



**INTERIM CONDENSED
FINANCIAL STATEMENT
FOR THE 3RD QUARTER
ENDED MARCH 31, 2020
(Un-Audited)**





REPORT OF THE DIRECTORS

FOR THE THIRD QUARTER ENDED 31ST MARCH 2020

Dear Shareholders,

The Directors of your Company presents to you the financial results of your Company for the quarter ended 31 March 2020.

There has been uncertainty about government policies & economy being under pressure. We faced major Challenges of overall decline in the construction sector due to the financial challenges being faced by the economy and implementation of tax reform. To know your customer procedure have adversely affected the economy and resulted in slow down of construction activities in the country.

Our Sales has been affected tremendously by the COVID-19 virus since March 2020-quarterly reporting presents a unique challenge. The COVID-19 virus is expected to worsen and possibly peak in the Pakistan in mid-May. The Board's role was instrumental in steering the Company forward in a challenging environment whilst discharging its statutory responsibilities, the Board has remained cognizant, throughout the year, of its strategic role for achieving the Company's key objectives.

The financial performance for the Quarter ended 31, March 2020 is summarized below:

Particulars	31 Mar 2020	31 Mar 2019
Net Sales	798,684,892	1,076,293,865
Cost of sales	(815,358,089)	(951,045,513)
Gross (Loss)/ Profit	(16,673,197)	125,248,352
Net (Loss)/ Profit after taxation	(82,292,315)	24,239,802

Net sales has been decreased by 26%, however the cost of sales has only decreased by 14%, which is not in line with the decrease in sales percentage this is because of increase in prices of Gas. The rise in gas tariff by 70% in a short span of time has disrupted the margins significantly. As the energy cost is the highest contributor of total manufacturing cost.

COVID-19 has put a lot of stress on already fragile Pakistan Economy. With a country wide lock down as declared by the provincial governments, the movement of all the goods, except food items, have been severely affected. Most of the industrial units across Sindh and Punjab are now shut down phase and it seems that this period would continue further. Karam Ceramics is no exception, as it is impacted our company financially, and will also impact our fourth quarter as there will be no sales in the month of April, while bearing the fixed cost.

Government has recently introduced the construction package for the industry, which will bring positive result for the Company, as the demand of our floor and wall tiles will be of maximum.

We will put our efforts to curtail the costs wherever possible and create a price efficient sales mix to maximize profitability, mitigate market risks, meet future challenges and maintain business growth and get a benefit from construction package introduced by the government.

On behalf of Directors, I would like to express gratitude to our well-wishers, stakeholders, customers, dealers, banks & DFI's, our suppliers of raw material, plants and machinery, and friends for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors during 2019 and for their valuable contributions.

Director
April 28, 2020

Chief Executive

31 مارچ 2020ء کو ختم ہونے والی تیسری سہ ماہی کے لئے ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مالیاتی نتائج پیش کر رہے ہیں۔ حکومتی پالیسیوں اور معیشت کے دباؤ میں رہنے کے باعث غیر یقینی صورتحال پیدا ہوئی ہے۔ معیشت کو درپیش مالی چیلنجز اور ٹیکس اصلاحات کے نفاذ کے باعث ہمیں تعمیراتی شعبے میں خسارے کا سامنا کرنا پڑا۔ ”آپ کے کسٹمر کو جاننے کے“ طریقہ کار نے معیشت بری طرح متاثر کیا ہے اور اس کے نتیجے میں ملک میں تعمیراتی سرگرمیاں سست روی کا شکار ہیں۔

مارچ 2020ء کے بعد سے ہماری فروخت COVID-19 وائرس سے زیادہ متاثر ہوئی ہے۔ سہ ماہی کی رپورٹنگ ایک چیلنج پیش کرتی ہے۔ توقع کی جارہی ہے کہ COVID-19 وائرس مئی کے وسط میں پاکستان میں زیادہ پھیلے گا۔ چیلنجنگ ماحول میں کمپنی کو آگے بڑھانے میں بورڈ کا کردار اہم رہا جبکہ اپنی قانونی ذمہ داریوں کو نبھاتے ہوئے بورڈ پورے سال کمپنی کے اہم مقاصد کے حصول کے لئے اپنے اسٹراٹجک کردار کے بارے میں سمجیدہ رہا۔

31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کی مالی کارکردگی کا جائزہ درج ذیل ہے:

تفصیلات	31 مارچ 2020ء	31 مارچ 2019ء
خالص فروخت	798,684,892	1,076,293,865
فروخت کی لاگت	(815,358,089)	(951,045,513)
مجموعی (خسارہ)/منافع	(16,673,197)	125,248,352
بعد از ٹیکس خالص (خسارہ)/منافع	(82,292,315)	24,239,802

خالص فروخت میں 26 فیصد کمی ہوئی ہے، تاہم فروخت کی لاگت میں صرف 14 فیصد کمی ہوئی ہے جو کہ قدرتی گیس کی قیمتوں میں اضافے کے باعث فروخت کی شرح میں کمی کے ساتھ موافق نہیں ہے۔ قلیل مدت میں گیس کے نرخوں میں 70 فیصد اضافے نے مارجن کو نمایاں طور پر متاثر کیا۔ توانائی کی لاگت مجموعی پیداواری لاگت کی سب سے بڑی شراکت دار ہے۔

COVID-19 نے پاکستان کی کمزور معیشت پر پہلے ہی دباؤ ڈالا ہوا ہے۔ صوبائی حکومت کے اعلان کے مطابق ملک بھر میں لاک ڈاؤن کے ساتھ اشیائے خورد و نوش کے علاوہ تمام سامان کی نقل و حرکت شدید متاثر ہوئی ہے۔ سندھ اور پنجاب بھر میں پیشہ منشی یونٹ اب شٹ ڈاؤن مرحلے میں ہیں اور ایسا لگتا ہے کہ یہ وقت مزید جاری رہے گا۔ کرم سیراکس بھی اس سے متاثر نہیں ہے کیونکہ اس نے ہماری کمپنی کو مالی طور پر متاثر کیا ہے اور اس سے ہماری چوتھی سہ ماہی پر بھی اثر پڑے گا کیونکہ مقررہ لاگت پر اثر پڑے گا اور پریل کے مہینے میں فروخت ہوگی۔

حکومت نے حال ہی میں اس صنعت کے لئے تعمیراتی پیکیج متعارف کرایا ہے جو کہ کمپنی کے لئے مثبت نتائج لانے کا، اور ہمارے فرش اور دیوار کے ٹائلز کی طلب میں اضافہ ہوگا۔

ہم اپنی پوری کوشش کریں گے کہ جہاں بھی ممکن ہو لاگوں کو کم اور منافع کو زیادہ سے زیادہ بنانے، مارکیٹ کے خطرات کو کم کرنے، آئندہ چیلنجز کا مقابلہ کرنے اور کاروباری نمونہ کو برقرار رکھنے اور حکومت کی جانب سے تعارف کرائے گئے تعمیراتی پیکیج سے فائدہ حاصل کرنے کیلئے قیمتوں میں موثر سیلبرکس تیار کیا جائے۔

بورڈ کی جانب سے میں اپنے خبر خواہوں، شیئر ہولڈرز، صارفین، ڈیلرز، بینکس، ڈی ایف آئی ایس، خام مال، پلاٹ، اور مشینری، دوستوں اور تمام ملازمین کو ان کے تعاون اور کمپنی کی پروگریس میں حصہ لینے پر شکریہ ادا کرتا ہوں۔

منوعلی ایس قاسم
چیف ایگزیکٹو

ارشاد علی قاسم
ڈائریکٹر
مورخہ 28 اپریل 2020



CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2020 (UNAUDITED)

	(Unaudited) March 31, 2020 Rupees	(Audited) June 30, 2019 Rupees
ASSETS		
Non-current assets		
Property, plant and equipment	1,096,589,370	1,145,235,459
Long term deposits	952,702	897,038
	<u>1,097,542,072</u>	<u>1,146,132,497</u>
Current assets		
Stores and spares	7,029,214	11,149,252
Stock in trade	375,095,137	307,036,047
Trade debts	69,895,804	22,244,347
Loans and advances - considered good	1,621,282	2,575,299
Advance tax	27,678,831	17,067,473
Refunds due from the Government	79,676,468	79,668,445
Prepayments and other receivables	7,190,572	5,277,791
Cash and bank balances	10,466,287	5,819,737
	<u>578,653,595</u>	<u>450,838,391</u>
TOTAL ASSETS	<u>1,676,195,667</u>	<u>1,596,970,888</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	145,486,760	145,486,760
Unappropriated profit	40,035,386	114,182,801
Revaluation surplus on property, plant & equipment	<u>350,456,003</u>	<u>365,875,241</u>
	<u>535,978,149</u>	<u>625,544,802</u>
LIABILITIES		
Non-current liabilities		
Long term financing - secured	439,303,647	312,183,922
Liabilities against assets subject to finance lease	963,096	1,171,377
Post employment benefits	110,827,398	99,988,922
Deferred taxation	<u>142,466,306</u>	<u>156,114,366</u>
	<u>693,560,447</u>	<u>569,458,587</u>
Current liabilities		
Trade and other payables	64,289,320	166,841,609
Markup accrued on loans	19,033,587	11,280,044
Short term borrowings from banks - secured	241,477,553	91,861,471
Long term financing - secured	78,100,326	101,349,857
Dividend payable	6,738,311	5,607,818
Liabilities against assets subject to finance lease	308,328	297,327
Provision for taxation	<u>36,709,646</u>	<u>24,729,373</u>
	<u>446,657,071</u>	<u>401,967,499</u>
Total liabilities	<u>1,140,217,518</u>	<u>971,426,086</u>
Contingencies and Commitments	-	-
TOTAL EQUITY AND LIABILITIES	<u>1,676,195,667</u>	<u>1,596,970,888</u>

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


Chief Executive


Chief Financial Officer


Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED MARCH 31, 2020- UN-AUDITED

	(Unaudited)			
	Cumulative		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
Revenue	798,684,892	1,076,293,865	260,241,866	408,829,499
Cost of sales	(815,358,089)	(951,045,513)	(256,555,364)	(366,889,835)
Gross profit	(16,673,197)	125,248,352	3,686,502	41,939,664
Selling and distribution expenses	9,472,103	31,252,321	3,755,424	9,869,522
Administrative expenses	18,577,870	16,376,101	4,734,667	3,013,620
Other expenses	-	13,109,459	-	4,093,674
	(28,049,973)	(60,737,881)	(8,490,091)	(16,976,816)
Operating (loss)/ profit	(44,723,170)	64,510,471	(4,803,589)	24,962,848
Other income	3,412,941	233,791	448,804	-
Finance Cost	(42,649,873)	(29,767,489)	(13,186,608)	(10,106,126)
(Loss)/profit before taxation	(39,236,932)	(29,533,698)	(12,737,804)	(10,106,126)
	(83,960,102)	34,976,773	(17,541,392)	14,856,722
Taxation	1,667,787	(10,736,971)	957,857	(8,249,986)
(Loss)/profit after taxation	(82,292,315)	24,239,802	(16,583,535)	6,606,736
Earnings per share - Basic and diluted	(5.66)	1.67	(1.14)	0.45

Notes:

- These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 and provision and directives issued under the Companies Act, 2017.
- The accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the accounts for the preceeding year ended June 30, 2019.
- The Financial statements have been authorized for the issue for the Board of Directors on April 28, 2020.


Chief Executive


Chief Financial Officer


Director



CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED MARCH 31, 2020 - UN-AUDITED

	March 2020 Rupees	March 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) /profit before taxation	(83,960,102)	34,976,773
Adjustments for non cash charges and other items		
Depreciation	76,773,757	58,886,599
Provision for gratuity	13,880,326	9,614,880
Workers' profit participation fund	-	1,915,536
Workers' welfare fund	-	1,418,406
Gain on disposal of fixed assets	(210,024)	(233,791)
Finance cost	42,649,873	29,767,489
	133,093,932	101,369,119
Cash flow from operating activities before working capital changes	49,133,830	136,345,892
 Effect on cash flow due to working capital changes		
Decrease / (increase) in stores and spares	4,120,038	(500,040)
(increase) in stock in trade	(68,059,090)	(27,578,156)
(Increase) / Decrease in trade debts	(47,651,457)	5,826,338
Decrease / (increase) in loan and advances	954,017	(302,384)
(increase) in short term prepayments and other receivables	(1,912,781)	(4,160,871)
(increase) in refunds due from government	(8,023)	(288,657)
(Decrease)/increase in trade and other payables	(97,537,742)	112,164,226
	(210,095,038)	85,160,456
Cash flows generated from operations	(160,961,208)	221,506,348
Finance cost paid	(34,896,336)	(29,059,116)
Worker's profit participation fund paid	(3,035,200)	(923,065)
Worker's welfare fund paid	(1,979,347)	(1,327,487)
Income tax paid	(10,611,358)	(14,778,736)
Gratuity paid	(3,041,849)	(4,981,568)
	(53,564,090)	(51,069,972)
Net cash flows generated from operating activities	(214,525,298)	170,436,376



CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED MARCH 31, 2020 - UN-AUDITED

	March 2020 Rupees	March 2019 Rupees
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(28,182,644)	(39,849,935)
Proceeds from disposal of property, plant and equipment	265,000	235,000
Net cash flows used in investing activities	(27,917,644)	(39,614,935)
	(27,917,644)	(39,614,935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing from directors - net	155,285,964	(26,050,040)
Long term financing from banks - net	(51,415,770)	(59,373,888)
Dividend paid	(6,143,845)	(10,874,540)
Lease rentals paid	(197,275)	(210,089)
Net cash flows used in financing activities	97,473,410	(96,508,557)
Net decrease / (increase) in cash and cash equivalents	(144,969,532)	34,312,884
Cash and cash equivalents at the beginning of the period	(86,041,734)	(95,720,463)
Cash and cash equivalents at the end of the period	(231,011,266)	(61,407,579)

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


Chief Executive


Chief Financial Officer


Director



CONDENSED INTERIM COMPREHENSIVE INCOME

FOR THE QUARTER ENDED MARCH 31, 2020 - UN-AUDITED

	UPTO 3RD QUARTER		FOR THE QUARTER	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Rupees	Rupees	Rupees	Rupees
(Loss) / profit after taxation	(82,292,315)	24,239,802	(16,583,535)	6,606,736
Other comprehensive income	-	-	-	-
Total comprehensive (loss)	(82,292,315)	24,239,802	(16,583,535)	6,606,736
Income for the period	(82,292,315)	24,239,802	(16,583,535)	6,606,736

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED MARCH 31, 2020 - UN-AUDITED

	Share Capital	Unappropriated Profit	Surplus on revaluation of property, plant and equipment	Total
	Rupees			
Balance as at July 01, 2018	145,486,760	89,233,636	68,473,608	303,194,004
Final Dividend for the year ended June 30, 2018	-	(11,638,941)	-	(11,638,941)
Total comprehensive income for the year ended June 30, 2019	-	33,012,261	-	33,012,261
Surplus on revaluation on Land and Building - net of deferred tax	-	-	300,693,504	300,693,504
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	3,575,845	(3,575,845)	-
Effect of change in tax rate	-	-	283,974	283,974
Balance as at June 30, 2019	145,486,760	114,182,801	365,875,241	625,544,802
Balance as at July 01, 2019	145,486,760	114,182,801	365,875,241	625,544,802
Final Dividend for the year ended June 30, 2019 declared subsequent to year end	-	(7,274,338)	-	(7,274,338)
Total comprehensive loss for the period ended March 31, 2020	-	(82,292,315)	-	(82,292,315)
Transferred from surplus on revaluation of property, plant and equipment incremental depreciation for the year - net of deferred tax	-	15,419,238	(15,419,238)	-
Balance as at March 31, 2020	145,486,760	40,035,386	350,456,003	535,978,149

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


Chief Executive


Chief Financial Officer


Director

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