

Karam Ceramics Limited

Manufacturers of Sanitary Ware & Tiles

BC-6, Block-5, Scheme No. 5
Kehkashan, Clifton, Karachi - Pakistan.

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Addendum No. 1

To,

Date: 09.10.2018

All Shareholders
Karam Ceramics Limited
Karachi

Subject: Errors in Annual Report 2018 – Karam Ceramics Limited



Dear Sir,

1. In note 32, page 51, bonus of Rs. 325, 000, each paid to chief executive and director in the year 2017 was incorrectly mentioned in the year 2018 in printed annual report 2018. We enclose the corrected page 51, for replacement.
2. In note 1.1, on page 30, in the last paragraph the word "restarted" is replaced with the word "restated" we enclose revised page 30, for replacement.

Regret for inconvenience.

Thanking you

Yours sincerely



Manzooral Natha

Company Secretary

Cc:

SECP – Islamabad
Pakistan Stock Exchange
Qavi & Co. Chartered Accountants

In Technical Collaboration with

	2018	2017
	----- Rupees -----	
30. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>15,116,351</u>	<u>(74,471,203)</u>
Weighted average number of shares	<u>14,548,676</u>	<u>14,548,676</u>
Earnings per share (Rupees) - Basic and diluted	<u>1.04</u>	<u>(5.12)</u>

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

31. TRANSACTIONS WITH RELATED PARTIES

The following transactions were carried out with related parties during the year, in addition to remuneration of chief executive and directors whose details have been separately disclosed in note 32.

		2018	2017
Relation with the Company	Nature of Transaction	----- Rupees -----	
Director's spouse	Rent expenses	<u>1,405,536</u>	<u>1,277,760</u>
Directors	Loan (paid) / received - net	<u>(19,757,999)</u>	<u>55,922,000</u>
Directors	Interest on loan	<u>6,446,627</u>	<u>7,374,345</u>
Directors	Notional interest on loan	<u>8,201,208</u>	<u>7,737,943</u>
Director	Remuneration and allowances	<u>7,800,000</u>	<u>8,450,000</u>

The related party status of outstanding balances as at June 30, 2018 & 2017 is included in long term financing obtained from directors.

32. 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	
	2018	2017	2018	2017	2018	2017
Managerial remuneration and allowances	2,516,129	2,516,129	2,516,129	2,516,129	5,032,258	5,032,258
House rent	1,132,258	1,132,258	1,132,258	1,132,258	2,264,516	2,264,516
Utilities	251,613	251,613	251,613	251,613	503,226	503,226
Bonus	-	325,000	-	325,000	-	650,000
	<u>3,900,000</u>	<u>4,225,000</u>	<u>3,900,000</u>	<u>4,225,000</u>	<u>7,800,000</u>	<u>8,450,000</u>
Number of persons	1	1	1	1	2	2

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. STATUS AND NATURE OF BUSINESS

Karam Ceramics Limited was incorporated in Pakistan on April 8, 1979 as a public limited company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at BC-6, Block-5, Kehkashan, Clifton, Karachi, Pakistan and manufacturing facilities of the company are located at 295/311, Deh Halkani, Hub Dam Road, Manghopir, Karachi. The principal activity of the company is manufacturing and sale of tiles.

1.1 Summary of significant transactions and events occurred during the year

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

- On October 11, 2017, National Tariff Commission imposed anti-dumping duty on import of tiles from China which resulted in increased sales of tiles produced by the Company;
- The exchange rate of USD to PKR has increased from PKR 104.58 as at June 30, 2017 to PKR 121.15 as at June 30, 2018; and
- The Company's Act, 2017 became applicable in the current year as a result of which certain amounts reported in the previous period have been restated. For detailed information please refer note 2.5(a) and note 3.17.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Accounting Convention

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