



**SCHEDULED ON: 07/07/2021  
AT 4:00 P.M.**

**CORPORATE BRIEFING SESSION**

**FOR THE YEAR  
ENDED JUNE  
30, 2020**

## Agenda of the Session:

1. About Karam Ceramics Limited
2. Products Portfolio
3. Financial Highlights of 2019-20
4. Financial Highlights of Nine Months ended March 31, 2021
5. Key Challenges
6. Prime Minister's Construction Packages in 2021
7. Q & A Session

# About Karam



Karam Ceramics Limited was established in Karachi as a Public Limited Company on April 08, 1979 by the name of “International Standard Ceramics Limited” and obtained the certificate for commencement of business on May 24, 1979. The Company changed its name to “Karam Ceramics Limited” (KCL) on November 27, 1982.

The Founder Chairman of Karam Ceramics Limited is (Late) Mr. Shaban G. Kassim. Karam Ceramics has been manufacturing ceramics in wide variety, catering to the demands of domestic markets for nearly four decades. The principal objective of Karam Ceramics is to carry on any or all of the business of Manufacturers, Agents, Producers, Importers, Exporters, Wholesalers, Retailers, Contractors and Dealers in Ceramics, Tiles etc. In pursuance of this objective KCL established a modern ceramics ware manufacturing plant in Karachi.

Karam Ceramics Limited aims to adhere to the brand’s focus and continue to provide its valued customers with superior quality and cost effective tiles.

# Why Karam Ceramics Ltd?



- We are committed to provide the Best Quality products to our customers.
- Karam Ceramics is the first composite factory in Pakistan that had been awarded ISO 9002 Certificate
- The Company has also been receiving international quality award, which includes the gold trophy for quality in 1991, 1996 and 2020. This reaffirms our commitment for consistent quality products to greater satisfaction of our customers.
- Karam Ceramics Limited is one of the leading companies in the ceramic industry, manufacturing Wall and Floor tiles.
- We are a Public Limited Company listed on Pakistan Stock Exchange.
- Our strength is our huge network of our dealers all over Pakistan with sales office and showrooms in Karachi and Lahore where our products are displayed.

# Why Karam Ceramics Ltd?



- Karam Ceramics Limited is equipped with the latest state of the art technology and machinery to manufacture tiles and works in technical collaboration with Ceric Cetic of France, Doulton of England, Modena of China, SITI- B&T Group, Welko, Sacmi of Italy, Fortec Machinery System and Bathroom Sercer.
- KCL understands today's fast moving, high-tech world and are dedicated to provide consistent high quality standards to customers. Our employees stay committed to produce and maintain our best quality tiles right from the design conception stage to the production stage. Raw material is imported from Spain, Italy, China and Malaysia.
- Research & development is the backbone of KCL.
- Development of Human resource is the reason of our success.

# Karam's Collaboration



Karam Ceramics Limited is actively involved in its capacity expansion program and continues to provide its customers with superior quality tiles.



Modena of China



SITI B & T Group



SACMI

# Technical Tests & Standards



## ISO 10545-7 ASTM C1027

**RESISTANCE TO ABRASION AND TREAD WEAR:** Abrasion resistance is the capacity of the glazed surface to resist the wear caused by foot traffic or the abrasion caused by mechanical equipment. The wear action determines the suitable applications for each tile.

Class 2 Residential: suitable for residential excluding kitchen, entryways, and stairs

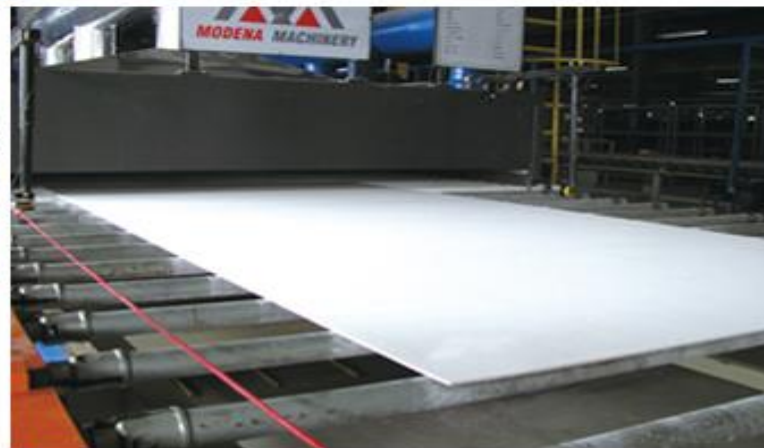
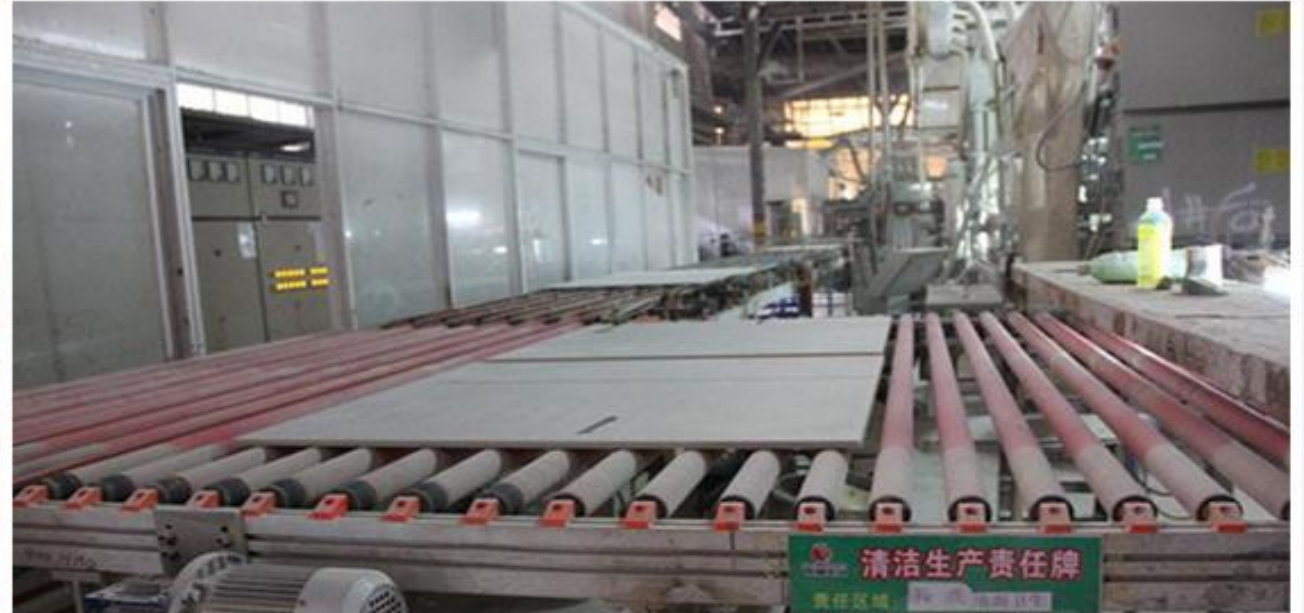
## ISO 10545-3 ASTM C373

**WATER ABSORPTION:** Absorption is the product capacity for water penetration. Porcelain tile is an impervious, very dense product with a very low absorbency rate. Ceramic tiles are more porous and generally less durable than porcelain tiles due to a less dense body composition. Ceramic wall tiles are the least dense and can have a water absorption rate of over 10% of its weight.

Porcelain tile is less than .5% absorption by definition therefore it meets ISO standard 10545-3.



# KCL Plants & Machinery





# KCL Plants & Machinery



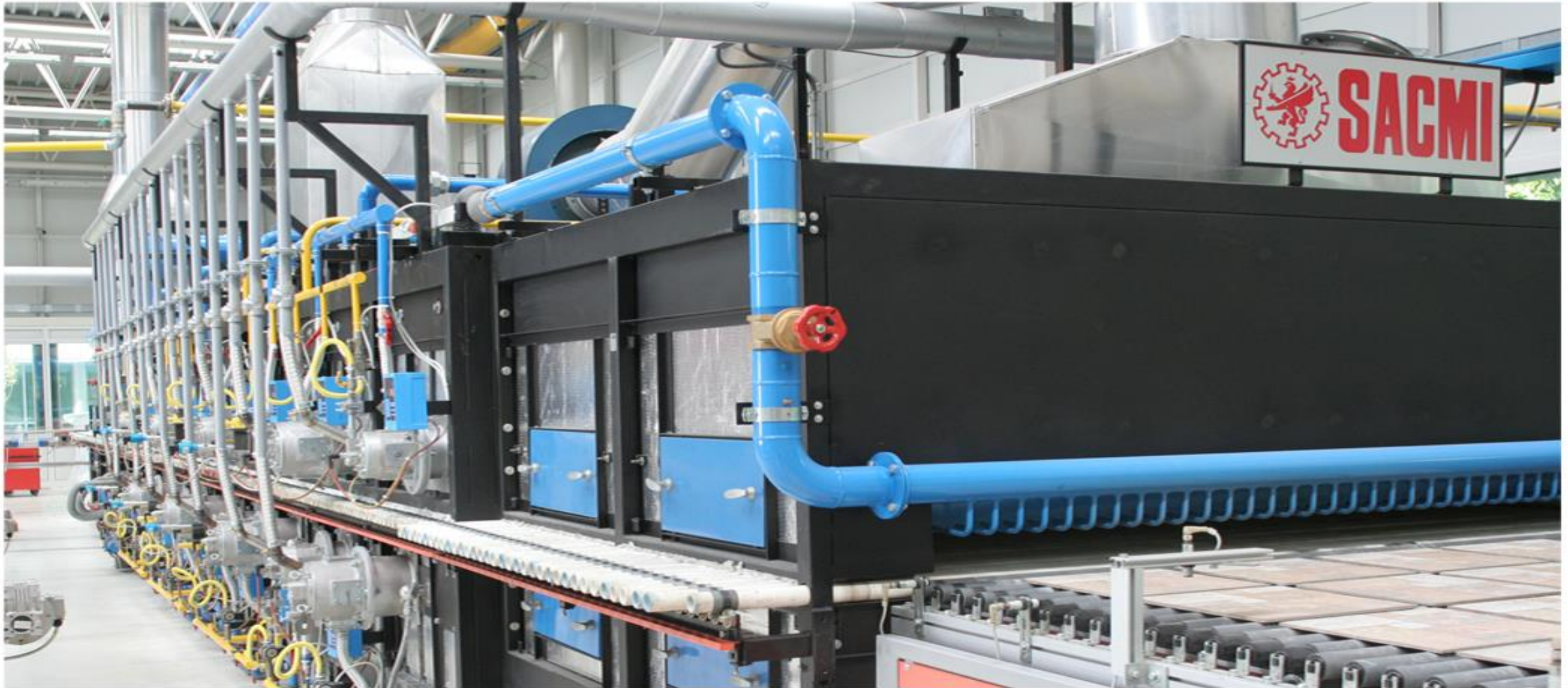


# KCL Plants & Machinery





# KCL Plants & Machinery





# KCL Plants & Machinery



# Engineering & Technology



The high speed plant has built in quality control system and every single tile strictly adheres to pre specified quality standards. Last but not least KCL is ISO certified company and meets with all International quality standards.

The tiles unit commenced commercial production on November 1, 1984 and in short period has become one of the major contributors to the Pakistan market. The plant and machinery of this unit has been acquired from CERIC CETIC of France and NESSETTI of Italy. Due to growing demand of “Karam” tiles, the plant was upgraded and modernized in the year 1988. The Company through the efforts of its Research and Development Department and highly professional marketing team, aims to keep customers satisfied by providing the products according to their needs which tends to give “Karam” an edge over others. KCL is also conducting necessary market surveys and need analysis to formulate and implement an export marketing strategy. The plant is upgraded every three years to bring in latest technological changes made globally in the field.

The Floor Tiles unit commenced commercial production in April 1992. The plant and machinery of this unit has been acquired from NESSETTI of Italy and the most modern equipment's and machinery are supplied by SACMI of Italy. Karam Ceramics' attractive Floor Tiles give all buildings, whether commercial or residential, a complete new look. These tiles are durable, manageable, easy to clean, hygienic, scratch proof, and also conserve electric energy. These Floor Tiles give an everlasting feeling of splendor and luxury. Our new plant went into production in 2016.



# QUALITY WARRANTY



Karam Ceramics Limited warrants that manufactured products will be free from defect for a period of one-year from date of purchase. Defect is defined as a shortfall in the product to perform to Karam Ceramic's specifications as disclosed in product literature, within industry allowable tolerances as set forth in standard, national industry protocols. This one-year express warranty is the sole warranty extended and replaces any statutory warranties to the maximum extent allowable by law. Customer misuse including negligence, physical, or chemical abuse is not covered by this warranty.

Installation defects are not covered by this warranty. All warranty claims must be reported immediately. Failure to report any warranty claim within 30 days of defect discovery will void this warranty. All products must be inspected prior to installation. Visual defects or nonconformities apparent prior to installation voids this warranty.

# PRODUCT PORTFOLIO



## COLOURED & DECORATIVE / EFFECT GLAZE WALL TILES

- 6 X 6
- 10 X 10
- 10 X 16
- 10 X 20
- 16 X 16
- 8 X 24

# KEY FINANCIALS HIGHLIGHTS

# Financial Highlights



	(Rs. In millions)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sales	927	1439	1210	861	1196	1304	1278	1156	1187	1055
Gross Profit	-66	187	136	22	58	134	93	111	107	129
Expenses (Net)	119	136	120	107	95	87	72	96	104	117
Profit before Taxtation	-95	51	16	-85	-0.06	47	23	14	3	12
Profit after Taxtation	-43	28	14	-75	-22	37	17	2.4	7	5
Dividend %		5%	8%	-		12%	10%	-	-	10%
Right Shares %	-	-	-	-	-	-	-	-	-	-
Earning per Share (Rs.)	-3.01	1.98	0.95	-5.12	-1.54	2.54	1.16	0.17	0.05	0.37

# PERFORMANCE – QTR WISE

	(Unaudited)			
	Cumulative		Quarter Ended	
	March 31, 2021 Rupees	March 31, 2020 Rupees	March 31, 2021 Rupees	March 31, 2020 Rupees
Revenue	862,568,533	798,684,892	350,045,992	260,241,866
Cost of sales	(781,639,432)	(815,358,089)	(306,764,670)	(256,555,364)
<b>Gross profit</b>	<b>80,929,101</b>	<b>(16,673,197)</b>	<b>43,281,322</b>	<b>3,686,502</b>
Selling and distribution expenses	7,075,617	9,472,103	2,550,957	3,755,424
Administrative expenses	17,837,632	18,577,870	5,938,626	4,734,667
	(24,913,249)	(28,049,973)	(8,489,583)	(8,490,091)
Operating profit	56,015,852	(44,723,170)	34,791,739	(4,803,589)
Other income	531,360	3,412,941	-	448,804
Finance Cost	(53,088,494)	(42,649,873)	(22,979,913)	(13,186,608)
	(52,557,134)	(39,236,932)	(22,979,913)	(12,737,804)
<b>profit before taxation</b>	<b>3,458,718</b>	<b>(83,960,102)</b>	<b>11,811,826</b>	<b>(17,541,392)</b>
Taxation	(805,262)	1,667,787	932,078	957,857
<b>profit after taxation</b>	<b>2,653,457</b>	<b>(82,292,315)</b>	<b>12,743,905</b>	<b>(16,583,535)</b>
Earnings per share - Basic and diluted	0.18	(5.66)	0.88	(1.14)



# KEY CHALLENGES

# KEY CHALLENGES – 2019-20



## MARKET CHALLENGES

- Market shrinkage due to COVID-19
- Imposition of multiple changes
- High Energy cost
- New companies entering in the market

# PRIME MINISTER CONSTRUCTION PACKAGE IN 2021

## **Tax Reliefs in PM's Historic Construction Relief Package**

This construction relief package by Prime Minister of Pakistan is termed “historic” because of several tax exemptions. The builders and developers will enjoy the tax reliefs. They will also get an exemption from paying the withholding tax on the purchase of different construction materials and related services. Also, these incentives of construction relief package will benefit the investors of the Naya Pakistan Housing Scheme.

## **No more Capital Gains Tax (CGT)**

Before the announcement of this scheme, the government used to charge around 5% to 20% Capital Gains Tax (CGT) on the sale of plots and houses. But after this package, the practice of collecting CGT has been abandoned. This allows people to easily sell their properties without paying any extra taxes.

# PRIME MINISTER CONSTRUCTION PACKAGE IN 2021

## **Construction Relief Package 2021 and Exemption from Disclosing Income Sources**

There are around 163 projects onboard worth 136 billion Pakistani Rupees that are registered with FBR. Under the banner of this construction relief package, the government has announced to fixed tax scheme for the investors of these projects. In simple words, the investors of the registered projects with FBR will get an exemption from disclosing their income sources. This announcement will indeed play a major part in the progress of the real estate market of Pakistan in 2021.

## **SBP Offer loans for house finance**

On the directives of the SBP, the commercial banks will continue offering loans for house finance till December 2021. However, this loan will be only valid for the construction of houses.

# PRIME MINISTER CONSTRUCTION PACKAGE IN 2021

## **Mera Pakistan Mera Ghar**

Government has announced a new low-cost housing scheme named “Mera Pakistan Mera Ghar.” It’s a house financing scheme where the loans for the construction of 5 Marla and 10 Marla houses will be offered. This loan is available on a maximum of 5% and 7% subsidized interest rates..

So, these all were the initiatives that will do work for the progress and prosperity of the construction sector of Pakistan.



**Q&A**

**THANK YOU!**