

# Shabbir Tiles and Ceramics Ltd.

## 2017

annual report









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## Vision Statement

While Maintaining Our “Stile” Brand As Market Leader, We Continue to Delight Our Customers By Also Bringing in International Brands In The Field Of Building Materials, By Offering Best Quality And Innovative Products At Competitive Prices, Taking Into Account The Stakeholders’ Interest.





## Mission Statement

Our mission is to maintain our position as the leader in the tile industry in Pakistan and for this purpose we will continue to focus on:

- We are committed to quality products and will provide our customers with innovative sizes, designs and colour scheme that they will be delighted to have and shall provide them with excellent services to earn their loyalty.
- We shall treat our employees fairly and shall provide conducive working environment for them to learn and to grow with the Company.
- The Company shall earn adequate profits for its progress and growth and for providing reasonable return to its shareholders.





## Shabbir Tiles and Ceramics Limited

### COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	RAFIQ M HABIB ALI SULEMAN HABIB SYED MASOOD ABBAS JAFFERY OWAIS-UL-MUSTAFA ABDUL HAI M. BHAIMIA SALIM AZHAR FEROZE JEHangIR CAWASJI	<i>Chairman</i> <i>Director</i> <i>Chief Executive Officer</i> <i>Director</i> <i>Director</i> <i>Director</i> <i>Director</i>
<b>AUDIT COMMITTEE</b>	FEROZE JEHangIR CAWASJI ABDUL HAI M. BHAIMIA SALIM AZHAR	<i>Member/Chairman</i> <i>Member</i> <i>Member</i>
<b>HUMAN RESOURCES AND REMUNERATION COMMITTEE</b>	SALIM AZHAR OWAIS-UL-MUSTAFA FEROZE JEHangIR CAWASJI	<i>Member/Chairman</i> <i>Member</i> <i>Member</i>
<b>CHIEF FINANCIAL OFFICER</b>	WAQUAS AHMED	
<b>COMPANY SECRETARY</b>	OVAIS JAMANI	
<b>AUDITORS</b>	EY Ford Rhodes Chartered Accountants	
<b>LEGAL ADVISOR</b>	Munawar Malik & Co. Advocate Supreme Court	
<b>BANKERS</b>	Habib Metropolitan Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Allied Bank Limited	
<b>REGISTERED OFFICE</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phone: (021) 35015024-25, 35014044-45 Fax: (021) 35015545 / 35022920 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
<b>KARACHI DISPLAY CENTRE &amp; SALES OFFICE</b>	Makro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74 Fax( 021) 34601375	
<b>LAHORE SALES OFFICE</b>	Plot No. 523, Block # 15, Sector B-1, Quaid-e-Azam Town, (College Road), Lahore Phone: (042) 35117521-24 Fax: (042) 35117520	
<b>ISLAMABAD SALES OFFICE</b>	Plot No. 847, Muhammad Arcade Plaza, 1st Floor, B-Block, Satellite Town, Commercial Market, Rawalpindi. Phone: (051) 4944405-08 Fax: (051) 4944403	
<b>PESHAWAR SALES OFFICE</b>	3-Siyal Flats Opposite Kuwait Hospital, Abdara Chowk University Road, Peshawar. Phone: (091) 5846010/12 Fax: (091) 5846011	
<b>SUKKUR OFFICE</b>	Tooba Tower, Mezzanine Floor, Opposite Hira Medical Center, Sukkur. Phone: (071) 5615560	
<b>MULTAN OFFICE</b>	Jalil Centre, 2nd Floor, Abdali Road, Multan. Phone: (061) 4546439 / 4783097	
<b>REGISTRAR AND SHARE TRANSFER OFFICE</b>	Central Depository Company Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahrah-e-Faisal, Karachi-74400 Phone: 111 111 500 Fax: 34326053 URL: www.cdcpakistan.com Email: info@cdcpak.com	
<b>FACTORY: UNIT-I</b>	15th Milestone, National Highway, Landhi, Karachi-75120 Phones: (021) 35015024-25 / 35014044-45 Fax: (021) 35015545	
<b>UNIT-II</b>	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi. Phones: (021) 34102702 Fax: (021) 34102709	



### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of Shabbir Tiles and Ceramics Limited will be held at the auditorium of Institute of Chartered Accountants of Pakistan (ICAP), Near Three Swords, Clifton, Karachi, on Monday, October 9, 2017 at 11:00 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on September 29, 2016.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2017 along with the Chairman Review Report, Directors Report and the Auditors Report thereon.
3. To appoint auditors for the year ending June 30, 2018 and to fix their remuneration. The present auditors - Messrs EY Ford Rhodes, Chartered Accountants, being eligible offer themselves for reappointment.

By Order of the Board

Karachi : September 18, 2017

**OVAIS JAMANI**  
Company Secretary

#### NOTES:

1. The share transfer books of the Company will remain closed from October 3, 2017 to October 9, 2017 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar M/s. Central Depository Company Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on October 2, 2017 will be treated for the purpose of attendance at Annual General Meeting.
2. A member eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies to be effective must be received by the Company not less than 48 hours before the time for holding of the meeting.
3. The financial statements for the year ended June 30, 2017 shall be uploaded on Company's website on or before September 18, 2017.
4. **E-Voting**
  - a. Pursuant to SECP's Companies (E-Voting) Regulation, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing atleast 10 days before the date of the meeting to the Company on the appointment of Execution Officer by an Intermediary as Proxy.



- b. A member entitled to attend and vote at the meeting may appoint another member and non-member as his/her proxy.
- c. In order to be effective, the instructions/proxy forms must be received at the Company's registered office at Shabbir Tiles and Ceramics Limited, 15th Milestone, National Highway, Landhi Industrial Area, Karachi-75120, no later than 10 days before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- d. In the case of individuals attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- e. In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

**CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan.**

**A. For Attending the Meeting:**

- (i) In case of individuals, the Account holders and sub-account holders whose registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For Appointing Proxies:**

- (i) In case of individuals, the Account holder and sub-account holder whose registration details are uploaded as per the Regulations, shall submit the proxy form as per above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

**Consent for Video Conference Facility:**

Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if company receives consent from members holding aggregate 10% or more shareholding residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In order to vote through e-voting and avail video conference facility, please fill the requisite form and submit to Company within time frame mentioned in forms. The form is available on the Company website.



### CHAIRMAN'S REVIEW REPORT

For the year ended June 30, 2017

Shabbir Tiles and Ceramics Limited is the country's leading manufacturer of quality Ceramic and Porcelain tiles & installation materials marketed under the brand name of STILE. The Company has grown over the years & was the pioneer in the introduction of new technologies to ensure high quality standards of durability and aesthetic values.

The Board of Directors of Shabbir Tiles and Ceramics Limited has a membership with a blend of entrepreneurial skills and experience required to ensure the oversight and strategic counsel and direction required for steering the Company forward towards its vision and strategic plans. The overall performance of the Board and its committees was active and also effective with the Directors aiming to maintain and strengthen the high level of corporate governance, continuously improving the corporate transparency, facilitating the development of the Company and endeavoring to enhance corporate value.

Following a difficult year in 2015-16, the Company has initiated work on a strategic plan to ensure sustained profitability & growth in what continues to remain a difficult commercial environment with the business facing significant challenges from unrealistically low priced imports as well as increasing energy costs which are impacting cost of production and profitability.

The board expects that the execution of these plans at both the technical and commercial level, supported by investments in improving capability and capacity will help in creating sustainable shareholder value going forward.

The efforts of Board and its committees & the efforts of the professional, resilient and committed team at STILE are acknowledged for their valuable assistance in providing the required stewardship to the Company. Induction of new team members in key roles is expected to enhance both innovations & creativity as well as encouraging talent development, diversity and openness.

I am entirely realistic regarding the complexity of the challenges that lie ahead, not just for the Company but the national ceramic sector as a whole. The business plan set out for 2017-18 to execute our strategy in a balanced manner appropriate to the prevailing conditions. Investing in technology will hopefully be a catalyst for better quality and value added products and allow penetration of the middle & higher end markets, & is the right way forward. It is important that we remain focused on executing the plan & to adapt where necessary as conditions evolve. The aim will be to strengthen our fundamentals, whilst recognizing the importance of energizing growth, also maintain a strong focus on cost and productivity so that returns to shareholders can be restored.

During the year, we had a change of Chief Executive Officer with the retirement of Mr. Owais ul Mustafa and the appointment of Mr. Syed Masood Abbas Jaffery as the new CEO of the Company. I would like to thank Mr. Owais ul Mustafa for all his efforts during the last 2 years and welcome Mr. Syed Masood Abbas Jaffery to the Company.

At the end, I would like to thank our shareholders, my fellow directors and stakeholders for all their support & again acknowledge with gratitude the sustained and ongoing dedication of the Company's management and staff in a very challenging operating conditions.

**Rafiq M. Habib**  
Chairman

August 29, 2017



## DIRECTORS REPORT

We are pleased to present 39th Annual Report along with the audited financial statements of your Company and the auditors' report thereon for the year ended June 30, 2017.

### ECONOMIC, INDUSTRY/BUSINESS REVIEW:

Pakistan's economy has performed impressively and its economic fundamentals have gained further traction in the fiscal year 2016-17 with a real GDP growth of 5.28 percent (2016: 4.71%), the highest in last ten years. Since 2013-14, the economy is experiencing a strong and sustainable recovery which will continue in the years ahead. Most of the macroeconomic indicators have shown a marked improvement. However, notwithstanding these impressive gains on the economic and social front in the outgoing fiscal year, there remained challenges on the external fronts such as declining exports and widening of the current account deficit.

The local tiles manufacturers, including your Company has been facing intense competition due to cheap Chinese tiles imports being dumped into the market. The preliminary anti-dumping duty on Chinese tiles imposed by the National Tariff Commission (NTC) for a period of four months also expired on June 18, 2017. Your Company and the tiles manufacturing association is following up the matter with the concerned authorities for imposition of final anti-dumping duty on Chinese tiles.

### COMPANY PERFORMANCE OVERVIEW:

Your Company incurred loss before tax of Rs. 189.770 million during the year under review, out of which Rs. 130.302 million relates to first quarter. The cost pressure of specially gas tariff and machinery up gradation activities to balance and modernize the existing plant and machinery to be able to produce new sizes in attractive designs and top quality surface finishes was not able to completely offset with total revenue earned. Prices in market were rationalized to compete with cheap imported Chinese tiles which affected the gross margins.

The sales revenue increased by 8.8% in the current fiscal year as compared to last year. However, the gross margin for the period was dropped by 0.8% from last year to 10.65%.

### SUMMARY FINANCIAL PERFORMANCE:

A comparison of the key financial results of the Company for the financial year ended June 30, 2017 against the same period last year is shown hereunder:

	2017	2016
	Rs in '000	
Turnover – net	5,020,008	4,611,670
Earnings before interest, taxes and depreciation (EBITDA)	209,135	235,284
Depreciation	305,479	268,483
Finance cost	93,426	82,888
Loss before taxation	(189,770)	(116,087)
Loss after taxation	(151,484)	(116,632)
Loss per share (Rs.)	(0.63)	(0.49)

### DEBT OBLIGATION:

By the grace of Almighty Allah, despite huge losses, your Company was able to meet all its financial commitments and debt obligations.



### CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company contributed Rs. 1,220 million (2016: Rs. 1,060 million) into the Government Treasury on account of Income taxes, sales tax, custom duties and other government levies.

### HUMAN RESOURCE:

At Stile, we strongly believe that success comes when employees are engaged and aligned with the Company's vision, and when they feel valued and heard. The Company continues to make people its focal point by providing the most supportive and conducive environment to all employees and by promoting a culture of high performance, learning, trust and openness to deliver its brand promise of cultivating growth.

### FUTURE OUTLOOK AND CHALLENGES:

It is widely acknowledged that Pakistan has immense economic potential. With continued growth in construction sector, your Company is anticipating progress with focus to continue quality production and increase revenue with new varieties. The balancing and modernization of plant and machineries being carried out together with new market development will set a strong stage of your Company to be able to prosper and steer ahead in future years.

Further, with the much needed measure by the Government to support your Company to be more competitive with imported product and grab the lost market share, the Company along with Tiles association is working strongly with NTC for the final determination and imposition of anti-dumping duty for the period of 5 year to safeguard the interest of local manufacturers.

### CORPORATE AND SOCIAL RESPONSIBILITY:

Your Company being a responsible corporate citizen always conscious to discharge its obligations towards the people who work for it day and night, people around its work place and to the society as a whole.

### AUDITORS:

The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retires and being eligible, has offered themselves for re-appointment. The Audit Committee of the Board has also recommended their appointment as Statutory Auditors of the Company for the year ending June 30, 2018 and the Board has also endorsed the recommendation of the Audit Committee.

### CORPORATE AND FINANCIAL REPORT FRAMEWORK:

The Board members are pleased to state that the management of the Company is committed to good corporate governance and are complying with the best practices.

In compliance with the Code of Corporate Governance, the Directors are pleased to state that:

- 1) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- 2) Proper books of account have been maintained by the Company;
- 3) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment;
- 4) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of these financial statements;





- 5) The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue with the objective to further strengthen the controls and improve the system;
- 6) There are no significant doubts upon the Company's ability to continue as a growing concern;
- 7) A summary of key operating and financial data of the Company of the last six years is annexed in the report on page No. 20.
- 8) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- 9) The value of Provident Fund Investments as per the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2017 was Rs. 156.514 million (2016: Rs. 148.302 million).
- 10) There are no outstanding statutory payments due on account of taxes, levies and charges except as those disclosed in these financial statements.

### BOARD OF DIRECTORS MEETINGS:

The Board convened 6 times during the year and attendance of the respective Directors was as under:

Directors	Number of meetings attended
Mr. Rafiq M. Habib	3
Mr. Ali S. Habib	6
Mr. Abdul Hai M. Bhaimia	6
Mr. Salim Azhar	5
Mr. Muhammad Faisal (Resigned on May 27, 2017)	4
Mr. Raza Ansari (Resigned on March 15, 2017)	3
Mr. Owais ul Mustafa	6
Mr. Syed Masood Abbas Jaffery (Appointed on March 15, 2017)	1
Mr. Feroze J. Cawasji (Appointed on June 7, 2017)	—

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

### BOARD AUDIT COMMITTEE:

An audit committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. The audit committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the listing regulations and code of corporate governance.

The committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

The Board Audit Committee (BAC) was reconstituted with Mr. Feroze J. Cawasji as the Chairman and Mr. Salim Azhar and Mr. Abdul Hai M. Bhaimia as members. Mr. Muhammad Faisal resigned from the Board Audit Committee and his contributions to the Audit Committee were appreciated.

The audit committee comprises of two non-executive directors and one independent director who is also a Chairman.



## Shabbir Tiles and Ceramics Limited

During the year, four (4) meetings of the audit committee were held. The attendance of each member is given hereunder:

Members	Number of meetings attended
Mr. Muhammad Faisal (Resigned on May 27, 2017)	3
Mr. Abdul Hai M. Bhaimia	4
Mr. Salim Azhar (Appointed on March 15, 2015)	1
Mr. Raza Ansari (Resigned on March 15, 2017)	3
Mr. Feroze J. Cawasji (Appointed on June 7, 2017)	—

Leave of absence was granted to the members who could not attend the meetings of the audit committee.

### HUMAN RESOURCE AND REMUNERATION COMMITTEE:

In compliance with the requirements of code of corporate governance, the Board of Directors has established this Committee comprising three members' two of whom are non-executive directors (including Chairman) and one is an independent director. Detailed terms of reference of the Committee were duly communicated to the members, by the Board.

### TRAINING PROGRAMME

In terms of clause 5.19.7 of the Code of Corporate Governance, the Board of your Company has taken requisite steps to comply with the requirements of this clause within the time specified in the CCG. Your directors are pleased to report that four of the existing directors are exempted from the directors training program while orientation course of the remaining directors will be completed in due course of time.

### APPROPRIATION:

The Board of Directors has recommended that no dividend and / or bonus for the financial year ended June 30, 2017 due to the losses and financial commitments and loss for the year.

### PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2017 required under the Companies Ordinance, 1984 and the Code of Corporate Governance as given in page number 24.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except one of the seven directors, who sold 177,000 shares which was duly reported to the stock exchanges as per the requirements of Code of Corporate Governance.

### ACKNOWLEDGEMENT:

We acknowledge and are thankful for the continued support of our shareholders, customers, suppliers and employees.

On behalf of the Board

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**FEROZE JEHangIR CAWASJI**  
Director

Karachi: August 29, 2017

## ڈائریکٹر رپورٹ

ہم انتہائی مسرت کے ساتھ آپ کی کمپنی کی 39 ویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات اور آڈیٹروں کی رپورٹ بابت 30 جون 2017 آپ کی خدمت میں پیش کر رہے ہیں۔

### معاشی، صنعتی و کاروباری جائزہ

پاکستان کی معاشی کارکردگی متاثر کن رہی اور مالی سال 2016-17 کے دوران معاشی مبادیات میں مزید بہتری آئی ہے جس کے تحت حقیقی خام جی ڈی پی کی شرح نمو 5.28 فیصد رہی (بمطابق 2016: 4.71%) جو کہ گزشتہ دس سالوں کے دوران اعلیٰ ترین جی ڈی پی ہے۔ مالی سال 2013-14 سے اب تک مستقبل بنیادوں معاشی بحالی اور احسن کارکردگی ریکارڈ کی گئی ہے اور امید ہے کہ آنے والے برسوں میں بھی یہ رجحان جاری رہے گا۔ کلی معاشیات کے مبادیات خاطر خواہ معاشی ترقی کی جانب اشارے کر رہے ہیں۔ البتہ ان تمام زبردست معاشی اور معاشرتی کامیابیوں کے باوجود رخصت ہونے والے سال کے دوران بیرونی محاذوں پر چیلنجز کا سامنا رہا جیسا کہ برآمدات میں مسلسل کمی اور کرنٹ اکاؤنٹ میں بڑھتا ہوا خسارہ۔

سستی چینی ساختہ ٹائلوں کی مقامی مارکیٹ میں ڈپنگ کی وجہ سے مقامی ٹائل سازی کی صنعت بمعہ آپ کی کمپنی سخت مسابقتی حالات سے دوچار ہے۔ دوسری جانب نیشنل ٹیرف کمیشن (این ٹی سی) کی جانب سے چینی ساختہ ٹائلوں پر چار ماہ کیلئے عائد کی جانے والی اینٹی ڈپنگ ڈیوٹی کی مدت بھی 18 جون 2017 کو ختم ہو چکی ہے۔ آپ کی کمپنی اور ٹائلز مینوفیکچرنگ ایسوسی ایشن کی جانب سے اس سلسلے میں بھرپور کوشش کی جا رہی ہے کہ متعلقہ حکام چینی ساختہ ٹائلوں پر حتمی طور پر اینٹی ڈپنگ ڈیوٹی عائد کریں۔

### کمپنی کی کارکردگی کا جائزہ

دوران سال رواں آپ کی کمپنی کی جانب سے 189.770 ملین روپے کا نقصان قبل از ٹیکس ریکارڈ کیا گیا ہے جس میں سے 130.302 ملین روپے پہلی سہ ماہی سے متعلق ہیں۔ ٹائل سازی میں جدت پیدا کرنے اور دلکش ڈیزائنوں اور نئے سائز میں اور بہتر فنشنگ کے ساتھ ٹائل بنانے کیلئے موجودہ پلانٹ کی تجدید کے ضمن میں کئے گئے اخراجات اور خصوصاً ٹیرف کی وجہ سے آنے والی لاگت کو کل آمدن کے مد مقابل مکمل طور پر حذف نہ کیا جاسکا۔ سستی چینی ساختہ ٹائلوں کا مقابلہ کرنے کیلئے ٹائلوں کی قیمتوں میں قدرے کمی لائی گئی ہے جس کی وجہ سے کمپنی کے خام منافع پر منفی اثرات مرتب ہوئے ہیں۔

گزشتہ مالی سال کے مقابلے میں سال رواں کے دوران کمپنی کی آمدن برائے فروختگی میں 8.8 فیصد کا اضافہ ریکارڈ کیا گیا ہے۔ تاہم خام منافع گزشتہ سال کے مقابلے میں 0.8 فیصد کمی کے ساتھ اس سال 10.65 فیصد رہا۔

## مالیاتی کارکردگی کا خلاصہ

کمپنی کی مالیاتی کارکردگی برائے مالی سال 30 جون 2017 بمقابلہ گزشتہ سال کی اہم جھلکیاں ذیل میں پیش خدمت ہیں:

2016	2017	
روپے ہزاروں میں		
4,611,670	5,020,008	کاروباری حجم - خالص
235,284	209,135	آمدن قبل از سود، ٹیکس، اور فرسودگی (ای بی آئی ٹی ڈی اے)
268,483	305,479	فرسودگی
82,888	93,426	تمویلی لاگت
(116,087)	(189,770)	نقصان قبل از ٹیکس
(116,632)	(151,484)	نقصان بعد از ٹیکس
(0.49)	(0.63)	نقصان فی حصص (روپے)

## قرضوں کی ادائیگی

اللہ رب العزت کی مہربانی سے بڑے پیمانے پر نقصانات کے باوجود آپ کی کمپنی اپنی تمام تر مالیاتی ذمہ داریوں اور قرضوں کی ادائیگیوں سے نبرد آزما ہونے کے قابل رہی۔

## قومی خزانے میں حصہ

آپ کی کمپنی کی جانب سے قومی خزانے میں 1,220 ملین روپے جمع کروائے گئے (بمطابق 2016: 1,060 ملین روپے)۔ یہ رقم قومی خزانے میں انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر سرکاری ٹیکسوں کی مدد میں جمع کروائی گئیں۔

## انسانی وسائل

اسٹائل اس بات پر مکمل یقین رکھتی ہے کہ اصل کامیابی اس بات میں مضمر ہے کہ ملازمین کمپنی کے وژن کے ساتھ ثابت قدمی کے ساتھ کھڑے ہوں اور انہیں ہر وقت اس بات کا احساس رہے کہ ادارے میں انکی ایک اہمیت ہے اور ان کی آراء کا احترام کیا جاتا ہے۔ کمپنی کی جانب سے تمام تر توجہ انسانی وسائل پر مرکوز رکھی جاتی ہے اور اس سلسلے میں ملازمین کو سازگار اور مثبت ماحول فراہم کیا جاتا ہے۔ کمپنی میں ایسے ماحول کو پران چڑھایا گیا ہے جہاں کارکردگی، سیکھنے کی لگن بھروسے اور اظہار خیالات کی اہمیت ہوتا کہ ہم اپنے برانڈ کو اپنے وعدے کے مطابق بہتر سے بہتر انداز سے پیش کر سکیں۔

## مستقبل اور چیلنجز

اس بات کو ایک مسلمہ حقیقت کے طور پر تسلیم کیا جاتا ہے کہ پاکستان ایک زبردست معاشی قوت کا حامل ہے۔ وطن عزیز میں تعمیرات کی صنعت میں جاری ترقی و نشوونما کے پیش نظر آپکی کمپنی اس بات کی امید کرتی ہے کہ اعلیٰ معیار کی مصنوعات اور نئی ورائٹی کے ذریعے ہم اپنی آمدن میں اضافہ کر سکتے ہیں۔ مارکیٹ کے نئے تقاضوں کے عین مطابق پلانٹ اور مشینری میں سیلنگ اور جدت پیدا کرنے کے بعد آپکی کمپنی اس قابل ہو جائے گی مستقبل میں ترقی کی راہ پر گامزن ہونے کے ساتھ ساتھ آنے والے وقتوں میں اپنی صحیح سمت کا تعین بھی کر سکے۔

مزید برآں، سستی چینی ساختہ درآمد شدہ ٹائلوں کے مقابل کمپنی کو ٹھوس بنیادوں پر مسابقتی پوزیشن میں لانے کیلئے ٹائل ایسوسی ایشن کے ساتھ مل کر آپکی کمپنی این ٹی سی کے ساتھ انتہائی باریک بینی کے ساتھ کام کر رہی ہے تاکہ مقامی ٹائل سازوں کے مفادات کی حفاظت کو ممکن بنانے کی غرض سے حکومت کی جانب سے اگلے پانچ برسوں کیلئے حتمی طور پر سستی چینی ساختہ ٹائلوں پر اینٹی ڈپنگ ڈیوٹی عائد کئے جانے کے انتہائی اہم کام کو سرانجام دیا جاسکے۔

## کارپوریٹ معاشرتی ذمہ داری

آپکی کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے کمپنی کیلئے دن رات خدمات سرانجام دینے والے ملازمین، کمپنی کے ارد گرد آباد لوگوں اور مجموعی طور پر پورے معاشرے کے ضمن میں خود پر عائد ہونے والی معاشرتی ذمہ داریوں سے بخوبی آگاہ ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائے فورڈر ہوڈز، چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے جارہے ہیں اور اپنی اہلیت کی بنیاد پر انہوں ایک مرتبہ پھر تعیناتی کیلئے کمپنی کو اپنی خدمات پیش کی ہیں۔ کمپنی کے بورڈ کی آڈٹ کمیٹی کی جانب سے بھی ان کی بطور قانونی آڈیٹرز برائے کمپنی برائے مالی سال 30 جون 2018 کی تعیناتی کیلئے سفارش کی گئی ہے اور بورڈ کی جانب سے بھی آڈٹ کمیٹی کی سفارش کی توثیق کر دی گئی ہے۔

## کارپوریٹ اور مالیاتی رپورٹ کا دائرہ کار

بورڈ ممبران انتہائی مسرت کے ساتھ اس بات کا اعلان کرتے ہیں کہ آپکی کمپنی کی انتظامیہ بہتر سے بہتر کارپوریٹ گورننس کی خواہاں ہے اور اس ضمن میں بہترین روایات پر عمل پیرا رہنے کیلئے کوشاں ہیں۔

کوڈ آف کارپوریٹ گورننس کی پاسداری کے سلسلے میں ڈائریکٹرز انتہائی مسرت کے ساتھ اس بات کا اعلان کرتے ہیں کہ:

1- کمپنی کی جانب سے تیار کی جانے والی مالیاتی دستاویزات صحیح انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ برہنی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔

2- کمپنی کی جانب سے تمام کھاتوں کو باقاعدہ محفوظ کیا جاتا ہے۔

3- مالیاتی دستاویزات کی تیاری میں مستقل بنیادوں پر اکاؤنٹنگ کی مناسب پالیسیوں پر عمل کیا جا رہا ہے اور تمام محاسبی تخمینے قرین قیاس ہیں۔

- 4- پاکستان میں مستعمل انٹرنیشنل فنانسل رپورٹنگ اسٹینڈرڈز کی مکمل پاسداری کرتے ہوئے مالیاتی دستاویزات تیار کی گئی ہیں۔
- 5- کمپنی کے اندرونی کنٹرول سسٹم کو جامع اور مؤثر انداز سے نافذ کیا گیا ہے اور اسکی مستقل بنیادوں پر نگرانی اور اصلاح کی جاتی ہے۔ اندرونی کنٹرول کے نظام کو مزید مؤثر اور مضبوط بنانے کی غرض سے اس کی مستقل مانیٹرنگ کی جاتی رہے گی۔
- 6- اس سلسلے میں کسی بھی قسم کے شک کی کوئی گنجائش موجود نہیں ہے کہ کمپنی اپنی کاروباری سرگرمیوں کو پیشگی کی بنیاد پر آئندہ بھی جاری رکھے گی۔
- 7- کمپنی کے کاروباری اور مالیاتی افعال سے متعلق گزشتہ چھ برسوں کی اہم ترین معلومات کو رپورٹ ہذا کے صفحہ نمبر 20 پر پیش کیا گیا ہے۔
- 8- کارپوریٹ گورننس کی بہترین روایات جن کی تفصیلات لسٹنگ قواعد میں درج ہیں سے کسی بھی قسم کوئی قابل ذکر روگردانی نہیں کی گئی۔
- 9- ایس ٹی سی ایل پروویڈنٹ فنڈ ٹرسٹ کے غیر آڈٹ شدہ اکاؤنٹس بابت 30 جون 2017 کے مطابق پروویڈنٹ فنڈ انویسٹمنٹ کی قدر 156.514 ملین روپے تھی (بمطابق 2016: 148.302 ملین روپے)۔
- 10- کمپنی کے ذمے ٹیکسوں، ڈیوٹیز، لیویز اور دیگر واجبات کے ضمن میں ان واجبات کے علاوہ اور کوئی واجبات نہیں ہیں جنہیں مالیاتی دستاویزات میں بیان کیا جا چکا ہے۔

### بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کی جانب سے دوران سال چھ اجلاس منعقد کئے گئے، ان اجلاسوں میں متعلقہ ڈائریکٹروں کی حاضری ذیل میں پیش کی جا رہی ہے:

ڈائریکٹرز	اجلاسوں میں حاضری
جناب رفیق ایم حبیب	3
جناب علی ایس حبیب	6
جناب عبداللہی ایم بھائی میاں	6
جناب سلیم اظہر	5
جناب محمد فیصل (27 مئی 2017 کو مستعفی ہوئے)	4
جناب رضا انصاری (15 مارچ 2017 کو مستعفی ہوئے)	3
جناب اویس المصطفیٰ	6
جناب سید مسعود عباس جعفری (15 مارچ 2017 کو تعینات کئے گئے)	1
جناب فیروز جے کاؤس جی (7 جون 2017 کو تعینات کئے گئے)	-

اجلاسوں میں شرکت نہ کرنے والے ڈائریکٹروں کی رخصت منظور کر دی گئی تھی۔

## بورڈ آؤٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے نفاذ کے دن سے ہی آؤٹ کمیٹی برائے بورڈ قائم ہے۔ آؤٹ کمیٹی کے کام کی شرائط کو بورڈ کی جانب سے لسٹنگ قواعد اور کوڈ آف گورننس میں مزکور ہدایات کے مطابق طے کیا جا چکا ہے۔

اس کمیٹی کا اجلاس ہر سہ ماہی میں کم از کم ایک مرتبہ منعقد کیا جاتا ہے اور کمیٹی بورڈ کو اپنی ذمہ داریوں کو نبھانے، بنیادی طور پر حصص داران کو مالیاتی اور غیر مالیاتی معلومات فراہم کرنے کے سلسلے میں نظر ثانی کرنے، اندرونی سسٹم کے کنٹرول اور رسک مینجمنٹ اور آؤٹ کے طریقہ کار پر نظر رکھنے جیسے امور میں معاونت کرتی ہے۔ اس کمیٹی کو اختیارات حاصل ہیں کہ یہ انتظامیہ سے معلومات حاصل کرے اور ضرورت پڑنے پر براہ راست بیرونی آڈیٹروں سے بھی مشورہ کر سکے۔ مدعو کئے جانے پر چیف فنانشل آفیسر بورڈ آؤٹ کمیٹی کے اجلاسوں میں باقاعدہ شرکت کرتا ہے اور ان اجلاسوں میں محاسبی سے متعلق امور پر بریفنگ بھی دیتا ہے۔ ہر اجلاس کے بعد کمیٹی کا چیئرمین بورڈ کے سامنے رپورٹ پیش کرتا ہے۔

بورڈ آؤٹ کمیٹی (بی اے سی) میں تبدیلی کر کے جناب فیروز جے کاؤس جی کو چیئرمین اور جناب عبدالحی ایم بھائی میاں اور جناب سلیم اظہر کو ممبران بنا یا گیا۔ جناب محمد فیصل بورڈ آؤٹ کمیٹی سے مستعفی ہو گئے تھے، بورڈ آؤٹ کمیٹی کیلئے ان کی جانب سے پیش کی گئی خدمات کو سراہا گیا۔

آؤٹ کمیٹی دو غیر انتظامی ڈائریکٹروں اور ایک آزاد ڈائریکٹر پر مشتمل ہے، آزاد ڈائریکٹر بطور چیئر من بھی خدمات سرانجام دیتے ہیں۔

دوران سال آؤٹ کمیٹی کے چار (4) اجلاس منعقد کئے گئے۔ ت ان اجلاسوں میں ممبران کی حاضری درج ذیل ہے:

ڈائریکٹرز	اجلاسوں میں حاضری
جناب محمد فیصل (27 مئی 2017 کو مستعفی ہوئے)	3
جناب عبدالحی ایم بھائی میاں	4
جناب سلیم اظہر (15 مارچ 2017 کو تعینات کئے گئے)	1
جناب رضا انصاری (15 مارچ 2017 کو مستعفی ہوئے)	3
جناب فیروز جے کاؤس جی (7 جون 2017 کو تعینات کئے گئے)	-

آؤٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کی رخصت منظور کر لی گئی تھی۔

## انسانی وسائل و ادائیگیوں سے متعلق کمیٹی

کوڈ آف کارپوریٹ گورننس کے ضوابط کی پاسداری کرتے ہوئے بورڈ کی جانب سے کمیٹی ہذا کو تشکیل دیا گیا ہے جو کہ تین ممبران پر مشتمل ہے جن میں سے دو ممبران غیر انتظامی ڈائریکٹر ہیں جن میں سے ایک چیئرمین ہے جبکہ تیسرا ممبر ایک آزاد ڈائریکٹر ہے۔ کمیٹی کے ممبران کو ان کے کام کی شرائط سے بذریعہ بورڈ باقاعدہ آگاہ کیا جا چکا ہے۔

## ڈائریکٹروں کیلئے تربیتی پروگرام

کوڈ آف کارپوریٹ گورننس 2012 کی شق 7-19-5 کی رو سے آپ کی کمپنی کے ڈائریکٹروں کی جانب مقررہ وقت کے اندر اندر اس شق کی پاسداری کیلئے اقدامات اٹھائے گئے ہیں۔ آپ کے ڈائریکٹر ز انتہائی مسرت کے ساتھ اس بات کا اعلان کرتے ہیں کہ موجودہ ڈائریکٹروں میں سے چار ڈائریکٹر ز تربیتی کورس سے مستثنیٰ ہیں جبکہ بقیہ ڈائریکٹروں کا تعارفی کورس وقت کے اندر اندر مکمل کر لیا جائے گا۔

## نقصت منافع

کمپنی کو ہونے والے نقصانات، نقصان برائے سال اور مالیاتی ذمہ داریوں کو مد نظر رکھتے ہوئے ڈائریکٹروں کی جانب سے یہ سفارش کی گئی ہے کہ برائے مالی سال 30 جون 2017 کوئی بھی ڈیوڈنڈ اور / یا بونس ادا نہیں کیا جائے گا۔

## ترتیب حصص داری

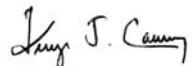
دستاویزات برائے ترتیب حصص داری بمطابق 30 جون 2017 مطلوبہ زیر تحت کمپنیز آرڈیننس 1984 اور کوڈ آف کارپوریٹ گورننس رپورٹ ہذا کے صفحہ نمبر 24 پیش کی جا رہی ہے۔

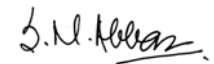
ڈائریکٹروں، سی ای او، سی ایف او، کمپنی سیکرٹری، اندرونی آڈٹ کے سربراہ اور ان کے ازواج یا نابالغ بچوں کی جانب سے دوران سال کمپنی کے حصص کی کوئی خرید فروخت نہیں کی گئی ہے ماسوائے سات ڈائریکٹروں میں سے ایک ڈائریکٹر کے زوج کے جنہوں نے 177,000 حصص فروخت کئے جس کی کوڈ آف کارپوریٹ گورننس کے قواعد کے مطابق اسٹاک ایکسچینج میں باقاعدہ رپورٹ بھی کر دی گئی ہے۔

## اظہار تشکر

ہم تمام حصص داران، صارفین، سپلائروں اور ملازمین کی جناب سے بھرپور حمایت کو تسلیم کرتے ہیں اور تہہ دل سے ان کے مشکور ہیں۔

منجانب بورڈ

  
فیروز جہانگیر کاؤس جی  
ڈائریکٹر

  
سید مسعود عباس جعفری  
چیف ایگزیکٹو آفیسر

کراچی: 29 اگست 2017



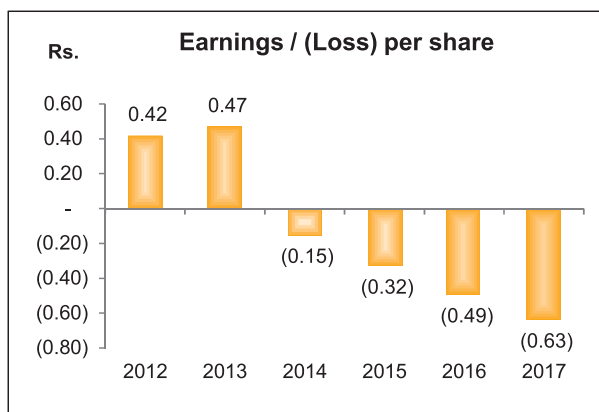
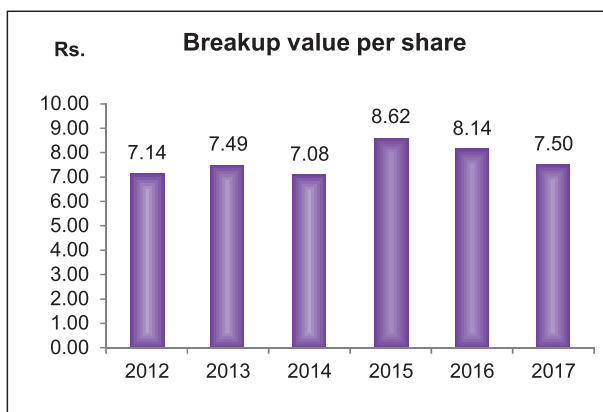
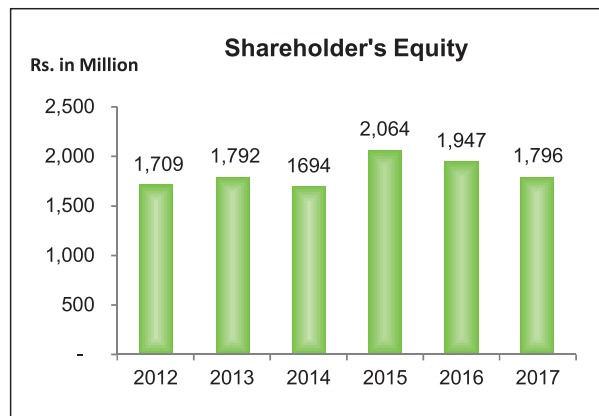
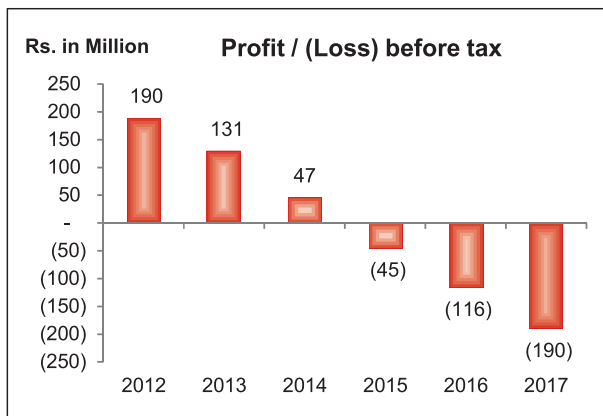
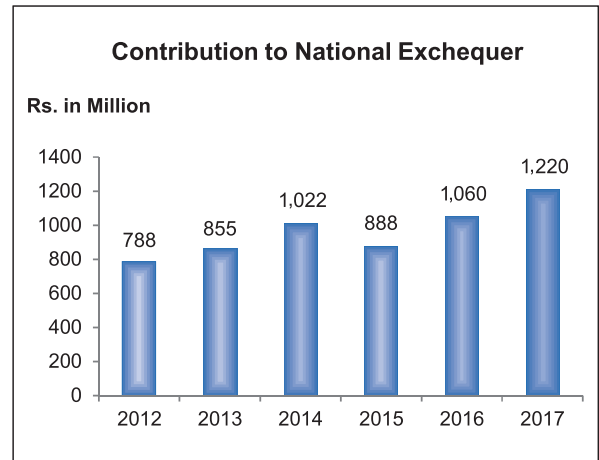
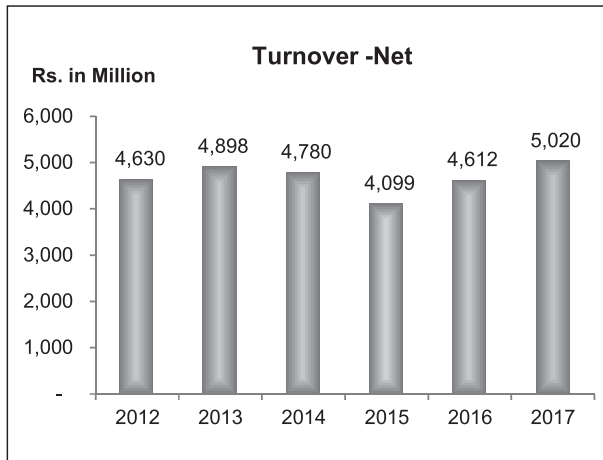


## Shabbir Tiles and Ceramics Limited

### PERFORMANCE OF LAST SIX YEARS

FINANCIAL SUMMARY	30TH JUNE 2017 (RS.'000s)	30TH JUNE 2016 (RS.'000s)	30TH JUNE 2015 (RS.'000s)	30TH JUNE 2014 (RS.'000s)	30TH JUNE 2013 (RS.'000s)	30TH JUNE 2012 (RS.'000s)
<b>For the year</b>						
Turnover (Net)	5,020,008	4,611,670	4,098,691	4,779,969	4,898,217	4,630,457
% of Growth	8.85%	12.52%	-14.25%	-2.41%	5.78%	5.24%
Gross profit	534,901	532,345	701,491	1,034,677	1,178,055	1,292,821
Gross profit ( % )	10.66%	11.54%	17.12%	21.65%	24.05%	27.92%
Administrative Expenses	155,493	125,775	104,166	117,158	84,149	71,301
% of Turnover -net	3.10%	2.73%	2.54%	2.45%	1.72%	1.54%
Distribution Cost	514,307	488,260	429,821	631,449	646,662	652,298
% of Turnover -net	10.25%	10.59%	10.49%	13.21%	13.20%	14.09%
Financial Charges	93,426	82,888	226,295	238,903	303,097	365,940
% of Turnover -net	1.86%	1.80%	5.52%	5.00%	6.19%	7.90%
(Loss) / profit before taxation	(189,770)	(116,087)	(45,082)	47,229	130,874	190,360
% of Turnover -net	-3.78%	-2.52%	-1.10%	0.99%	2.67%	4.11%
(Loss) / profit after taxation	(151,484)	(116,632)	(62,142)	(26,036)	82,322	74,578
% of Turnover -net	-3.02%	-2.53%	-1.52%	-0.54%	1.68%	1.61%
Cash dividend	-	-	-	-	72,128	-
Cash dividend ( % )	-	-	-	-	10%	-
Bonus Shares	-	-	-	-	36,064	-
Bonus Shares ( % )	-	-	-	-	5%	-
<b>Ratio Analysis</b>						
Break-up value of Rs. 5/= share	7.50	8.14	8.62	7.08	7.49	7.14
(Loss) / earnings per share (Rs.)	(0.63)	(0.49)	(0.32)	(0.15)	0.47	0.42
Receivables no. of days	65	66	80	62	54	54
Current ratio	0.80	0.97	1.11	0.74	0.89	1.02
Number of employees (Permanent)	939	927	892	888	908	961

## FINANCIAL HIGHLIGHTS





# Shabbir Tiles and Ceramics Limited

## Vertical Analysis

(Rs. in '000')

BALANCE SHEET	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Property , plant & Equipment	2,840,968	53.8	2,748,115	59.0	2,756,649	56.8	2,945,072	61.7	3,163,042	66.5	3,334,490	67.4
Investment property	12,003	0.3	6,750	0.2	7,452	0.2	100	0.00	207	0.00	314	0.2
Long-term loans, advances & deposits	7,386	0.1	7,591	0.2	9,563	0.2	9,445	0.2	10,919	0.2	10,078	0.2
Current assets	2,419,175	45.8	1,898,162	40.7	2,076,318	42.8	1,814,964	38.1	1,581,957	33.3	1,599,969	32.4
<b>Total Assets</b>	<b>5,279,532</b>	<b>100.0</b>	<b>4,660,618</b>	<b>100.0</b>	<b>4,849,982</b>	<b>100.0</b>	<b>4,769,581</b>	<b>100.0</b>	<b>4,756,125</b>	<b>100.0</b>	<b>4,944,851</b>	<b>100.0</b>
Share Capital	1,196,601	22.7	1,196,601	25.7	1,196,601	24.7	757,341	15.9	721,277	15.2	721,277	14.6
Share Premium	449,215	8.5	449,215	9.6	449,215	9.3	456,288	9.6	456,288	9.6	456,288	9.2
Reserves	149,750	2.8	301,234	6.5	417,866	8.6	480,008	10.1	614,236	12.9	531,914	10.8
<b>Shareholders' equity</b>	<b>1,795,566</b>	<b>34.0</b>	<b>1,947,050</b>	<b>41.8</b>	<b>2,063,682</b>	<b>42.6</b>	<b>1,693,637</b>	<b>35.5</b>	<b>1,791,801</b>	<b>37.7</b>	<b>1,709,479</b>	<b>34.6</b>
Long Term Finance	375,000	7.1	625,000	13.4	750,000	15.5	447,649	9.4	1,023,682	21.5	1,530,448	31.0
Liabilities against assets subj. to Fin. Lease	-	-	-	-	-	-	-	-	2,606	0.1	6,726	0.1
Deferred tax liabilities	85,510	1.6	135,783	2.9	171,794	3.5	184,839	3.9	155,564	3.3	127,796	2.6
Current liabilities	3,023,456	57.3	1,952,785	41.9	1,864,506	38.4	2,443,456	51.2	1,782,472	37.5	1,570,402	31.8
<b>Total Equities and Liabilities</b>	<b>5,279,532</b>	<b>100.0</b>	<b>4,660,618</b>	<b>100.0</b>	<b>4,849,982</b>	<b>100.0</b>	<b>4,769,581</b>	<b>100.0</b>	<b>4,756,125</b>	<b>100.0</b>	<b>4,944,851</b>	<b>100.0</b>
	-		-		-		-		-		-	
<b>PROFIT AND LOSS ACCOUNT</b>	-		-		-		-		-		-	
Net Sales	5,020,008	100.0	4,611,670	100.0	4,098,691	100.0	4,779,969	100.0	4,898,217	100.0	4,630,457	100.0
Cost of Sales	(4,485,107)	(89.3)	(4,079,325)	(88.5)	(3,397,200)	(82.9)	(3,745,292)	(78.4)	(3,720,162)	(75.9)	(3,337,636)	(72.1)
<b>Gross profit</b>	<b>534,901</b>	<b>10.7</b>	<b>532,345</b>	<b>11.5</b>	<b>701,491</b>	<b>17.1</b>	<b>1,034,677</b>	<b>21.6</b>	<b>1,178,055</b>	<b>24.1</b>	<b>1,292,821</b>	<b>27.9</b>
Distribution Cost	(514,307)	(10.2)	(488,260)	(10.6)	(429,821)	(10.5)	(631,449)	(13.2)	(646,662)	(13.2)	(652,298)	(14.1)
Administrative Expenses	(155,493)	(3.1)	(125,775)	(2.7)	(104,166)	(2.5)	(117,158)	(2.5)	(84,149)	(1.7)	(71,301)	(1.5)
Other Income	38,555	0.8	48,491	1.1	14,229	0.3	8,663	0.2	3,857	0.1	8,387	0.2
Other Charges	-	-	-	-	(520)	(0.0)	(8,601)	(0.2)	(17,130)	(0.3)	(21,309)	(0.5)
<b>Operating Profit before Finance Costs</b>	<b>(96,344)</b>	<b>(1.9)</b>	<b>(33,199)</b>	<b>(0.7)</b>	<b>181,213</b>	<b>4.4</b>	<b>286,132</b>	<b>6.0</b>	<b>433,971</b>	<b>8.9</b>	<b>556,300</b>	<b>12.0</b>
Financial Charges	(93,426)	(1.9)	(82,888)	(1.8)	(226,295)	(5.5)	(238,903)	(5.0)	(303,097)	(6.2)	(365,940)	(7.9)
<b>Profit/(Loss) before taxation</b>	<b>(189,770)</b>	<b>(3.8)</b>	<b>(116,087)</b>	<b>(2.5)</b>	<b>(45,082)</b>	<b>(1.1)</b>	<b>47,229</b>	<b>1.0</b>	<b>130,874</b>	<b>2.7</b>	<b>190,360</b>	<b>4.1</b>
Taxation	38,286	0.8	(545)	(0.0)	(17,060)	(0.4)	(73,265)	(1.5)	(48,552)	(1.0)	(115,782)	(2.5)
<b>Profit/(Loss) after taxation</b>	<b>(151,484)</b>	<b>(3.0)</b>	<b>(116,632)</b>	<b>(2.5)</b>	<b>(62,142)</b>	<b>(1.5)</b>	<b>(26,036)</b>	<b>(0.5)</b>	<b>82,322</b>	<b>1.7</b>	<b>74,578</b>	<b>1.6</b>



# Shabbir Tiles and Ceramics Limited

## Horizontal Analysis

(Rs. in '000')

BALANCE SHEET	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Property, plant & Equipment	2,840,968	3.4	2,748,115	(0.3)	2,756,649	(6.4)	2,945,072	(6.9)	3,163,042	(5.1)	3,334,490	(6.8)
Investment property	12,003	77.8	6,750	(9.4)	7,452	7,352.0	100	(51.7)	207	(34.1)	314	(25.4)
Long-term loans, advances & deposits	7,386	(2.7)	7,591	(20.6)	9,563	1.2	9,445	(13.5)	10,919	8.3	10,078	(14.2)
Current assets	2,419,175	27.4	1,898,162	(8.6)	2,076,318	14.4	1,814,964	14.7	1,581,957	(1.1)	1,599,969	(1.7)
<b>Total Assets</b>	<b>5,279,532</b>	<b>13.3</b>	<b>4,660,618</b>	<b>(3.9)</b>	<b>4,849,982</b>	<b>1.7</b>	<b>4,769,581</b>	<b>0.3</b>	<b>4,756,125</b>	<b>(3.8)</b>	<b>4,944,851</b>	<b>(5.2)</b>
Share Capital	1,196,601	-	1,196,601	-	1,196,601	58.0	757,341	5.0	721,277	-	721,277	-
Share Premium	449,215	-	449,215	-	449,215	(1.6)	456,288	-	456,288	-	456,288	-
Reserves	149,750	(50.3)	301,234	(27.9)	417,866	(12.9)	480,008	(21.9)	614,236	15.5	531,914	16.3
<b>Shareholders' equity</b>	<b>1,795,566</b>	<b>(7.8)</b>	<b>1,947,050</b>	<b>(5.7)</b>	<b>2,063,682</b>	<b>21.8</b>	<b>1,693,637</b>	<b>(5.5)</b>	<b>1,791,801</b>	<b>4.8</b>	<b>1,709,479</b>	<b>4.6</b>
Long Term Finance	375,000	(40.0)	625,000	(16.7)	750,000	67.5	447,649	(56.3)	1,023,682	(33.1)	1,530,448	(24.9)
Liabilities against assets subj. to Fin. Lease	-	-	-	-	-	-	(100.0)	-	2,606	(61.3)	6,726	(26.6)
Deferred tax liabilities	85,510	(37.0)	135,783	(21.0)	171,794	(7.1)	184,839	18.8	155,564	21.7	127,796	116.7
Current liabilities	3,023,456	54.8	1,952,785	4.7	1,864,506	(23.7)	2,443,456	37.1	1,782,472	13.5	1,570,402	6.2
<b>Total Equities and Liabilities</b>	<b>5,279,532</b>	<b>13.3</b>	<b>4,660,618</b>	<b>(3.9)</b>	<b>4,849,982</b>	<b>1.7</b>	<b>4,769,581</b>	<b>0.3</b>	<b>4,756,125</b>	<b>(3.8)</b>	<b>4,944,851</b>	<b>(5.2)</b>
<b>PROFIT AND LOSS ACCOUNT</b>												
Net Sales	5,020,008	8.9	4,611,670	12.5	4,098,691	(14.3)	4,779,969	(2.4)	4,898,217	5.8	4,630,457	5.2
Cost of Sales	(4,485,107)	9.9	(4,079,325)	20.1	(3,397,200)	(9.3)	(3,745,292)	0.7	(3,720,162)	11.5	(3,337,636)	2.1
<b>Gross profit</b>	<b>534,901</b>	<b>0.5</b>	<b>532,345</b>	<b>(24.1)</b>	<b>701,491</b>	<b>(32.2)</b>	<b>1,034,677</b>	<b>(12.2)</b>	<b>1,178,055</b>	<b>(8.9)</b>	<b>1,292,821</b>	<b>14.3</b>
Distribution Cost	(514,307)	5.3	(488,260)	13.6	(429,821)	(31.9)	(631,449)	(2.4)	(646,662)	(0.9)	(652,298)	11.7
Administrative Expenses	(155,493)	23.6	(125,775)	20.7	(104,166)	(11.1)	(117,158)	39.2	(84,149)	18.0	(71,301)	(7.7)
Other Income	38,555	(20.5)	48,491	240.8	14,229	64.3	8,663	124.6	3,857	(54.0)	8,387	12.0
Other Charges	-	-	-	(100.0)	(520)	(94.0)	(8,601)	(49.8)	(17,130)	(19.6)	(21,309)	247.1
<b>Operating Profit before Finance Costs</b>	<b>(96,344)</b>	<b>190.2</b>	<b>(33,199)</b>	<b>(118.3)</b>	<b>181,213</b>	<b>(36.7)</b>	<b>286,132</b>	<b>(34.1)</b>	<b>433,971</b>	<b>(22.0)</b>	<b>556,300</b>	<b>18.1</b>
Financial Charges	(93,426)	12.7	(82,888)	(63.4)	(226,295)	(5.3)	(238,903)	(21.2)	(303,097)	(17.2)	(365,940)	(20.0)
<b>Profit before taxation</b>	<b>(189,770)</b>	<b>63.5</b>	<b>(116,087)</b>	<b>157.5</b>	<b>(45,082)</b>	<b>(195.5)</b>	<b>47,229</b>	<b>(63.9)</b>	<b>130,874</b>	<b>(31.2)</b>	<b>190,360</b>	<b>1,310.9</b>
Taxation	38,286	(7,125.0)	(545)	(96.8)	(17,060)	(76.7)	(73,265)	50.9	(48,552)	(58.1)	(115,782)	452.7
<b>Profit after taxation</b>	<b>(151,484)</b>	<b>29.9</b>	<b>(116,632)</b>	<b>87.7</b>	<b>(62,142)</b>	<b>138.7</b>	<b>(26,036)</b>	<b>(131.6)</b>	<b>82,322</b>	<b>10.4</b>	<b>74,578</b>	<b>(1,100.1)</b>



### 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 of listing regulations of Pakistan Stock Exchange Limited, 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 interest on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Directors	Feroze Jahangir Cawasji
Executive Directors	Syed Masood Abbas Jaffery
Non-Executive Directors	Rafiq M. Habib Ali Suleman Habib Owais-ul-Mustafa Abdul Hai M. Bhaimia Salim Azhar

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

- 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 Development Financial Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a Broker of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
- 4) Two casual vacancies occurred in the Board of Directors where Mr. Raza Ansari and Mr. Muhammad Faisal resigned from the Board on March 15, 2017 and May 27, 2017 respectively. The casual vacancies were filled up on March 15, 2017 and June 7, 2017 by Syed Masood Abbas Jaffery and Mr. Feroze Jehangir Cawasji respectively.
- 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 (CEO) and non-executive directors, have been taken by the Board. Accordingly, the Board has approved appointment of new CEO during the year, including his remuneration and terms and conditions of employment.

- 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 the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. Four directors meet the criteria of exemption under clause (xi) of the CCG and are accordingly exempted from director's training program. The Company will take necessary steps for the training of three directors by the end of 30 June 2018.
- 10) The Board has approved appointment of Chief Financial Officer and Head of Internal Auditor including their remuneration and terms and conditions of employment.
- 11) The Directors' Report for this year 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 CEO and CFO before approval of the Board.
- 13) The directors, CEO 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 one is independent director and two are non-executive directors and the Chairman of the Committee 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 Committee have been formed and advised to the Committee for compliance.
- 17) The Board has formed HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and one is an independent director and the Chairman of the Committee is a non-executive director.
- 18) The Board has outsourced the internal audit function to M/s. Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose 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 (ICAP), 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.



## Shabbir Tiles and Ceramics Limited

- 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 stock exchange(s).
- 22) Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange(s).
- 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.
- 24) We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

A handwritten signature in black ink, appearing to read "S.M. Abbas".

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

Karachi: August 29, 2017



## **Review report to the members on statement of compliance with 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 **Shabbir Tiles and Ceramics Limited** (the Company) for the year ended **30 June 2017** to comply with the requirements of Chapter 5, Clause 5.19.24 (b) of the Code of Corporate Governance of Rule Book of Pakistan Stock Exchange Limited, 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 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 undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended **30 June 2017**.

*EY Ford Rhodes*  
**Chartered Accountants**

**Date:** 29 August 2017

**Place:** Karachi



## **Auditors' report to the Members**

We have audited the annexed balance sheet of **Shabbir Tiles and Ceramics Limited** (the Company) as at **30 June 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 repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account 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, except for the changes as stated in note 2.4 to the accompanying financial statements with which we concur;
  - 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, 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 **30 June 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).

*EY Ford Rhodes*  
**Chartered Accountants**

**Audit Engagement Partner: Arif Nazeer**

**Date: 29 August 2017**

**Place: Karachi**



## Shabbir Tiles and Ceramics Limited

### BALANCE SHEET AS AT JUNE 30, 2017

	Note	June 30, 2017 ------(Rupees in '000)-----	June 30, 2016
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,840,968	2,748,115
Investment property	6	12,003	6,750
Long-term loans	7	39	219
Long-term deposits	8	7,347	7,372
		<u>2,860,357</u>	<u>2,762,456</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts	9	247,647	156,478
Stock-in-trade	10	976,358	639,870
Trade debts	11	948,703	919,174
Loans and advances	12	23,124	16,600
Deposits, prepayments and other receivables	13	9,105	9,150
Taxation - net		150,923	53,009
Cash and bank balances	14	63,315	103,881
		<u>2,419,175</u>	<u>1,898,162</u>
		<u>5,279,532</u>	<u>4,660,618</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 240,000,000 (2016: 240,000,000) ordinary shares of Rs.5/- each		1,200,000	1,200,000
Issued, subscribed and paid-up capital	15	1,196,601	1,196,601
Reserves		598,965	750,449
		<u>1,795,566</u>	<u>1,947,050</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	16	375,000	625,000
Deferred tax liability - net	17	85,510	135,783
		<u>460,510</u>	<u>760,783</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	1,624,595	1,227,897
Accrued mark-up		14,035	3,172
Current maturity of long-term loan	16	250,000	250,000
Short-term borrowings	19	990,265	410,093
Sales tax payable		144,561	61,623
		<u>3,023,456</u>	<u>1,952,785</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		
		<u>5,279,532</u>	<u>4,660,618</u>

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

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**WAQUAS AHMED**  
Chief Financial Officer

**FEROZE JEHangIR CAWASJI**  
Director



## Shabbir Tiles and Ceramics Limited

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 ------(Rupees in '000)-----	June 30, 2016
Turnover - net	21	5,020,008	4,611,670
Cost of sales	22	(4,485,107)	(4,079,325)
<b>Gross profit</b>	23	<b>534,901</b>	<b>532,345</b>
Distribution costs	24	(514,307)	(488,260)
Administrative expenses	25	(155,493)	(125,775)
Other income	26	38,555	48,491
<b>Operating loss</b>		<b>(96,344)</b>	<b>(33,199)</b>
Finance costs	27	(93,426)	(82,888)
<b>Loss before taxation</b>		<b>(189,770)</b>	<b>(116,087)</b>
Taxation	28	38,286	(545)
<b>Loss for the year</b>		<b>(151,484)</b>	<b>(116,632)</b>
-----Rupee-----			
<b>Loss per share - basic and diluted</b>	29	<b>(0.63)</b>	<b>(0.49)</b>

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

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**WAQUAS AHMED**  
Chief Financial Officer

**FEROZE JEHANGIR CAWASJI**  
Director



## Shabbir Tiles and Ceramics Limited

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	June 30, 2017	June 30, 2016
	------(Rupees in '000)-----	
Loss for the year	(151,484)	(116,632)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(151,484)</u>	<u>(116,632)</u>

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

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**WAQUAS AHMED**  
Chief Financial Officer

**FEROZE JEHANGIR CAWASJI**  
Director



## Shabbir Tiles and Ceramics Limited

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
		------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(189,770)	(116,087)
<b>Adjustments for:</b>			
Depreciation on			
operating fixed assets	5.2	304,732	267,781
investment property	6	747	702
Finance costs	27	93,426	82,888
Provision for doubtful debts	11.2	44,625	27,901
(Reversal) / provision for slow moving stores and spare parts	9.1	(1,118)	5,129
Provision / (reversal) for slow moving stock-in-trade	10.2	4,148	(17,062)
Gain on disposal of operating fixed assets	26	(4,509)	(3,966)
		<u>442,051</u>	<u>363,373</u>
<b>Operating profit before working capital changes</b>		<b>252,281</b>	<b>247,286</b>
<b>(Increase) / decrease in current assets</b>			
Stores and spare parts		(90,051)	(32,541)
Stock-in-trade		(340,636)	125,282
Trade debts		(80,154)	112,026
Loans and advances		(6,524)	(7,438)
Deposits, prepayments and other receivables		45	1,801
		<u>(517,320)</u>	<u>199,130</u>
<b>Increase in current liabilities</b>			
Trade and other payables		396,698	378,618
Sales tax payable		82,938	2,669
		<u>479,636</u>	<u>381,287</u>
<b>Cash generated from operations</b>		<b>214,597</b>	<b>827,703</b>
Income tax paid		(109,901)	(42,598)
Finance costs paid		(82,563)	(132,330)
Long-term loans - net		180	(135)
Long-term deposits - net		25	2,107
<b>Net cash generated from operating activities</b>		<b>22,338</b>	<b>654,747</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(399,602)	(262,864)
Proceeds from disposal of operating fixed assets	5.3	6,526	7,583
<b>Net cash used in investing activities</b>		<b>(393,076)</b>	<b>(255,281)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term loan		(250,000)	(315,883)
<b>Net cash used in financing activities</b>		<b>(250,000)</b>	<b>(315,883)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(620,738)</b>	<b>83,583</b>
Cash and cash equivalents at the beginning of the year		(306,212)	(389,795)
<b>Cash and cash equivalents at the end of the year</b>	30	<b>(926,950)</b>	<b>(306,212)</b>

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

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**WAQUAS AHMED**  
Chief Financial Officer

**FEROZE JEHangIR CAWASJI**  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

		Reserves				
	Issued, subscribed & paid-up capital	Capital reserve	Revenue reserves			
		Share premium	General reserve	Accumulated losses	Total reserves	Total equity
	(Rupees in '000)					
<b>Balance as at June 30, 2015</b>	1,196,601	449,215	478,000	(60,134)	867,081	2,063,682
Loss for the year	-	-	-	(116,632)	(116,632)	(116,632)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(116,632)	(116,632)	(116,632)
<b>Balance as at June 30, 2016</b>	<b>1,196,601</b>	<b>449,215</b>	<b>478,000</b>	<b>(176,766)</b>	<b>750,449</b>	<b>1,947,050</b>
Loss for the year	-	-	-	(151,484)	(151,484)	(151,484)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(151,484)	(151,484)	(151,484)
<b>Balance as at June 30, 2017</b>	<b>1,196,601</b>	<b>449,215</b>	<b>478,000</b>	<b>(328,250)</b>	<b>598,965</b>	<b>1,795,566</b>

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

S. N. Abbas

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

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**WAQUAS AHMED**  
Chief Financial Officer

Lang J. Canning

**FEROZE JEHANGIR CAWASJI**  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017****1. THE COMPANY AND ITS OPERATIONS**

Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company, under the repealed Companies Act 1913 on November 07, 1978 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products. The registered office of the Company is situated at 15th Milestone, National Highway, Landhi, Karachi.

**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) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued 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**

These financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

**2.3 Functional and presentation currency**

These financial statements have been presented in Pakistani rupee, which is the Company's functional and presentation currency.

**2.4 Standards, interpretations and amendments applicable to the financial statements**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

**2.4.1 New Standards, Inter retations and Amendments**

The Company has adopted the following accounting standards and amendments which became effective for the current year:

IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and  
IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception  
(Amendment)

IFRS 11 – Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of  
Depreciation and Amortization (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

## 2.4.2 Annual Improvements

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report

The adoption of the above accounting standards, amendments, improvements to accounting standards and interpretations did not have any material effect on these financial statements.

## 2.4.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Statement of Cash Flows - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 (Amendments)	01 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company is currently evaluating the impact on the financial statements.

Standards	IASB effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021





### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property, plant and equipment

##### 3.1.1 Operating fixed assets

###### Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work-in-progress, which are stated at cost less any impairment in value.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects until such time as the projects are substantially ready for their intended use.

Depreciation is charged on straight line basis, other than freehold land which is determined to have an indefinite life, at the rates specified in note 5 to the financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month immediately preceding the month of deletion. No depreciation is charged if asset's residual value exceeds its carrying amount.

Residual values and useful lives are reviewed at each balance sheet date, and adjusted if expectations differ significantly from previous estimates.

Repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company and the assets so replaced, if any, are retired.

An item of operating fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals of operating fixed assets are recognized in the profit and loss account in the period in which they arise.

##### 3.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

#### 3.2 Investment property

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight line method at the rate specified in note 6 to the financial statements. Depreciation on additions is charged from the month in which an asset is put to use and on deletions up to the month immediately preceding the deletion.

Repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain or loss on disposals is taken to profit and loss account for the year.

#### 3.3 Impairment

##### 3.3.1 Financial assets

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

All impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for similar financial assets. For financial asset carried at amortised cost, the amount of impairment loss recognised is the difference between carrying amount and present value of estimated cash flows, discounted at effective interest rate.

## 3.3.2 Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit and loss account in the period of occurrence.

## 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the profit and loss account in the period in which they are incurred.

## 3.5 Research and development costs

Research and development costs are charged to profit and loss account in the period in which they are incurred, except for development costs that relate to design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in International Accounting Standard (IAS) -38 "Intangible Assets".

## 3.6 Stores and spare parts

These are valued at the lower of weighted average cost and net realizable value (NRV). Provision is made for slow moving items, if any.

Items in transit and bonded warehouse are valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date.

## 3.7 Stock-in-trade

These are valued at the lower of cost and NRV determined as follows:

Raw and packing material	weighted average cost.
Work-in-process and finished goods	cost of direct materials and labour plus attributable overheads.
Finished goods - imported products	weighted average cost.
Stock in transit	invoice price plus other charges paid thereon.

Provision is made for slow moving items, if any.

## 3.8 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts is based on the management's assessment of customers' outstanding and creditworthiness. Bad debts are written-off when identified.

## 3.9 Ijarah rentals

Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

## 3.10 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances net of short-term borrowings.

**3.11 Financial instruments**

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

**3.12 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

**3.13 Long-term loan and short-term borrowings**

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on loan and borrowings is charged as an expense to profit and loss account on an accrual basis.

**3.14 Trade and other payables**

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

**3.15 Provisions**

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

**3.16 Taxation****3.16.1 Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to the profit and loss account except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in other comprehensive income.

**3.16.2 Deferred**

Deferred taxation is provided, proportionate to local sales, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

**3.17 Staff retirement benefit - Defined contribution plan**

The Company operates a recognised provident fund for all eligible employees. Equal monthly contributions are made to the fund both by the Company and the employees in accordance with the rules of the scheme. The contributions from the Company are charged to the profit and loss account for the year.

**3.18 Employees' compensated absences**

The Company provides for its estimated liability towards unavailed earned leaves accumulated by employees on an accrual basis using current salary levels.

## 3.19 Foreign currency translation

Transactions in foreign currencies are recorded at the rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences on foreign currency translations are taken to the profit and loss account in the period in which they occur.

## 3.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates, and sales tax or duty. The following are the specific recognition criteria that must be met before revenue is recognised:

Sales are recognised when goods are dispatched to the customers;

Return on bank deposits / saving accounts is recognised on accrual basis;

Rental income on investment property is accounted for on a straight-line basis over the lease term; and

Other income, if any, is recognized on accrual basis.

## 3.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

## 3.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Notes
a) determining the method of depreciation, residual values and useful lives of operating fixed assets and investment property	3.1.1, 3.2, 5 & 6
b) determining the provision for slow moving stores and spare parts and stock-in-trade and adjustment of stock-in-trade to their net realizable value (NRV)	3.6, 3.7, 9 & 10
c) determining the provision for trade debts	3.8 & 11
d) recognition of deferred taxation	3.16, 17 & 28
e) determining the provision for staff retirement benefits	3.17 & 18.3
f) expected outcome of contingencies involving the Company	20



# Shabbir Tiles and Ceramics Limited

Note 2017 2016  
--- (Rupees in '000) ---

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	2,707,126	2,590,540
Capital work-in-progress	5.4	133,842	157,575
		<u>2,840,968</u>	<u>2,748,115</u>

### 5.1 Operating fixed assets

2017	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depre- ciation rate %
	As at July 01, 2016	Additions / transfers *	Disposals (note 5.3)	As at June 30, 2017	As at July 01, 2016	Charge for the year (note 5.2)	On disposals (note 5.3)	As at June 30, 2017	As at June 30, 2017		
	(Rupees in '000)										
<b>Owned</b>											
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-	
Building on freehold land	809,450	21,300	-	830,750	328,929	37,286	-	366,215	464,535	5-20	
Plant and machinery	3,990,063	393,521	(21,001)	4,362,583	2,162,397	262,888	(20,407)	2,404,878	1,957,705	5-20	
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20	
Office equipment	22,192	2,104	-	24,296	19,651	1,347	-	20,998	3,298	20-33	
Computers and accessories	13,278	2,001	(1,190)	14,089	12,491	648	(1,178)	11,961	2,128	33 - 50	
Vehicles	38,883	4,409	(8,705)	34,587	26,242	2,563	(7,294)	21,511	13,076	20	
	5,164,311	423,335 *	(30,896)	5,556,750	2,573,771	304,732	(28,879)	2,849,624	2,707,126		

\* This includes transfers from capital work-in-progress amounted to Rs. 181.508 million (2016: Rs. 29.715 million)

2016	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2015	Additions / transfers *	Disposals (note 5.3)	As at June 30, 2016	As at July 01, 2015	Charge for the year (note 5.2)	On disposals (note 5.3)	As at June 30, 2016	As at June 30, 2016	Depreciation rate %
	(Rupees in '000)									
Owned										
Freehold land	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land	793,769	15,681	-	809,450	294,404	34,525	-	328,929	480,521	5-20
Plant and machinery	3,883,489	106,574	-	3,990,063	1,934,591	227,806	-	2,162,397	1,827,666	5-20
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	20,931	1,261	-	22,192	18,633	1,018	-	19,651	2,541	20-33
Computers and accessories	13,202	916	(840)	13,278	13,018	170	(697)	12,491	787	33 - 50
Vehicles	55,594	1,753	(18,464)	38,883	36,970	4,262	(14,990)	26,242	12,641	20
	5,057,430	126,185 *	(19,304)	5,164,311	2,321,677	267,781	(15,687)	2,573,771	2,590,540	



## Shabbir Tiles and Ceramics Limited

### 5.2 Depreciation charge for the year has been allocated as follows:

	Note	2017 ---- (Rupees in '000) ----	2016 ---- (Rupees in '000) ----
Cost of sales - manufacturing	22.1	302,187	264,185
Distribution costs	24	1,524	2,241
Administrative expenses	25	1,021	1,355
		<u>304,732</u>	<u>267,781</u>

### 5.3 Details of disposals of operating fixed assets having net book value exceeding Rs. 50,000 each are as follows:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
(Rupees in '000)							
<b>Plant &amp; Machinery</b>							
Sorting Machine	2,455	2,332	123	50	(73)	Tender	M/s. Sahil & Sons
Squaring Machine	4,467	4,243	224	1,172	948	Tender	M/s. Sahil & Sons
Tiles Cutting Machine	2,678	2,544	134	126	(8)	Tender	M/s. Sahil & Sons
<b>Vehicles</b>							
Daihatsu Cuore ATC-861	709	638	71	417	346	Company Policy	Mr. Ayaz Ahmed (Ex-Employee)
Daihatsu Cuore ATP-806	709	638	71	417	346	Company Policy	Mr. Yasir Sami (Ex-Employee)
Toyota Corolla ASN-914	1,354	1,219	135	344	209	Company Policy	Mr. Nasir Kaleem (Ex-Employee)
Daihatsu Cuore ATC-914	689	620	69	181	112	Company Policy	Mr. Khurram Abbas (Employee)
Toyota Corolla ATN-536	1,414	1,273	141	367	226	Company Policy	Mr. Aamir Saghir (Ex-Employee)
Toyota Corolla ATC-862	1,269	1,142	127	298	171	Company Policy	Mr. Faisal Majeed (Employee)
Daihatsu Cuore MN-2617	715	572	143	459	316	Company Policy	Mr. Noor Asghar (Ex-Employee)
Suzuki Cultus LEH-2228	1,014	568	446	849	403	Company Policy	Mr. Shahbaz Rasool (Employee)
	<u>17,473</u>	<u>15,789</u>	<u>1,684</u>	<u>4,680</u>	<u>2,996</u>		
Items having net book value less than Rs.50,000 each	13,423	13,090	333	1,846	1,513		
2017	<u>30,896</u>	<u>28,879</u>	<u>2,017</u>	<u>6,526</u>	<u>4,509</u>		
2016	<u>19,304</u>	<u>15,687</u>	<u>3,617</u>	<u>7,583</u>	<u>3,966</u>		

### 5.4 Capital work-in-progress

	Note	2017 ---- (Rupees in '000) ----	2016 ---- (Rupees in '000) ----
Plant and machinery		132,359	146,346
Civil works		1,483	11,229
	5.4.1	<u>133,842</u>	<u>157,575</u>

#### 5.4.1 Movement

Opening balance	157,575	20,896
Additions	157,775	166,394
Transferred to operating fixed assets	(181,508)	(29,715)
Closing balance	<u>133,842</u>	<u>157,575</u>



## Shabbir Tiles and Ceramics Limited

### 6. INVESTMENT PROPERTY

	COST			ACCUMULATED DEPRECIATION			NET	Depreciation rate %
	As at July 01, 2016	As at June 30, 2017	As at July 01, 2016	Charge for the year	As at June 30, 2017	As at June 30, 2017		
	Additions							
----- Rupees in '000 -----								
Freehold land	3	-	3	-	-	-	3	-
Building on freehold land	1,083	-	1,083	1,083	-	1,083	-	10
Showroom	7,800	-	7,800	1,053	702	1,755	6,045	10
Apartments	-	6,000	6,000	-	45	45	5,955	10
<b>2017</b>	<b>8,886</b>	<b>6,000</b>	<b>14,886</b>	<b>2,136</b>	<b>747</b>	<b>2,883</b>	<b>12,003</b>	
2016	8,886	-	8,886	1,434	702	2,136	6,750	

6.1 The fair values of investment properties as at year-end are as under:	Note	2017 ---- (Rupees in '000) ----	2016
Freehold land and building on freehold land		7,222	6,890
Showroom		7,800	7,800
Apartments		6,000	-
		<u>21,022</u>	<u>14,690</u>

### 7. LONG-TERM LOANS

#### Unsecured, considered good

Employees	7.1	4,495	5,555
Executives	7.1 & 7.2	46	572
		<u>4,541</u>	<u>6,127</u>
Current maturity of long-term loans	12	(4,502)	(5,908)
		<u>39</u>	<u>219</u>

7.1 Represent loans for the purchase of household equipment which are repayable within two years of disbursement. The loans carry markup at the rate of KIBOR +3% per annum (2016: KIBOR +3% per annum).

7.2 Reconciliation of the carrying amount of long-term loans to Executives:	Note	2017 ---- (Rupees in '000) ----	2016
Opening balance		572	810
Disbursements		60	993
Repayments		(586)	(1,231)
Closing balance		<u>46</u>	<u>572</u>

### 8. LONG-TERM DEPOSITS

Security deposits			
Utilities		2,893	2,893
Rent		4,099	4,124
Ijarah		285	285
Central Depository Company		25	25
Lockers deposit with a commercial bank		45	45
		<u>7,347</u>	<u>7,372</u>

### 9. STORES AND SPARE PARTS

Stores		95,358	75,814
Spare parts			
in hand		176,288	120,798
in transit		20,921	5,904
		<u>197,209</u>	<u>126,702</u>
		292,567	202,516
		(44,920)	(46,038)
		<u>247,647</u>	<u>156,478</u>

#### 9.1 Movement of provision for slow moving stores and spare parts:

Opening balance		46,038	40,909
Charge for the year	22.1	-	5,129
Reversal during the year	22.1	(1,118)	-
Closing balance		<u>44,920</u>	<u>46,038</u>





## Shabbir Tiles and Ceramics Limited

		2017	2016
		---- (Rupees in '000) ----	
<b>10. STOCK-IN-TRADE</b>	<b>Note</b>		
Raw and packing material			
in hand		458,350	279,275
in transit		25,879	49,460
		<u>484,229</u>	<u>328,735</u>
Work-in-process		27,578	37,392
Finished goods	10.1	489,915	294,959
		<u>1,001,722</u>	<u>661,086</u>
Provision for slow moving stock-in-trade	10.2	(25,364)	(21,216)
		<u>976,358</u>	<u>639,870</u>
<b>10.1</b> Include stock-in-trade costing Rs. 79.210 million (2016: Rs. 52.955 million) which has been written down to its net realizable value (NRV) amounting to Rs. 61.137 million (2016: Rs. 42.210 million).			
<b>10.2 Movement of provision for slow moving stock-in-trade:</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		---- (Rupees in '000) ----	
Opening balance		21,216	38,278
Charge for the year	22.1	4,148	-
Reversal during the year	22.1	-	(17,062)
Closing balance		<u>25,364</u>	<u>21,216</u>
<b>11. TRADE DEBTS</b>			
<b>Unsecured</b>			
Considered good	11.1	948,703	919,174
Considered doubtful		121,722	77,097
		<u>1,070,425</u>	<u>996,271</u>
Provision for doubtful debts	11.2	(121,722)	(77,097)
		<u>948,703</u>	<u>919,174</u>
<b>11.1</b> Include receivables from the following related parties that are neither past due nor impaired and are aged within 90 days:			
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		---- (Rupees in '000) ----	
Indus Motor Company Limited		4,294	2,642
Habib University Foundation		-	73
Agriauto Industries Limited		45	443
Thal Limited		4	-
Habib Metropolitan Bank Limited		-	43
		<u>4,343</u>	<u>3,201</u>
<b>11.2 Movement of provision for doubtful debts:</b>			
Opening balance		77,097	51,947
Charge for the year	25	44,625	27,901
Written-off during the year		-	(2,751)
Closing balance		<u>121,722</u>	<u>77,097</u>
<b>12. LOANS AND ADVANCES</b>			
<b>Unsecured, considered good</b>			
<b>Loans</b>			
Current maturity of long-term loans	7	4,502	5,908
<b>Advances</b>			
Employees		79	69
Suppliers and contractors		18,543	10,623
		<u>18,622</u>	<u>10,692</u>
		<u>23,124</u>	<u>16,600</u>
<b>13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposits - interest free</b>		200	312
<b>Prepayments</b>			
Rent		6,943	6,452
Others		1,714	2,386
		<u>8,657</u>	<u>8,838</u>
<b>Other receivables</b>		248	-
		<u>9,105</u>	<u>9,150</u>





## Shabbir Tiles and Ceramics Limited

14. CASH AND BANK BALANCES	Note	2017 ---- (Rupees in '000) ----	2016
Cash in hand		723	1,539
Cash at banks:			
Current accounts			
Conventional banking		45,321	82,487
Islamic banking		9,395	8,239
	14.1	54,716	90,726
Saving accounts	14.2	7,876	11,616
		<u>63,315</u>	<u>103,881</u>

**14.1** Include balance of Rs. 24.958 million (2016: Rs. 33.548 million) maintained with Habib Metropolitan Bank Limited, a related party.

**14.2** These carry profit rates ranging from 3.75% to 4% per annum (2016: 3.75% to 5% per annum). These balances are held in accounts maintained under conventional banking. These include balance of Rs. 3.843 million (2016: Rs. 7.011 million) maintained with Habib Metro Bank Limited, a related party.

### 15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Number of shares in '000)	2016	2017 ---- (Rupees in '000) ----	2016
199,627	199,627	998,140	998,140
1,150	1,150	5,750	5,750
38,543	38,543	192,711	192,711
<u>239,320</u>	<u>239,320</u>	<u>1,196,601</u>	<u>1,196,601</u>

Ordinary shares of Rs. 5/- each  
Fully paid-up in cash  
Issued for consideration other than cash  
Issued as fully paid bonus shares

### 16. LONG-TERM LOAN

#### Secured

From a banking company	625,000	875,000
Current maturity of long-term loan	<u>(250,000)</u>	<u>(250,000)</u>
	<u>375,000</u>	<u>625,000</u>

**16.1** Represents loan from Habib Bank Limited under conventional banking terms which carries markup at rate of three months KIBOR + 0.75% per annum, payable quarterly with one year grace period. The loan is repayable within five years in sixteen equal quarterly installments commenced from March 2016. The facility is secured against first pari-passu charge through equitable mortgage over land and building, and hypothecation over all present and future fixed assets of the Company.

17. DEFERRED TAX LIABILITY - net	Note	2017 ---- (Rupees in '000) ----	2016
<b>Deferred tax liabilities on taxable temporary differences:</b>			
Accelerated tax depreciation		445,133	464,827
<b>Deferred tax asset on deductible temporary differences:</b>			
Provisions		(69,995)	(54,414)
Unused tax losses	17.1	<u>(289,628)</u>	<u>(274,630)</u>
		<u>(359,623)</u>	<u>(329,044)</u>
		<u>85,510</u>	<u>135,783</u>

**17.1** As of the balance sheet date, accumulated carry forward tax losses amounted to Rs. 965.426 million (2016: Rs. 869.916 million). The Company has not created any deferred tax asset on minimum tax of Rs. 49.802 million (2016: Rs. 45.299 million) during the year.



## Shabbir Tiles and Ceramics Limited

18.	TRADE AND OTHER PAYABLES	Note	2017 ---- (Rupees in '000) ----	2016
	Creditors	18.1	208,213	178,237
	Accrued liabilities	18.1 & 18.2	1,371,495	1,005,227
	Advance from customers		31,932	35,074
	Payable to provident fund	18.3	2,744	-
	Security deposits	18.4	1,993	3,665
	Unclaimed / unpaid dividends		3,328	3,330
	Withholding tax payable		4,666	2,178
	Others		224	186
			<u>1,624,595</u>	<u>1,227,897</u>

### 18.1 Include payable to the following related parties:

Thal Limited	19,067	15,445
Noble Computers (Private) Limited	-	95
Habib Metro Pakistan (Private) Limited	205	317
Habib University Foundation	417	-
	<u>19,689</u>	<u>15,857</u>

18.2 Include accrual for leave encashment of Rs. 43.913 million (2016: Rs. 36.797 million) and bonus of Rs. 32.680 million (2016: Rs. 15.373 million).

18.3	Payable to provident fund:	Note	2017 ---- (Rupees in '000) ---- (Unaudited)	2016 (Audited)
	<b>General disclosures</b>			
	Size of the Trust		160,132	150,984
	Investments - at cost		140,250	75,500
	Investment - at fair value	18.3.1	156,514	148,302
	Percentage of investments made	18.3.1	97.74%	98.22%

### 18.3.1 Categories of investments as a percentage of total assets of provident fund:

	2017 ----- (Unaudited) -----		2016 ----- (Audited) -----	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Fixed deposit	148,218	92.56%	143,107	94.78%
Mutual funds	8,296	5.18%	5,195	3.44%
	<u>156,514</u>	<u>97.74%</u>	<u>148,302</u>	<u>98.22%</u>

18.3.2 Investments of provident fund have been made in accordance with the provisions of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

18.4 These represent interest free deposits received from employees against disposal of vehicles.

19.	SHORT-TERM BORROWINGS	Note	2017 ---- (Rupees in '000) ----	2016
	<b>Secured</b>			
	Running finances	19.1, 19.2 & 19.3	<u>990,265</u>	<u>410,093</u>

19.1 Represent running finance facilities from various banks. Markup rates on these finances range from three months KIBOR+0.5% to six months KIBOR+1.25% (2016: three months KIBOR+0.25% to three months KIBOR+0.75%) per annum.

**19.2** These facilities are secured by demand promissory notes, hypothecation of stocks and book debts of the Company ranking pari-passu charge.

**19.3** These include Rs. 551.06 million (2016: Rs. 410.09 million) running finance obtained from Habib Metropolitan Bank Limited, a related party with markup rate of three months KIBOR+0.75% (2016: three months KIBOR+0.75%).

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

The Additional Commissioner of Income Tax (Audit Division) has amended the assessment under Section 122 of the Income Tax Ordinance, 2001 for the tax year 2003 whereby, further tax of Rs. 26.8 million was determined to be payable by the Company by disallowing trade discounts of Rs. 73.92 million. Being aggrieved, the Company filed an appeal before the Commissioner of Income Tax (Appeals) which was decided in favour of the Company. However, the Income Tax Department then filed an appeal before the Income Tax Appellate Tribunal who after hearing the arguments from both sides remanded back the case to the Department for re-assessment which is still pending. The Company is confident that the case will be decided in its favor and therefore, no provision for any liability there against has been made in these financial statements.

### 20.2 Commitments

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounted to Rs. 96.118 million (2016: Rs. 123.039 million) issued by Habib Metropolitan Bank Limited, a related party.
- (ii) Commitments in respect of capital expenditure amounted to Rs. 424.905 million (2016: Rs. 6.158 million) for the import of machinery, including Rs. 200.692 million (2016: Rs. 6.158 million) issued by Habib Metropolitan Bank Limited, a related party.
- (iii) Bank guarantees issued to Sui Southern Gas Company Limited and Excise & Taxation Department by Habib Metropolitan Bank Limited, a related party, amounted to Rs. 270.528 million (2016: Rs. 268.528 million) and Rs. 49.381 million (2016: Rs. 39.381 million) respectively.

	2017	2016
	---- (Rupees in '000) ----	
(iv) Commitments for rentals under Ijarah finance agreements:		
Within one year	631	631
Later than one year but not later than five years	1,605	2,236
	<u>2,236</u>	<u>2,867</u>

Represent Ijarah agreements entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.236 million and are payable in monthly installments latest by March 2021. These commitments are secured by on-demand promissory notes of Rs. 3.156 million.

## 21. TURNOVER - net

	2017	2016
	---- (Rupees in '000) ----	
<b>Local</b>		
Manufacturing	6,004,836	5,460,959
Trading	43,409	50,808
	<u>6,048,245</u>	<u>5,511,767</u>
<b>Sales tax</b>		
Manufacturing	(1,025,621)	(931,111)
Trading	(6,307)	(7,382)
	<u>(1,031,928)</u>	<u>(938,493)</u>
	<u>5,016,317</u>	<u>4,573,274</u>
<b>Exports</b>		
	3,691	38,396
	<u>5,020,008</u>	<u>4,611,670</u>



## Shabbir Tiles and Ceramics Limited

	Note	2017 ---- (Rupees in '000) ----	2016
<b>22. COST OF SALES</b>			
Manufacturing	22.1	4,457,884	4,046,724
Trading	22.2	27,223	32,601
		<u>4,485,107</u>	<u>4,079,325</u>
<b>22.1 Cost of sales - manufacturing</b>			
<b>Raw and packing materials consumed</b>			
Opening stock		319,419	223,067
Purchases		1,768,126	1,407,270
Closing stock		<u>(472,946)</u>	<u>(319,419)</u>
		1,614,599	1,310,918
<b>Manufacturing expenses</b>			
Salaries, wages and other benefits	22.1.1	851,461	742,861
Fuel and power		1,186,116	1,115,146
Stores and spare parts consumed		476,841	268,527
(Reversal) / provision for slow moving stores and spare parts	9.1	(1,118)	5,129
Provision / (reversal) for slow moving stock-in-trade	10.2	4,148	(17,062)
Depreciation	5.2	302,187	264,185
Repairs and maintenance		128,532	86,786
Insurance		14,951	17,684
Vehicle running expenses		29,262	29,457
Travelling and conveyance		8,826	4,275
Printing and stationery		7,237	5,390
Communication		3,343	2,585
Rent, rates and taxes		5,148	1,982
Research costs		2,857	492
Legal and professional charges		1,531	173
Ijarah rentals		642	289
Others		879	358
		3,022,843	2,528,257
<b>Work-in-process</b>			
Opening stock		37,392	55,281
Closing stock		<u>(27,578)</u>	<u>(37,392)</u>
<b>Cost of goods manufactured</b>		4,647,256	3,857,064
<b>Finished goods</b>			
Opening stock		273,903	463,563
Closing stock		<u>(463,275)</u>	<u>(273,903)</u>
		<u>4,457,884</u>	<u>4,046,724</u>
<b>22.1.1</b>	Include Rs. 11.621 million (2016: Rs. 9.812 million) in respect of staff retirement benefits.		
<b>22.2 Cost of sales - trading</b>			
Opening stock		9,157	6,179
Purchases		30,625	35,579
Closing stock		<u>(12,559)</u>	<u>(9,157)</u>
		<u>27,223</u>	<u>32,601</u>
<b>23. GROSS PROFIT</b>			
Manufacturing		525,022	521,520
Trading		9,879	10,825
		<u>534,901</u>	<u>532,345</u>

	Note	2017 ---- (Rupees in '000) ----	2016
<b>24. DISTRIBUTION COSTS</b>			
Salaries, wages and other benefits	24.1	88,300	88,171
Freight		281,822	263,587
Advertisement and sales promotion		43,431	26,143
Travelling and conveyance		13,544	17,430
Rent, rates and taxes		37,129	45,893
Communication		3,677	4,845
Insurance		4,994	3,246
Depreciation			
on operating fixed assets	5.2	1,524	2,241
on investment property	6	747	702
Vehicle running expenses		12,036	12,846
Repairs and maintenance		8,628	8,713
Utilities		7,032	7,746
Printing and stationery		2,061	1,671
Entertainment		4,062	2,867
Others		5,320	2,159
		<u>514,307</u>	<u>488,260</u>

**24.1** Include Rs. 2.532 million (2016: Rs. 2.308 million) in respect of staff retirement benefits.

	Note	2017 ---- (Rupees in '000) ----	2016
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	25.1	82,609	68,433
Travelling and conveyance		3,387	3,158
Printing and stationery		2,000	3,127
Legal and professional charges		10,483	9,581
Depreciation	5.2	1,021	1,355
Vehicle running expenses		6,068	5,582
Communication		1,110	1,597
Auditors' remuneration	25.2	1,692	1,675
Subscriptions		58	147
Insurance		478	783
Provision for doubtful debts	11.2	44,625	27,901
Others		1,962	2,436
		<u>155,493</u>	<u>125,775</u>

**25.1** Include Rs. 2.662 million (2016: Rs. 2.485 million) in respect of staff retirement benefits.

	2017 ---- (Rupees in '000) ----	2016
<b>25.2 Auditors' remuneration</b>		
Audit fee	961	859
Half-yearly review fee	243	218
Tax services	65	223
Other certifications	346	262
Out of pocket expenses	77	113
	<u>1,692</u>	<u>1,675</u>



## Shabbir Tiles and Ceramics Limited

26. OTHER INCOME	Note	2017	2016
		---- (Rupees in '000) ----	----
<b>Income from financial assets</b>			
Profit on bank deposits / saving accounts	26.1	222	239
<b>Income from non-financial assets</b>			
Rental income from investment property		720	720
Gain on disposal of operating fixed assets		4,509	3,966
Income from sale of scrap		27,961	21,033
Exchange gain - net		2,917	95
Others		2,226	22,438
		<u>38,333</u>	<u>48,252</u>
		<u>38,555</u>	<u>48,491</u>
26.1 Represents markup on bank accounts under conventional banking relationship.			
27. FINANCE COSTS	Note	2017	2016
		---- (Rupees in '000) ----	----
Mark-up / interest on:			
Long-term loan		53,039	60,653
Short-term borrowings	27.1	<u>36,063</u>	<u>17,961</u>
		<u>89,102</u>	<u>78,614</u>
Bank charges and commission		<u>4,324</u>	<u>4,274</u>
		<u>93,426</u>	<u>82,888</u>
27.1 Include markup amounting to Rs. 8.794 million (2016: Rs. 4.846 million) on facilities under Islamic mode.			
28. TAXATION		2017	2016
		---- (Rupees in '000) ----	----
Current		11,985	36,558
Deferred		<u>(50,271)</u>	<u>(36,013)</u>
		<u>(38,286)</u>	<u>545</u>
28.1 Provision for current taxation has been made on the basis of minimum tax under Section 113 and Final Tax Regime under Section 169 of Income Tax Ordinance, 2001. Accordingly, tax expense reconciliation with the accounting profit is not presented.			
29. LOSS PER SHARE - basic and diluted		2017	2016
Loss for the year (Rupees in '000)		<u>(151,484)</u>	<u>(116,632)</u>
Weighted average number of ordinary shares outstanding during the year (in '000)		<u>239,320</u>	<u>239,320</u>
Loss per share (Rupee)		<u>(0.63)</u>	<u>(0.49)</u>
30. CASH AND CASH EQUIVALENTS	Note	2017	2016
		---- (Rupees in '000) ----	----
Cash and bank balances	14	63,315	103,881
Short-term borrowings	19	<u>(990,265)</u>	<u>(410,093)</u>
		<u>(926,950)</u>	<u>(306,212)</u>

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the Company is exposed to market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 30 June 2017 which are summarized below:

### 31.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and equity price risk.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's certain bank balances, long-term and short-term borrowings. The Company manages its interest rate risk by placing its excess funds in saving accounts in banks. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Company's loss before tax by Rs. 16.074 million and a 1% decrease would result in decrease in the Company's loss before tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. It mainly arises when receivables and payables exist due to transactions in foreign currency.

The following is the foreign currency exposure as at the balance sheet date:

	2017	2016
Trade payables - US Dollar	363,579	73,150
Trade payables - Euro	53,860	123,821

The following significant exchange rates have been applied at reporting dates

Exchange rate – US Dollar	104.84	104.83
Exchange rate – Euro	115.72	116.80

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and Euro exchange rates, with all other variables held constant, of the Company's loss before tax and the Company's equity.

	Change in USD / Euro rates (%)	Effect on loss before tax ---- (Rupees in '000) ----	Effect on equity
2017	±10	4,435	4,435
2016	±10	2,213	2,213

#### (iii) Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity instruments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares as at the balance sheet date.



## 31.2 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company is mainly exposed to credit risk on long-term loans, long-term deposits, trade debts and bank balances. The Company seeks to minimize the credit risk exposure by dealing mostly with regular and permanent parties who pay on due dates.

	Note	2017 ---- (Rupees in '000) ----	2016
The maximum exposure to credit risk at balance sheet date is as follows:			
Long-term loans	7	39	219
Long-term deposits	8	7,347	7,372
Trade debts	11	948,703	919,174
Current maturity of long-term loans	12	4,502	5,908
Bank balances	14	62,592	102,342
		<u>1,023,183</u>	<u>1,035,015</u>

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

Trade debts	2017 ---- (Rupees in '000) ----	2016
The analysis of trade debts is as follows:		
Neither past due nor impaired	348,514	395,443
Past due but not impaired		
31 to 90 days	386,230	424,571
91 to 180 days	188,975	56,060
over 180 days	24,984	43,100
	<u>600,189</u>	<u>523,731</u>
	<u>948,703</u>	<u>919,174</u>
Bank balances		
Ratings		
A1+	36,607	102,152
A-1+	25,985	-
A1	-	190
	<u>62,592</u>	<u>102,342</u>

## 31.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
2017	----- (Rupees in '000) -----					
Long-term loan	-	62,500	187,500	375,000	-	625,000
Trade and other payables	337,858	-	-	-	-	337,858
Accrued mark-up	-	14,035	-	-	-	14,035
Short-term borrowings	990,265	-	-	-	-	990,265
	<u>1,328,123</u>	<u>76,535</u>	<u>187,500</u>	<u>375,000</u>	<u>-</u>	<u>1,967,158</u>
2016						
Long-term loan	-	62,500	187,500	625,000	-	875,000
Trade and other payables	239,524	-	-	-	-	239,524
Accrued mark-up	-	3,172	-	-	-	3,172
Short-term borrowings	410,093	-	-	-	-	410,093
	<u>649,617</u>	<u>65,672</u>	<u>187,500</u>	<u>625,000</u>	<u>-</u>	<u>1,527,789</u>



## 31.4 Capital Risk Management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through long-term and short-term financing in addition to its equity.

	Note	2017 ---- (Rupees in '000) ----	2016
The gearing ratios as at June 30 were as follows:			
Long-term loan	16	375,000	625,000
Current maturity of long-term loan	16	250,000	250,000
Short-term borrowings	19	990,265	410,093
Total interest bearing debt		<u>1,615,265</u>	<u>1,285,093</u>
Total equity		<u>1,795,566</u>	<u>1,947,050</u>
Total capital		<u>3,410,831</u>	<u>3,232,143</u>
Gearing ratio		<u>47.36%</u>	<u>39.76%</u>

## 31.5 Unavailed Credit Facilities

The facility for short-term borrowings, opening letters of credit and letters of guarantees amounted to Rs. 1,075 million (2016: Rs. 1,175 million), Rs. 950 million (2016: Rs. 250 million) and Rs. 360 million (2016: Rs. 360 million) respectively, of which Rs. 84.735 million (2016: Rs. 764.907 million), Rs. 428.977 million (2016: Rs. 120.803 million) and Rs. 40.081 million (2016: Rs. 52.091 million) respectively, remained unutilized as at the balance sheet date.

## 32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associates, retirement fund, directors and key management personnel. Balances outstanding with related parties have been disclosed in the respective notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017 ---- (Rupees in '000) ----	2016
<b>Associated companies / other related parties</b>		
Sales	<u>22,117</u>	<u>20,542</u>
Purchases of goods, material and services	<u>104,427</u>	<u>91,369</u>
Insurance premium	<u>22,548</u>	<u>23,520</u>
Insurance claims received	<u>5,200</u>	<u>4,056</u>
Rent and service charges paid	<u>7,659</u>	<u>6,672</u>
Rental income	<u>720</u>	<u>720</u>
Markup earned	<u>187</u>	<u>184</u>
Markup expense	<u>16,649</u>	<u>13,175</u>
Commission on letters of guarantee	<u>1,257</u>	<u>1,759</u>
<b>Staff retirement benefits</b>		
Contribution to provident fund	<u>16,815</u>	<u>14,676</u>



## 33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES

33.1 The aggregate amounts charged in the financial statements for the year are as follows:

	2017		2016	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(Rupees in '000)			
Managerial remuneration	7,707	53,526	7,300	45,058
Housing and utilities	6,036	39,000	5,872	33,567
Leave fare assistance, leave encashment and bonus	3,938	6,675	2,294	2,719
Reimbursement of medical expenses	771	5,302	730	4,497
Retirement benefits	691	4,464	873	3,911
	<b>19,143</b>	<b>108,967</b>	<b>17,069</b>	<b>89,752</b>
Number of persons	<b>1</b>	<b>63</b>	<b>1</b>	<b>60</b>

33.2 In addition, the Chief Executive Officer and certain executives are provided with free use of the Company maintained cars.

33.3 Fee amounting to Rs. 0.100 million (2016: Rs. 0.175 million) was paid to one (2016: one) director for attending Board meetings during the year.

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

- Level 1: Quoted market price
- Level 2: Valuation techniques (market observable); and
- Level 3: Valuation techniques (non-market observables)

As of the balance sheet date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

## 35. PRODUCTION CAPACITY

During the year, the tile production capacity attained was 8.811 million sq. meters (2016: 8.037 million sq. meters) against annual manufacturing capacity of 12.76 million sq. meters (2016: 12.76 million sq. meters). The shortfall is due to low demand during the year.

## 36. NUMBER OF EMPLOYEES

	2017	2016
<b>As at year end</b>		
Permanent	939	927
Contractual	586	1,056
	<b>1,525</b>	<b>1,983</b>
<b>Average during the year</b>		
Permanent	956	894
Contractual	833	972
	<b>1,789</b>	<b>1,866</b>

**37. GENERAL**

**37.1** Figures have been rounded off to the nearest thousands unless otherwise stated.

**37.2** Certain prior year figures have been reclassified for better presentation. However, there are no material reclassifications to report.

**37.3** These financial statements were authorized for issue on August 29, 2017 by the Board of Directors of the Company.

A handwritten signature in black ink, appearing to read "S.M. Abbas".

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. Ahmed".

**WAQUAS AHMED**  
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Feroze J. Cawasji".

**FEROZE JEHANGIR CAWASJI**  
Director



# Shabbir Tiles and Ceramics Limited

## COMBINED PATTERN OF CDC AND PHYSICAL SHARE HOLDINGS AS AT JUNE 30, 2017

### ANNEXURE 'A'

S. NO.	CATEGORIES/SUB-CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	CATEGORY WISE NO. OF FOLIOS/ CDC A/CS	CATEGORY WISE SHARES HELD	PERCENTAGE (%)
1	<u>DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN</u> Mr. Rafiq M. Habib Mr. Owais-ul-Mustafa Mr. Ali Suleman Habib Syed Masood Abbas Jaffery Mr. Abdul Hai M. Bhaimia Mr. Salim Azhar Mr. Feroze Jehangir Cawasji Mrs. Jamila Rafiq W/o Mr. Rafiq M. Habib Mrs. Rukhsana Ismail W/o Mr. Abdul Hai M. Bhaimia	4,162,522 1,000 4,162,522 1,000 663,594 3,318 1,000 1,377,752 781,774	13	11,154,482	4.66
2	<u>ASSOCIATED COMPANIES, UNDERTAKINGS &amp; RELATED PARTIES</u> Thal Limited-Pakistan Papersack Division Habib Insurance Company Limited	3,121,549 1,600,000	3	4,721,549	1.97
3	EXECUTIVES		-	-	-
4	PUBLIC SECTOR COMPANIES AND CORPORATIONS		5	1,164,044	0.49
5	BANKS, DFIs, NBFCs, INSURANCE COMPANIES, TAKAFUL, MODARABAS & PENSION FUNDS		10	3,420,143	1.43
6	MUTUAL FUNDS CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND CDC - TRUSTEE NAFA STOCK FUND CDC - TRUSTEE NAFA ASSET FUND CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND CDC - TRUSTEE NAFA ASSET ALLOCATION FUND CDC - TRUSTEE NAFA ISLAMIC STOCK FUND CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	5,254,471 260,500 27,500 677,500 1,718,500 1,243,000 1,895,500 2,128,500 6,928,000 2,250,500	10	22,383,971	9.35
7	GENERAL PUBLIC Local Foreign		3898 5	49,801,304 34,136	20.81 0.01
8	FOREIGN COMPANIES		21	131,167,292	54.81
	OTHERS		72	15,473,554	6.47
	<b>TOTAL</b>		<b>4,037</b>	<b>239,320,475</b>	<b>100.00</b>
<u>SHARE-HOLDERS HOLDING FIVE PERCENT FOR MORE VOTING INTEREST IN THE LISTED COMPANY.</u>					
TOTAL PAID-UP CAPITAL OF THE COMPANY.		239,320,475			
5% OF THE PAID-UP CAPITAL OF THE COMPANY.		11,966,024			
NAME(S) OF SHARE-HOLDER(S)		DESCRIPTION	NO. OF SHARES HELD	PERCENTAGE %	
ROBERT FINANCE CORPORATION AG		FALLS IN CATEGORY # 8	72,102,223	30.13	
AYLESBURY INTERNATIONAL LIMITED		FALLS IN CATEGORY # 8	16,009,983	6.69	
ASAD LIMITED		FALLS IN CATEGORY # 8	12,840,786	5.37	
MUSTAFA LIMITED		FALLS IN CATEGORY # 8	12,418,386	5.19	
<b>TOTAL</b>			<b>113,371,378</b>	<b>47.37</b>	



## Shabbir Tiles and Ceramics Limited

### PATTERN OF SHAREHOLDING AS OF JUNE 30, 2017

# Of Shareholders	Shareholdings'Slab			Total Shares Held
929	1	to	100	24,568
794	101	to	500	242,877
524	501	to	1000	438,266
997	1001	to	5000	2,708,039
273	5001	to	10000	2,140,418
114	10001	to	15000	1,433,576
71	15001	to	20000	1,319,006
57	20001	to	25000	1,332,938
26	25001	to	30000	739,374
13	30001	to	35000	424,426
16	35001	to	40000	614,824
7	40001	to	45000	298,438
25	45001	to	50000	1,228,710
9	50001	to	55000	471,301
8	55001	to	60000	464,805
4	60001	to	65000	254,000
9	65001	to	70000	617,792
3	70001	to	75000	225,000
8	75001	to	80000	624,336
8	80001	to	85000	670,619
4	85001	to	90000	355,500
3	90001	to	95000	274,420
15	95001	to	100000	1,478,641
3	100001	to	105000	310,159
1	110001	to	115000	115,000
1	115001	to	120000	117,273
1	120001	to	125000	125,000
1	125001	to	130000	130,000
2	135001	to	140000	277,932
2	140001	to	145000	290,000
1	145001	to	150000	150,000
2	155001	to	160000	316,500
1	160001	to	165000	160,816
1	165001	to	170000	166,712
1	170001	to	175000	175,000
2	175001	to	180000	355,032
2	180001	to	185000	365,528
1	185001	to	190000	186,250
1	190001	to	195000	193,500
6	195001	to	200000	1,200,000
1	205001	to	210000	208,000
1	215001	to	220000	219,000
2	220001	to	225000	448,210
1	235001	to	240000	239,187
2	240001	to	245000	486,216
2	250001	to	255000	506,447
1	255001	to	260000	259,500
2	260001	to	265000	524,000
2	265001	to	270000	535,900
1	270001	to	275000	275,000
1	275001	to	280000	280,000
1	280001	to	285000	280,500
2	285001	to	290000	575,239
1	310001	to	315000	312,721
1	320001	to	325000	320,763
4	325001	to	330000	1,313,411
1	335001	to	340000	339,433
1	345001	to	350000	346,000
1	350001	to	355000	354,366
1	385001	to	390000	387,505



## Shabbir Tiles and Ceramics Limited

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	390001	to	395000	395,000
2	395001	to	400000	800,000
2	415001	to	420000	839,497
2	425001	to	430000	856,846
1	440001	to	445000	441,558
1	445001	to	450000	450,000
1	455001	to	460000	460,000
1	470001	to	475000	475,000
1	515001	to	520000	516,500
1	525001	to	530000	527,000
1	590001	to	595000	592,000
2	395001	to	400000	800,000
2	415001	to	420000	839,497
2	425001	to	430000	856,846
1	440001	to	445000	441,558
1	445001	to	450000	450,000
1	455001	to	460000	460,000
1	470001	to	475000	475,000
1	515001	to	520000	516,500
1	525001	to	530000	527,000
1	590001	to	595000	592,000
1	655001	to	660000	658,386
1	675001	to	680000	677,500
1	725001	to	730000	725,417
1	805001	to	810000	806,500
1	870001	to	875000	874,583
1	875001	to	880000	876,000
1	895001	to	900000	900,000
1	915001	to	920000	920,000
1	1030001	to	1035000	1,033,489
1	1120001	to	1125000	1,122,631
1	1130001	to	1135000	1,131,407
1	1240001	to	1245000	1,243,000
1	1295001	to	1300000	1,300,000
1	1375001	to	1380000	1,377,752
1	1675001	to	1680000	1,675,695
1	1710001	to	1715000	1,711,500
1	1715001	to	1720000	1,718,500
1	1775001	to	1780000	1,777,500
1	1895001	to	1900000	1,895,500
1	2125001	to	2130000	2,128,500
1	2250001	to	2255000	2,250,500
1	2310001	to	2315000	2,311,168
1	2440001	to	2445000	2,440,152
1	2505001	to	2510000	2,509,602
1	2570001	to	2575000	2,574,660
1	2775001	to	2780000	2,775,015
4	2985001	to	2990000	11,953,331
1	3120001	to	3125000	3,121,549
3	3450001	to	3455000	10,364,667
1	3460001	to	3465000	3,460,497
1	3660001	to	3665000	3,663,993
1	3955001	to	3960000	3,957,422
2	4160001	to	4165000	8,325,044
1	4170001	to	4175000	4,174,641
1	4730001	to	4735000	4,732,077
1	5250001	to	5255000	5,254,471
1	6205001	to	6210000	6,207,788
1	6240001	to	6245000	6,243,098
1	6925001	to	6930000	6,928,000
1	7030001	to	7035000	7,030,157
1	16005001	to	16010000	16,009,983
1	60895001	to	60900000	60,897,425
<b>4037</b>				<b>239,320,475</b>

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## Shabbir Tiles and Ceramics Limited

### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member(s) of **SHABBIR TILES AND CERAMICS LIMITED** and a holder of \_\_\_\_\_  
\_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_  
or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. \_\_\_\_\_  
or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
who is also member of **SHABBIR TILES AND CERAMICS LIMITED** Vide Folio No. \_\_\_\_\_  
or CDC Participant ID No. \_\_\_\_\_ Account No. \_\_\_\_\_  
as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual  
General Meeting of the Company to be held on Monday, 9th day of October, 2017 and at any adjournment  
thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signed by the said

Witness \_\_\_\_\_ (Signature) Witness \_\_\_\_\_ (Signature)

Name \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_ Address \_\_\_\_\_

CNIC No. \_\_\_\_\_ CNIC No. \_\_\_\_\_

Please affix  
Rs. 5/-  
Revenue  
Stamp

SIGNATURE OF MEMBER(S)

#### NOTES :

1. This proxy form duly completed and signed must be received at the Registered Office of the Company, 15th Milestone, National Highway, Landhi, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.

P.T.O.





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## Shabbir Tiles and Ceramics Limited

2. No person shall act as proxy unless he / she himself / herself is a member of the Company. Except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### **FOR CDC ACCOUNT HOLDERS / CORPORATE ENTITIES**

In addition to the above the following requirements have to be met:

- a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- b) Attested copy of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- c) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- d) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



**Shabbir Tiles and Ceramics Limited**

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