The standard is not likely to have material impact on the Company's financial statements.

IFRIC 22, 'Foreign currency transactions and advance consideration' addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

Except as stated above, new standards, amendments and interpretations that are not yet effective are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

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, 2017.

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 Equipment

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.

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 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.

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

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 process | At average manufacturing cost |
| Finished goods | At average manufacturing cost or net realisable value whichever is lower |

Valuation of raw material, work in process and finished goods as on June 30, 2017 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 of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in comprehensive income, in which case it is recognized in comprehensive income.

(i) Current

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

(ii) Deferred

Deferred tax is recognized using 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 equipment 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. Provisions 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:

- (a) Sales are recorded on dispatch of goods to customers.
- (b) Profit on bank deposits is recognized on an accrual basis.

4. Property, Plant and Equipments

| | Freehold Land | Building on freehold land | Plant and machinery | Vehicles | Furniture and fittings | Moulds | Laboratory equipment | Total |
|-----------------------------------|-------------------|---------------------------|---------------------|------------------|------------------------|------------------|----------------------|--------------------|
| Net carrying value basis | | | | | | | | |
| Year ended June 30, 2017 | | | | | | | | |
| Opening NBV | 52,560,000 | 131,392,172 | 756,448,945 | 8,039,054 | 2,043,178 | 951,443 | 52,745 | 951,487,537 |
| Additions (at cost) | - | 3,980,190 | 16,755,696 | 900,000 | - | 2,118,941 | - | 23,754,827 |
| Depreciation charge | - | (13,271,890) | (75,792,402) | (1,735,032) | (204,318) | (815,168) | (5,275) | (91,824,085) |
| Disposal | - | - | - | (46,674) | - | - | - | (46,674) |
| Closing NBV | 52,560,000 | 122,100,472 | 697,412,239 | 7,157,348 | 1,838,860 | 2,255,216 | 47,470 | 883,371,605 |
| Gross carrying value basis | | | | | | | | |
| At June 30, 2017 | | | | | | | | |
| Cost | 52,560,000 | 364,772,235 | 1,773,172,381 | 29,983,827 | 12,812,151 | 8,356,171 | 1,512,579 | 2,243,169,344 |
| Accumulated depreciation | - | (242,671,763) | (1,075,760,142) | (22,826,479) | (10,973,291) | (6,100,955) | (1,465,109) | (1,359,797,739) |
| NBV | 52,560,000 | 122,100,472 | 697,412,239 | 7,157,348 | 1,838,860 | 2,255,216 | 47,470 | 883,371,605 |
| Net carrying value basis | | | | | | | | |
| Year ended June 30, 2016 | | | | | | | | |
| Opening NBV | 52,560,000 | 122,304,459 | 514,669,723 | 8,119,190 | 2,270,198 | 1,359,202 | 58,605 | 701,341,377 |
| Additions (at cost) | - | 23,686,844 | 314,323,355 | 1,904,000 | - | - | - | 339,914,199 |
| Depreciation charge | - | (14,599,131) | (62,140,436) | (1,972,905) | (227,020) | (407,759) | (5,860) | (79,353,111) |
| Disposal | - | - | (10,403,697) | (11,231) | - | - | - | (10,414,928) |
| Closing NBV | 52,560,000 | 131,392,172 | 756,448,945 | 8,039,054 | 2,043,178 | 951,443 | 52,745 | 951,487,537 |
| Gross carrying value basis | | | | | | | | |
| At June 30, 2016 | | | | | | | | |
| Cost | 52,560,000 | 360,792,045 | 1,756,416,685 | 29,932,827 | 12,812,151 | 6,237,230 | 1,512,579 | 2,220,263,517 |
| Accumulated depreciation | - | (229,399,873) | (999,967,740) | (21,893,773) | (10,768,973) | (5,285,787) | (1,459,834) | (1,268,775,980) |
| NBV | 52,560,000 | 131,392,172 | 756,448,945 | 8,039,054 | 2,043,178 | 951,443 | 52,745 | 951,487,537 |
| Rate of Depreciation | - | 10% | 10% | 20% | 10% | 30% | 10% | |

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

| | 2017 | 2016 |
|-----------------------------------|--------------------|-------------------|
| | ----- Rupees ----- | |
| Cost of sales | 90,697,573 | 78,378,119 |
| Selling and distribution expenses | 542,844 | 469,829 |
| Administrative expenses | 583,668 | 505,162 |
| | <u>91,824,085</u> | <u>79,353,110</u> |

4.2 The details of operating assets sold are as follows:

| Description | Cost | Accumulated Depreciation | Book value | Sale proceeds | Mode of disposal | Particulars of purchaser |
|------------------|------------|--------------------------|------------|---------------|------------------|--------------------------|
| ---- Rupees ---- | | | | | | |
| Vehicle | 849,000 | 802,326 | 46,674 | 700,000 | Exchange | AM Motors |
| 2017 | 849,000 | 802,326 | 46,674 | 700,000 | | |
| 2016 | 27,006,392 | 16,591,464 | 10,414,928 | 20,180,000 | | |

4.3 Had there been no revaluation, the net book value of Freehold land and Building on freehold land would have been Rs. 3,964,588 (2016: Rs. 3,964,588) and Rs.90,547,780 (2016: 96,333,626) respectively.

| | 2017 | 2016 |
|--|--------------------|---------------|
| | ----- Rupees ----- | |
| 5. CAPITAL WORK IN PROGRESS | | |
| This comprises of: | | |
| Plant and machinery | - | 16,669,771 |
| 5.1 Movement of carrying amount | | |
| Year ended June 30, 2017 | | |
| Opening balance | 16,669,771 | 279,937,195 |
| Additions (at cost) | - | 5,980,688 |
| Transfer to fixed assets | (16,669,771) | (269,248,112) |
| Closing balance | - | 16,669,771 |
| 6. LONG TERM DEPOSITS | | |
| Others - note 6.1 | 897,038 | 897,038 |

6.1 This includes deposits placed with utility companies including K-Electric, Pakistan Telecommunication Company Limited and Sui Southern Gas Company.

| | 2017 | 2016 |
|-----------------------------|--------------------|-------------|
| | ----- Rupees ----- | |
| 7. STORES AND SPARES | | |
| Spares | 10,838,311 | 14,135,658 |
| Stores | 637,479 | 726,921 |
| | 11,475,790 | 14,862,579 |
| 8. STOCK IN TRADE | | |
| Raw material | 147,855,718 | 111,952,645 |
| Packing materials | 8,685,348 | 4,002,059 |
| Work-in-process | 7,911,071 | 8,378,098 |
| Finished goods | 110,432,803 | 90,671,638 |
| | 274,884,940 | 215,004,440 |
| 9. TRADE DEBTS | | |
| Considered good - unsecured | 140,349,053 | 260,681,390 |

9.1 As of June 30, aging analysis of trade debts is as follows:

| | 2017 | 2016 |
|---|--------------------|--------------------|
| | ----- Rupees ----- | |
| Not yet due | 39,586,161 | 103,576,868 |
| Past due 1 - 30 days | 6,082,200 | 22,595,548 |
| Past due 30 - 90 days | 38,215,369 | 46,928,915 |
| Over 90 days | 56,465,323 | 87,580,059 |
| | 140,349,053 | 260,681,390 |
| 10. LOANS AND ADVANCES - considered good | | |
| Loans to employees | 86,000 | 183,500 |
| Advances to: | | |
| Employees - note 10.1 | 150,099 | 201,467 |
| Others | 295,000 | 719,922 |
| Seller of land - note 10.2 | 400,000 | 400,000 |
| | 845,099 | 1,321,389 |
| | 931,099 | 1,504,889 |

10.1 The advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

10.2 This represents advance given for purchase of land, however, the seller has filed a suit in the Civil Court of Lahore for cancellation of the agreement and the matter is pending adjudication.

11. TAXATION - NET

The income tax assessments of the Company have been finalised by the tax authorities upto tax year 2016 (accounting year ended June 30, 2016). Adequate provisions have been made in these financial statements for the year ended June 30, 2017 (Tax year 2017).

| | 2017 | 2016 |
|--|--------------------|-------------------|
| | ----- Rupees ----- | |
| 12. REFUNDS DUE FROM THE GOVERNMENT | | |
| Sales tax receivable | 369,991 | 5,872,137 |
| Income tax refundable | 50,149,637 | 27,370,977 |
| | 50,519,628 | 33,243,114 |
| 13. SHORT TERM PREPAYMENTS | | |
| Prepayments - note 13.1 | 10,913,680 | 9,484,365 |
| Letters of credit | 7,366,029 | 323,123 |
| Other receivables - note 13.2 | 12,949,711 | 12,832,442 |
| | 31,229,420 | 22,639,930 |

- 13.1 This includes Ramzan bonus paid to the employees in accordance with Company policy amounting to Rs. 10,017,379 (2016: Rs. 9,303,176).
- 13.2 This includes insurance claim due from PICIC Insurance Limited amounting to Rs. 12,500,000 (2016: 12,500,000) on account of damage to generator at factory premises. The claim originally registered by the Company amounted to Rs. 19,500,000 out of which Rs. 7,500,000 was received in the financial year ended June 30, 2016. This remains unconfirmed on June 30, 2017.

| | 2017 | 2016 |
|-----------------------------------|--------------------|-----------|
| | ----- Rupees ----- | |
| 14. CASH AND BANK BALANCES | | |
| Cash in hand | 947,681 | 373,433 |
| Cash at banks | | |
| - Current accounts | 1,489,183 | 7,506,629 |
| - Deposit accounts | 790,726 | 779,579 |
| | 2,279,909 | 8,286,208 |
| | 3,227,590 | 8,659,641 |

| | 2017 | 2016 | | 2017 | 2016 |
|---|--------------------|---|--|--------------------|-------------|
| | (Number of shares) | | | ----- Rupees ----- | |
| 15. SHARE CAPITAL | | | | | |
| Authorised Share Capital | | | | | |
| 15,000,000 | 15,000,000 | Ordinary shares of Rs. 10 each | | 150,000,000 | 150,000,000 |
| Issued, subscribed and paid up Share Capital | | | | | |
| 13,267,786 | 13,267,786 | Ordinary shares of Rs. 10 each fully paid in cash | | 132,677,860 | 132,677,860 |
| 1,280,890 | 1,280,890 | Ordinary shares of Rs. 10 each issued as bonus shares | | 12,808,900 | 12,808,900 |
| | 14,548,676 | | | 145,486,760 | 145,486,760 |

| | | | | | |
|---|--|--|-------------|--------------|--|
| 16. SURPLUS ON REVALUATION OF FIXED ASSETS | | | | | |
| Surplus on revaluation of land | | | 48,595,412 | 48,595,412 | |
| Surplus on revaluation of building | | | 35,058,547 | 38,953,941 | |
| Incremental depreciation on revalued assets | | | (3,505,855) | (3,895,394) | |
| | | | 80,148,104 | 83,653,959 | |
| Deferred tax liability as on July 01, 2016 | | | 11,218,735 | 12,854,800 | |
| Tax effect due to change in tax rate proportion | | | (350,585) | (389,539) | |
| Related deferred tax on incremental depreciation | | | (1,086,815) | (1,246,526) | |
| | | | (9,781,335) | (11,218,735) | |
| | | | 70,366,769 | 72,435,224 | |

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

| | |
|---------------------------------|---------------------|
| Facility name | Term Finance - 1 |
| Loan outstanding | Rs. 117.296 million |
| Nature of facility | Term Finance |
| Sanctioned limit | 175.917 million |
| Markup rate | 6MK + 1.75% p.a. |
| Total installments | 54 monthly |
| No. of installments outstanding | 34 monthly |
| Date of final repayment | May 10, 2020 |

Purpose:

- For import of Plant and Machinery

Security/Collateral:

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

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

| | | |
|---------------------------------|--------------------|--------------------|
| Facility name | Term Finance - 1 | Term Finance - 2 |
| Loan outstanding | Rs. 17.080 million | Rs. 10.211 million |
| Nature of facility | Term Finance | Term Finance |
| Sanctioned limit | 23.058 million | 11.987 million |
| Markup rate | 3MK + 1.5% p.a. | 3MK + 1.5% p.a. |
| Total installments | 54 monthly | 54 monthly |
| No. of installments outstanding | 40 monthly | 46 monthly |
| Date of final repayment | Oct 01, 2020 | May 01, 2021 |

Purpose:

- For import of Plant and Machinery

Security/Collateral:

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

17.2 This represents outstanding amounts pertaining to interest bearing @ 5% & interest free loan obtained from directors amounting to Rs. 151.87 million (2016: Rs. 115.95 million) and Rs. 136.69 million (2016: Rs. 128.95 million) respectively. These loans are repayable from September, 2019.

18. POST EMPLOYMENT BENEFITS

18.1 The latest actuarial valuation of the Gratuity scheme at June 30, 2017 was carried out using the Projected Unit Credit Method details of which are as follows:

| | 2017 | 2016 |
|---|--------------------|-------------|
| | ----- Rupees ----- | |
| 18.2 Movement in obligation | | |
| Opening balance | 81,008,740 | 78,482,958 |
| Charge for the year | 9,610,452 | 12,535,263 |
| Remeasurement | 2,037,000 | (5,723,068) |
| Benefits paid | (2,764,375) | (4,286,413) |
| Closing balance | 89,891,817 | 81,008,740 |
| 18.3 Movement in the present value of defined benefit obligation | | |
| Opening balance | 81,008,740 | 78,482,958 |
| Service cost | 3,886,796 | 5,142,618 |
| Interest cost | 5,723,656 | 7,392,645 |
| Remeasurement | 2,037,000 | (5,723,068) |
| Benefits paid | (2,764,375) | (4,286,413) |
| Closing balance | 89,891,817 | 81,008,740 |
| 18.4 Expense recognised in profit and loss account | | |
| Service cost | 3,886,796 | 5,142,618 |
| Interest cost | 5,723,656 | 7,392,645 |
| | 9,610,452 | 12,535,263 |
| 18.5 Expense / (Income) recognised in profit and loss account | | |
| Remeasurements of post-employment benefits | 2,037,000 | (5,723,068) |
| 18.6 Key actuarial assumptions used are as follows: | | |
| Discount factor used | 7.75% | 7.25% |
| Expected rate of increase in salaries | 6.75% | 6.25% |
| Retirement age (years) | 60 | 60 |
| 18.7 Sensitivity analysis for actuarial assumptions | | |

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

| | Impact on defined benefit obligation | | |
|--------------------------|--------------------------------------|----------------------------------|----------------------------------|
| | Change in assumption | Increase in assumption Rupees | Decrease in assumption Rupees |
| Discount rate at June 30 | 1% | 6,885,422 | 7,068,489 |
| Future salary increases | 1% | 7,068,489 | 7,002,289 |

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

18.8 As per actuarial advice, the expected charge for the next year is Rs. 10,819,988.

| | 2017 | 2016 |
|---|---------------------|---------------------|
| | ----- Rupees ----- | |
| 19. DEFERRED TAXATION | | |
| Credit balance arising in respect of: | | |
| - accelerated tax depreciation allowance | 117,215,879 | 125,377,914 |
| Debit balance arising in respect of: | | |
| - provision for post employment benefit obligations | <u>(27,866,463)</u> | <u>(25,922,797)</u> |
| | <u>89,349,416</u> | <u>99,455,117</u> |
| 20. TRADE AND OTHER PAYABLES | | |
| Trade creditors / Bills payable | 94,379,631 | 65,432,120 |
| Accrued expenses | 34,873,535 | 53,555,877 |
| Sales tax payable | 4,375,142 | 4,816,039 |
| Workers' welfare fund | 2,616,070 | 2,616,070 |
| Dividend payable | 1,015,170 | 1,015,170 |
| Unclaimed dividend | 3,828,247 | 3,828,247 |
| Withholding tax payable | 274,935 | 2,357,224 |
| | <u>141,362,730</u> | <u>133,620,747</u> |
| 21. SHORT TERM BORROWINGS - FROM BANKS | | |
| Secured | | |
| Short term running finance | | |
| Soneri Bank Limited - note 21.1 | 137,351,026 | 153,311,258 |
| Habib Bank Limited - note 21.2 | 48,712,164 | 47,651,949 |
| Habib Bank Limited FATR - note 21.3 | 23,840,687 | 16,300,602 |
| | <u>209,903,877</u> | <u>217,263,809</u> |

21.1 This represents Running Finance Facility amounting to Rs. 160 million (2016: Rs. 160 million). The profit rate on this facility is 6 months KIBOR plus 1.5% (2016: 6 months KIBOR plus 1.5%). This is secured by first hypothecation charge over stock of the company for Rs. 160 million and first pari passu equitable charge of Rs. 800 million over fixed assets of the company and personal guarantee of the Directors.

21.2 This represents Running Finance Facility amounting to Rs. 50 million (2016: Rs. 50 million). The profit rate on this facility is 3 months KIBOR plus 1% (2016: 3 months KIBOR plus 1%). This is secured by third party mortgage over Company's headoffice situated at Kehkashan Clifton, Karachi valued at Rs. 189.89 million and second ranking charge on hypothecated stock and first charge on book debts of Rs. 150 million and personal guarantee of the Directors.

21.3 This represents Finance Against Trust Receipt Facility amounting to Rs. 50 million (2016: Rs. 50 million). The profit rate on this facility is Matching tenor KIBOR + 1% (2016: Matching tenor KIBOR plus 1%). This is secured by third party mortgage over Company's headoffice situated at Kehkashan Clifton, Karachi valued at Rs. 189.89 million and second ranking charge on hypothecated stock and first charge on book debts of Rs. 150 million and personal guarantee of the Directors.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The Company filed suit no. 151 of 2017 with High Court of Sindh against the increase of higher gas tariff rate from December 30, 2016 by the Sui Southern Gas Company Limited (SSGC). The Honorable High Court passed an interim injunction and ordered to deposit cheques monthly for the price differential amount with the Nazir of Sindh High Court, which amounted to Rs. 22,987,170 for the period from January 2017 to June 2017.

Irrevocable Letter of Credit in favor of SSGC of Rs. 20 million (2016: Rs. 20 million) from Habib Bank Limited and Rs. 64.95 million (2016: Rs. 64.95 million) from Soneri Bank Limited. Letter of Guarantee of Rs. 9 million (2016: Rs. 9 million) in favor of SSGC from Soneri Bank Limited.

22.2 Commitments

Commitments under letter of credit for import of raw materials as at June 30, 2017 amounted to Euro 178,140 and US\$ 171,742 (2016: Euro 117,660 and US\$ 204,590).

| | 2017 | 2016 |
|--------------------|---------------------------|-----------------------------|
| | ----- Rupees ----- | |
| 23. REVENUE | | |
| Gross sales | 1,041,410,733 | 1,447,143,573 |
| Less: sales tax | <u>(180,740,706)</u> | <u>(251,100,136)</u> |
| | <u><u>860,670,027</u></u> | <u><u>1,196,043,437</u></u> |

| | 2017 | 2016 |
|--|----------------------|----------------------|
| | ----- Rupees ----- | |
| 24. COST OF SALES | | |
| Raw materials consumed | | |
| Opening stock | 111,952,645 | 62,554,339 |
| Purchases | 241,598,690 | 353,807,719 |
| Closing stock - note 8 | <u>(147,855,718)</u> | <u>(111,952,645)</u> |
| | 205,695,617 | 304,409,413 |
| Manufacturing expenses | | |
| Fuel, power and water | 313,101,633 | 547,299,764 |
| Salaries, wages and benefits - note 24.1 | 148,977,128 | 152,293,470 |
| Stores and spare parts consumed | 22,316,825 | 30,703,356 |
| Packing material consumed | 31,182,249 | 35,010,189 |
| Repairs and maintenance | 25,786,802 | 43,618,534 |
| Depreciation - note 4.1 | 90,697,573 | 78,378,119 |
| Director's remuneration | 4,225,000 | 3,725,000 |
| Insurance | 4,130,966 | 3,626,881 |
| Vehicles running and maintenance | 433,239 | 328,125 |
| Others - note 24.2 | <u>11,288,242</u> | <u>10,277,593</u> |
| | 652,139,657 | 905,261,031 |
| Opening work in process | 8,378,098 | 5,162,290 |
| Closing work in process - note 8 | <u>(7,911,071)</u> | <u>(8,378,098)</u> |
| Cost of goods manufactured | 858,302,301 | 1,206,454,636 |
| Opening stock of finished goods | 90,671,638 | 21,586,907 |
| Closing stock of finished goods - note 8 | <u>(110,432,803)</u> | <u>(90,671,638)</u> |
| | 838,541,136 | 1,137,369,905 |

24.1 This includes Rs. 8,745,567 (2016: Rs. 11,407,889) in respect of staff retirement benefits.

24.2 This includes Rs. 7,343,073 (2016: Rs. 7,263,500) in respect of rental charges of generator.

25. SELLING AND DISTRIBUTION EXPENSES

| | | |
|--|-------------------|-------------------|
| Salaries, wages and benefits - note 25.1 | 6,646,849 | 6,461,279 |
| Freight charges | 11,692,940 | 13,939,540 |
| Rent, rates and taxes | 714,424 | 1,179,462 |
| Fuel, power and water | 286,699 | 187,144 |
| Postage, telegraph and telephone charges | 220,923 | 158,204 |
| Printing and stationery | 34,827 | 34,275 |
| Vehicles running and maintenance | 807,683 | 566,827 |
| Repairs and maintenance | 637,270 | 1,001,857 |
| Travelling and conveyance | 296,768 | 402,552 |
| Entertainment | 129,688 | 166,293 |
| Advertisement expenses | 980,475 | 758,937 |
| Insurance | 268,705 | 290,455 |
| Commission | 142,000 | 691,988 |
| Depreciation - note 4.1 | <u>542,844</u> | <u>469,829</u> |
| | 23,402,095 | 26,308,642 |

25.1 This includes Rs. 192,197 (2016: Rs. 250,705) in respect of staff retirement benefits.

| | 2017 | 2016 |
|--|--------------------|------------|
| | ----- Rupees ----- | |
| 26. ADMINISTRATIVE EXPENSES | | |
| Salaries, wages and benefits - note 26.1 | 11,462,125 | 9,150,514 |
| Director's remuneration | 4,225,000 | 3,725,000 |
| Fees and subscription | 2,040,911 | 1,042,359 |
| Rent, rates and taxes | 1,340,411 | 1,479,576 |
| Fuel, power and water | 1,112,914 | 1,099,882 |
| Postage, telegraph and telephone charges | 709,092 | 611,895 |
| Printing and stationery | 270,325 | 284,648 |
| Vehicles running and maintenance | 364,458 | 237,126 |
| Repairs and maintenance | 187,518 | 401,070 |
| Travelling and conveyance | 500,101 | 552,832 |
| Entertainment | 59,743 | 59,252 |
| Legal and professional charges | 183,008 | 341,571 |
| Insurance | 297,360 | 647,860 |
| Depreciation - note 4.1 | 583,668 | 505,162 |
| | 23,336,634 | 20,138,747 |

26.1 This includes Rs. 672,688 (2016: Rs. 877,468) in respect of staff retirement benefits.

| | 2017 | 2016 |
|---|--------------------|------------|
| | ----- Rupees ----- | |
| 27. OTHER OPERATING CHARGES | | |
| Auditors' remuneration - note 27.1 | 529,600 | 529,600 |
| Foreign exchange loss | 2,019,033 | - |
| Donations | 51,500 | 700,000 |
| | 2,600,133 | 1,229,600 |
| 27.1 Auditors' remuneration | | |
| Audit fee | 435,600 | 435,600 |
| Fee for review of half yearly financial information | 50,000 | 50,000 |
| Fee for Code of Corporate Governance review | 44,000 | 44,000 |
| | 529,600 | 529,600 |
| 28. OTHER INCOME | | |
| Gain on disposal of property, plant and equipment | 653,326 | 9,765,072 |
| Exchange gain | - | 28,685 |
| Imputed Interest | - | 26,550,191 |
| | 653,326 | 36,343,948 |
| 29. FINANCE COST | | |
| Mark-up on: | | |
| Short term borrowings | 11,034,069 | 11,109,899 |
| Term Finance | 30,930,603 | 31,411,606 |
| | 41,964,672 | 42,521,505 |
| Interest on directors' loan - note 29.1 | 15,112,288 | 3,964,953 |
| Bank charges | 943,299 | 803,774 |
| Interest on workers' profit participation fund | - | 114,966 |
| | 58,020,259 | 47,405,198 |

29.1 This includes reversal of imputed interest income on Director's interest free loan to the Company amounting to Rs. 7,737,943 (2016: Nil).

| | 2017 | 2016 |
|---------------------|--------------------|-------------------|
| 30. TAXATION | ----- Rupees ----- | |
| Deferred | <u>(9,755,116)</u> | <u>22,382,567</u> |

30.1 The Company is not required to pay minimum tax amounting to Rs. 8,606,700 (2016: Rs. 11,960,434) due to adjustment of tax credit under section 65(B) of the Income Tax Ordinance, 2001 amounting to Rs. 30,668,885 on installation of new plant on March 01, 2016.

31. EARNINGS PER SHARE - BASIC AND DILUTED

| | | |
|--|---------------------|---------------------|
| Loss after taxation attributable to ordinary shareholders | <u>(74,821,788)</u> | <u>(22,447,274)</u> |
| Weighted average number of shares in issue during the year | <u>14,548,676</u> | <u>14,548,676</u> |
| Earnings per share (Rupees) - Basic and diluted | <u>(5.14)</u> | <u>(1.54)</u> |

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

32. RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties during the year:

| | | 2017 | 2016 |
|----------------------------------|------------------------------|--------------------|---------------------|
| | | ----- Rupees ----- | |
| Relation with the Company | Nature of Transaction | | |
| Director's spouse | Rent expenses | <u>1,277,760</u> | <u>1,161,600</u> |
| Directors | Loan received | <u>55,922,000</u> | <u>191,448,603</u> |
| Directors | Interest on loan | <u>7,374,345</u> | <u>3,964,953</u> |
| Directors | Notional interest on loan | <u>7,737,943</u> | <u>(26,550,191)</u> |
| PICIC Insurance Limited | Premium on insurance | <u>363,843</u> | <u>2,177,140</u> |
| PICIC Insurance Limited | Insurance claim | <u>-</u> | <u>19,950,000</u> |

The related party status of outstanding balances as at June 30, 2017 & 2016 is included in short term prepayments & long term financing respectively.

33. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to chief executive and director of the Company are as follows:

| | CHIEF EXECUTIVE | | DIRECTOR | | Total | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Managerial remuneration and allowances | 2,516,129 | 2,193,548 | 2,516,129 | 2,193,548 | 5,032,258 | 4,387,096 |
| House rent | 1,132,258 | 987,097 | 1,132,258 | 987,097 | 2,264,516 | 1,974,194 |
| Utilities | 251,613 | 219,355 | 251,613 | 219,355 | 503,226 | 438,710 |
| Bonus | 325,000 | 325,000 | 325,000 | 325,000 | 650,000 | 650,000 |
| | <u>4,225,000</u> | <u>3,725,000</u> | <u>4,225,000</u> | <u>3,725,000</u> | <u>8,450,000</u> | <u>7,450,000</u> |
| Number of persons | 1 | 1 | 1 | 1 | 2 | 2 |

The Chief Executive and Director of the Company are also provided with free use of Company maintained cars in accordance with their terms of employment.

| | 2017 | 2016 |
|--|------------------|------------------|
| | Square Meters | |
| 34. PLANT CAPACITY AND PRODUCTION | | |
| Installed Capacity note - 34.1 | <u>6,480,000</u> | <u>4,320,000</u> |
| Actual Production | <u>2,197,957</u> | <u>2,991,779</u> |

34.1 The plant came into full capacity during the year 2017.

| | 2017 | 2016 |
|--|------------|------------|
| 35. NUMBER OF EMPLOYEES | | |
| Number of employees at June 30: | | |
| - Permanent | 398 | 372 |
| - Contractual | 125 | 122 |
| | <u>523</u> | <u>494</u> |
| Average number of employees during the year: | | |
| - Permanent | 385 | 374 |
| - Contractual | 124 | 135 |
| | <u>509</u> | <u>509</u> |

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Financial risk factors

The Company's activities expose it to variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as managing financial risk to minimize earnings volatility and provide maximum return to shareholders.

36.2 Financial assets and liabilities by category and their respective maturities

| | Interest bearing | | | Non-interest bearing | | | Total |
|------------------------------|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|--------------------|----------------------|
| | Maturity up to one year | Maturity after one year | Total | Maturity up to one year | Maturity after one year | Total | |
| ----- Rupees ----- | | | | | | | |
| Financial assets | | | | | | | |
| Long term deposits | - | - | - | - | 897,038 | 897,038 | 897,038 |
| Trade debts | - | - | - | 140,349,053 | - | 140,349,053 | 140,349,053 |
| Loans and advances | - | - | - | 931,099 | - | 931,099 | 931,099 |
| Bank balances | - | - | - | 2,279,909 | - | 2,279,909 | 2,279,909 |
| June 30, 2017 | - | - | - | 143,560,061 | 897,038 | 144,457,099 | 144,457,099 |
| June 30, 2016 | - | - | - | 270,472,487 | 897,038 | 271,369,525 | 271,369,525 |
| Financial liabilities | | | | | | | |
| Long term financing | 94,159,896 | 477,380,464 | 571,540,360 | - | - | - | 571,540,360 |
| Short term borrowings | 209,903,877 | - | 209,903,877 | - | - | - | 209,903,877 |
| Trade and other payable | - | - | - | 134,096,583 | - | 134,096,583 | 134,096,583 |
| Markup accrued on loans | - | - | - | 19,567,870 | - | 19,567,870 | 19,567,870 |
| June 30, 2017 | 304,063,773 | 477,380,464 | 781,444,237 | 153,664,453 | - | 153,664,453 | 935,108,690 |
| June 30, 2016 | 329,865,277 | 523,551,889 | 853,417,166 | 139,217,356 | - | 139,217,356 | 992,634,522 |
| On balance sheet gap | | | | | | | |
| June 30, 2017 | (304,063,773) | (477,380,464) | (781,444,237) | (10,104,392) | 897,038 | (9,207,354) | (790,651,591) |
| June 30, 2016 | (329,865,277) | (523,551,889) | (853,417,166) | 131,255,131 | 897,038 | 132,152,169 | (721,264,997) |
| Off balance sheet gap | | | | | | | |
| June 30, 2017 | | | | | | | 38,913,230 |
| June 30, 2016 | | | | | | | 36,096,844 |

(i) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of Rs. 144,457,099 (2016: Rs. 271,369,525), trade debts, loans and advances amounting in aggregate to Rs. 141,280,152 (2016: Rs. 262,186,279) are subject to credit risk. The Company manages its credit risk by limiting significant exposure to any individual customers.

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 counterparties 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.

(ii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and bank balances and the availability of financing through banking arrangements.

(iii) Market risk

a) Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

b) Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist in foreign currency. The Company primarily has foreign currency exposure in US Dollars (US\$) and Euro (€). As at June 30, 2017, if the Pak Rupee had weakened / strengthened by 5% against US Dollars (US\$) and Euro (€) with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1,945,661 (2016: Rs. 1,804,840), mainly as a result of foreign exchange losses / gains on translation of US Dollars (US\$) and Euro (€) denominated financial assets and liabilities.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows from a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from borrowings which includes short term borrowings (note 21) and long term financing (note 17). Borrowings availed at variable rates expose the Company to cash flow interest rate risk.

At June 30, 2017, the Company had variable interest bearing financial liabilities of Rs. 492,886,837 (2016: Rs. 608,518,754), and had the interest rate varied by 100 basis points with all the other variables held constant, profit before tax for the year would have been lower / higher by approximately Rs. 4,928,868 (2016: Rs. 6,085,188), mainly as a result of higher / lower interest expense on floating rate borrowings.

(iv) Fair value of financial instruments

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

At June 30, 2017, the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

37. 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 benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 shareholders. Debt and capital comprise of long term financing and shareholder's equity respectively.

38. CORRESPONDING FIGURES

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

| Description | Reclassified From | Reclassified To | Amount in Rs. |
|---|------------------------------------|------------------------------------|---------------|
| Imputed interest on directors' interest free loan | Cashflow from financing activities | Cashflow from operating activities | 26,550,191 |
| Dividend payable | Accrued expenses | Unclaimed dividend | 3,364,887 |
| Accrued expenses | Accrued expenses | Trade creditors / bills payable | 43,600 |

39. DATE OF AUTHORISATION OF ISSUE

These financial statements were authorised for issue on 20 September, 2017 by the Board of Directors of the Company.


 Chief Executive


 Chief Financial Officer


 Director

PATTERN OF SHAREHOLDING AS AT 30 JUNE 2017

| No. of Shareholders | Having Shares | | Shares Held | Percentage |
|---------------------|----------------------|---------|-----------------|-----------------|
| | From | To | | |
| 197 | 1 | 100 | 2150 | 0.0148 |
| 84 | 101 | 500 | 37808 | 0.2599 |
| 18 | 501 | 1000 | 14528 | 0.0999 |
| 27 | 1001 | 5000 | 70298 | 0.4832 |
| 9 | 5001 | 10000 | 69195 | 0.4756 |
| 1 | 10001 | 15000 | 10612 | 0.0729 |
| 2 | 15001 | 20000 | 37500 | 0.2578 |
| 2 | 20001 | 25000 | 45500 | 0.3127 |
| 1 | 25001 | 30000 | 27244 | 0.1873 |
| 1 | 30001 | 35000 | 32751 | 0.2251 |
| 1 | 75001 | 80000 | 80000 | 0.5499 |
| 1 | 105001 | 110000 | 105500 | 0.7252 |
| 1 | 215001 | 220000 | 219500 | 1.5087 |
| 1 | 270001 | 275000 | 275000 | 1.8902 |
| 1 | 310001 | 315000 | 312360 | 2.1470 |
| 1 | 435001 | 440000 | 435812 | 2.9955 |
| 1 | 430001 | 735000 | 732920 | 5.0377 |
| 3 | 735001 | 740000 | 2207760 | 15.1750 |
| 3 | 980001 | 985000 | 2942678 | 20.2264 |
| 1 | 1350001 | 1355000 | 1354263 | 9.3085 |
| 1 | 1630001 | 1635000 | 1631623 | 11.2149 |
| 2 | 1950001 | 1955000 | 3903674 | 26.8318 |
| 359 | Company Total | | 14548676 | 100.0000 |

TOTAL OUT STANDING SHARES AS AT 30 JUNE 2017 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 | 78 | 301947 | 270 | 3984160 | 348 | 4286107 | 29.4605 |
| | Total | 92 | 10564516 | 270 | 3984160 | 362 | 14548676 | 100.0000 |

CATEGORY OF SHARE HOLDERS

AS AT 30 JUNE 2017

| Folio No | Name | Code | Balance Held | Percentage |
|--------------|--|------|--------------|------------|
| 000000000002 | MR. IRSHAD ALI S. KASSIM | 001 | 1951838 | 13.4159 |
| 000000000003 | MR. MUNAWAR ALI S. KASSIM | 001 | 1951836 | 13.4159 |
| 000000000004 | MRS .MARIAM SHABAN ALI | 001 | 10612 | 0.0729 |
| 000000000005 | MRS. SHAHEEN A. REHMAN | 001 | 10000 | 0.0687 |
| 000000000006 | MRS. SAKIN NOORALLAH | 001 | 10000 | 0.0687 |
| 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 |
| 00000000871 | IRSHAD ALI SHABAN ALI KASSIM | 001 | 9113 | 0.0626 |
| 003889000028 | NATIONAL BANK OF PAKISTAN | 004 | 202 | 0.0014 |
| 007393000024 | SUMMIT BANK LIMITED | 004 | 312360 | 2.1470 |
| 00000000773 | 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 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 2017

| Particulars | No. of Folio | Balance Share | Percentage |
|---------------------------|--------------|---------------|------------|
| DIRECATORS,CEO & CHILDREN | 14 | 10262569 | 70.5395 |
| BANKS,DFI & NBFI | 2 | 312562 | 2.1484 |
| INSURANCE COMPANIES | 1 | 1500 | 0.0103 |
| GENERAL PUBLIC (LOCAL) | 335 | 3822648 | 26.2749 |
| GENERAL PUBLIC (FOREIGN) | 3 | 108744 | 0.7474 |
| OTHERS | 4 | 40653 | 0.2794 |
| Company Total | 359 | 14548676 | 100.0000 |

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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 38th Annual General Meeting of the Company to be held on
Thursday, October 26, 2017 at 5.:00 pm Company's Registered Office situated at BC-6,
Block-5, Scheme-5, Kehkashan, Clifton , Karachi.

WITNESS:

(1) Signature _____

Name _____

Address _____

NIC or Passport No. _____

2) Signature _____

Name _____

Address _____

NIC or Passport No. _____

Dated _____

Signature on
Rupees Five
Revenue Stamp

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

Important:

This form of proxy, duly completed must be deposited at the Company's Registered Office BC-6, Scheme-5, Kehkashan, Clifton , Karachi not less than 48 hours before the meeting . CDC Shareholder and their Proxied must attached either an attested photocopy of their Computerized National Identity Card or Passport with this proxy form. _____

پراکسی فارم

میں/ہم _____، _____
بطور ممبر کرم سیراکس لمیٹڈ اور عارضی شیئرز _____ رجسٹرڈ فولیو نمبر _____ اپنی جانب سے جناب
_____ کا تقرر کرتا ہوں جو کہ کرم سیراکس لمیٹڈ رجسٹرڈ فولیو نمبر کے تحت ممبر ہیں اور میرے نمائندے کے طور پر کمپنی کی ۳۸ ویں
سالانہ جنرل میٹنگ میں شرکت کر کے ووٹ دے سکتے ہیں جس کا انعقاد بروز جمعرات 26 اکتوبر 2017ء کو شام 5:00 بجے کمپنی کے رجسٹرڈ آفس واقع
BC-6، بلاک 5، اسکیم نمبر 5، کہکشاں کلفٹن کراچی میں ہوگا۔

گواہ:

(پانچ روپے والے ریونیو اسٹیٹمپ
پر دستخط)

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

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

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

نوٹ:

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