

Shabbir Tiles and Ceramics Limited

2021
annual report



Shabbir Tiles and Ceramics Limited

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Landhi, Karachi-75120
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COMPANY INFORMATION

BOARD OF DIRECTORS	Rafiq M. Habib Syed Masood Abbas Jaffery Muhammad Salman Burney Imran Ali Habib Abdul Hai M. Bhaimia Feroze Jehangir Cawasji Farhana Mowjee Khan	Chairman Chief Executive Officer Director Director Director Director Director
AUDIT COMMITTEE	Feroze Jehangir Cawasji Abdul Hai M. Bhaimia Farhana Mowjee Khan	Chairman Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Feroze Jehangir Cawasji Muhammad Salman Burney Syed Masood Abbas Jaffery	Chairman Member Member
CHIEF FINANCIAL OFFICER	Waquas Ahmed	
COMPANY SECRETARY	Ovais Jamani	
AUDITORS	EY Ford Rhodes Chartered Accountants	
LEGAL ADVISOR	Munawar Malik & Co. Advocate Supreme Court	
BANKERS	Habib Metropolitan Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited Bank Al Falah Limited	
REGISTERED OFFICE AND FACTORY UNIT-1	15th Milestone, National Highway Landhi Industrial Area, Karachi-75120 Phone: (021) 38183610-3 Fax: (021) 38183615 E-mail: info@stile.com.pk URL: http://www.stile.com.pk	
REGISTRAR AND SHARE TRANSFER OFFICE	CDC Share registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahrah-e-Faisal, Karachi-74400. Phone: 0800 23275 URL: www.cdcsrsl.com Email: info@cdcsrsl.com	
FACTORY UNIT-2	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi Phone: (021) 34102702 Fax: (021) 34102709	
ISLAMABAD (BUILDING MATERIAL PRODUCTS)	Plot No 1, ANF Empty Parking Road, Yamaha Chowk Road, Model Town, Humak, Islamabad.	
LAHORE (BUILDING MATERIAL PRODUCTS)	21 K.M , Ferozpur Road, Opposite , Ahmed CNG Pump, Lahore	

STILE EMPORIUM AND DESIGN STUDIOS AND SALES OFFICES

STAR GATE EMPORIUM, KARACHI	Metro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal, Karachi. Phone: (021) 34601372-74
FACTORY EMPORIUM, KARACHI	15th Milestone, National Highway, Landhi Industrial Area, Karachi Phone: (021) 38183610-3
DHA BUKHARI EMPORIUM, KARACHI	Plot 22-C, Lane 4, Bukhari Commercial, DHA, Phase VI, Karachi. Phone: (021) 37249564
DHA 26TH STREET EMPORIUM, KARACHI	26th Street Plot C-8-C, DHA Phase 5, Karachi. Phone: (021) 37228922
BUILD MATE EMPORIUM, KARACHI	Build Mate 82-B, Midway Commercial, Bahria Town, Karachi Phone: 0309-1202094
DHA EMPORIUM, LAHORE	Plot 164, CCA , DHA Phase 4, Lahore Phone: (042) 37185710-12
SANITAR EMPORIUM, LAHORE	E-105-1-C, Main Boulevard, DHA, Lahore Phone: 0301-8282212
THOKAR NIAZ BAIG EMPORIUM, LAHORE	Metro Cash & Carry, Thokar Niaz Baig Multan Road, Lahore Phone: 0300-0209626
MUREE ROAD EMPORIUM, RAWALPINDI	Al Shareef Plaza, Ground Floor, Shamsabad, Murree Road, Rawalpindi Phone: (051) 4935521-23
ISLAMABAD METRO EMPORIUM	Metro Islamabad, Plot No. 1-A, Sector 1-11/4, Near Sabzi Mandi, Islamabad Phone: (051) 8469524
PESHAWAR EMPORIUM	162/408 Tahkal Payan, University Road , Peshawar Phone: (091) 3028068
FAISALABAD EMPORIUM	Talha Heights , Main Susan Road, P-243, 2A, Faisalabad Phone: (041) 8739988
HYDERABAD EMPORIUM	Shop no. 13 & 14, Fortune Arcade, Jamshoro Road, Near Qasim Chowk, Hyderabad. Phone: 0300-0647227
MULTAN EMPORIUM	Officers Colony, Main Bosan Road, Chungi No. 9, Next to Crystal Mall, Multan. Phone: (061) 2078492
BAHAWALPUR EMPORIUM	Ground Floor, Commercial Building, Khawat No. 199/197, Moza Bandra Multan Road, Bahawalpur. Phone: (062) 2720906
SUKKUR SALES OFFICE	Tooba Plaza, Mezzanine Floor, Workshop Road, Sukkur Phone: (071) 5615560



**STILE EMPORIUM & DESIGN STUDIO
BAHAWALPUR**



VISION

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 the Best Quality and Innovative Products at Competitive Prices, Taking into Account the Stakeholders' Interest.

MISSION

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 Color 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.



NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 43rd Annual General Meeting of SHABBIR TILES AND CERAMICS LIMITED will be held on Thursday, October 21, 2021 at 4:00 p.m. to transact the following business. Due to current situation caused by COVID-19 pandemic, shareholders shall be entitled to attend the meeting through video conference facility managed by the Company as per instructions given in the notes section.

ORDINARY BUSINESS

- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021, together with the Chairman's Review Report, Report of the Directors and Auditors thereon.
- To approve Final Cash Dividend of Rs. 1.25 per share (25%) for the year 2020-21 as recommended by the Board of Directors.
- To appoint auditors and fix their remuneration for the year ended June 30, 2022. The present auditors – M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible have offered themselves for re-appointment.
- To consider any other business of the Company with the permission of the Chairman.

SPECIAL BUSINESS

To consider and thought fit, to pass the following resolution as a Special Resolution:

RESOLVED as and by way of Special Resolution that the following clause of Articles and Association of the Company be amended:

- In Clause 92 (Remuneration of Directors) – the words “**not exceeding Rs. 25,000/- for each meeting**” be replaced by “**not exceeding Rs. 100,000/- for each meeting of the Board of Directors and its Committees meeting**”.
- In Clause 92 (Remuneration of Directors) – the words “**Provided that any change in this remuneration shall be subject to prior approval of the Controller of Capital Issues**” shall be deleted.

FURTHER RESOLVED that the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution.

By Order of the Board



OVAIS JAMANI
Company Secretary

Karachi: September 29, 2021

NOTES:

1. Participation in the AGM proceeding via the video conference facility:

Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only. Shareholders interested to participate in the meeting are requested to share below information at corporate@stile.com.pk for their appointment and proxy's verification by or before 4:00 p.m. on October 19, 2021.

Name of Shareholder	CNIC No.	Folio No. / CDC No.	Cell Number	Email address

Video conference link details and login credentials will be shared with those shareholders whose registered emails containing all the particulars are received on or before October 19, 2021 by 4:00 p.m. Shareholders can also provide their comments and questions for the agenda items of the AGM on corporate@stile.com.pk or WhatsApp or SMS on Cell Number 0321-8200864 by October 19, 2021 by 4:00 p.m. Shareholders are required to mention their full name, CNIC number and Folio/CDS # for this purpose.

2. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 16, 2021 to October 22, 2021 (both days inclusive) for the purpose of Annual General Meeting. Transfers requests received by CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400, Telephone # 111-111-500, email: cdcsl@cdcsl.com at the close of business on October 15, 2021 will be treated in time for the purpose to attend the Annual General Meeting.

3. Proxy:

A member entitled to attend and vote at this General Meeting is entitled to appoint a Proxy to attend, speak and vote in his place at the Meeting. A proxy need not be a member of the company. Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notary certified copy of the power or authority must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.

CDC Account Holders will have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

The SECP vide circular No. 25 of 2020 dated: August 31, 2020 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector. Accordingly, this notice of AGM of the Company shall be dispatched to the shareholders through printed copies and shall be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website (www.stile.com.pk) under "Notice to Shareholders". Shareholders are requested to provide the Company their email addresses at corporate@stile.com.pk if notice of the meeting is required through email.

A. For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their 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.
- 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:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- 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.

4. Change of Address:

The Shareholders are requested to promptly notify change in their address, if any, to the Company's Share Registrar.

5. Submission of copies of valid CNIC not provided earlier:

Individual Shareholders are once again reminded to submit a copy of their valid CNIC, if not provided earlier to the Company's Share Registrar.

6. Availability of the Audited Financial Statements on Company's Website:

The audited accounts of the Company for the year ended June 30, 2021 have been placed on the Company's website at www.stile.com.pk

7. Transmission Of Annual Financial Statements Through Email:

In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated: September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.stile.com.pk and send the said form duly filled in and signed along with copy of his/her/its CNIC/Passport or other such information in the case of a body corporate to the Company's share registrar. The Company's Annual Financial Statements for the year ended June 30, 2021 is also being circulated to the shareholders through CD / DVD in compliance of section 223(6) of the Companies Act, 2017.

8. Submission Of CNIC/NTN Details (Mandatory Requirement):

As per Securities and Exchange Commission of Pakistan (SECP) vide SRO 889(1)/2011 and SRO 831(I)/2012, dividend counters in electric form should bear the CNIC number of the authorized person or registered member, except in case of minor (s) and corporate members. Accordingly, Members who have not yet submitted photocopy of their valid computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company' Share Registrar. In case of non-receipt of the copy of valid CNIC, the Company would be constrained under the law to withhold dividend of such shareholders.

9. Payment Of Cash Dividend Electronically (Mandatory Requirement):

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017. It is mandatory for a listed company to pay cash dividend to its shareholder ONLY through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard has already been published by the Company in the newspapers, however, shareholders are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send the duly signed Electronic Mandate Form along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services. (In case of shareholding in Book Entry Form) or to the Company's Share Registrar i.e. M/s. CDC Share Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block- 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form):

Shareholder's details:	
Name of the Shareholder(s)	
Folio No. / CDS Account No.	
CNIC No. (Copy attached)	
Mobile / Landline No.	
Shareholder's Bank details:	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's Name and Address	

In case of non-provision of above-information the Company will have to withhold the cash dividend according to section 243(3) of the Companies Act, 2017.

10. Deposit Of Physical Shares In CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017,

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

11. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members holding in aggregate 10% or more shareholding will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

12. Unclaimed / Unpaid Shares and Dividends

In accordance with the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it is due and payable, the Company shall give ninety days notices to the shareholders to file claim. If no claim is made before the Company by the shareholders, the Company shall proceed to deposit the unclaimed or unpaid Shares / Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017. In case no claim is received within the given period from the aforesaid Notice, the Company shall proceed to deposit the unclaimed / unpaid amount with the Federal Government pursuant to the provisions of sub-section (2) of Section 244 of the Companies Act, 2017.

STATEMENT OF MATERIAL FACTS U/S 134(3)(b) OF THE COMPANIES ACT, 2017 AND SRO 423(1)/2018 REGARDING THE SPECIAL BUSINESS:**Amendment of Article for Revision of Directors Fee For Attending Board And Committee Meetings**

The rationale of revision in the fee of directors of the Company is to bring them in line with the fees paid to directors of listed companies of similar size. The directors confirm that the change in the Article is in line with applicable laws and regulatory framework.

Nature of Interest:

The non-executive directors of the company (other than those who would choose not to receive them) will have an interest in the meeting fees.



CHAIRMAN'S REVIEW REPORT AND DIRECTOR'S REPORT

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

On behalf of the Board, I have great pleasure in presenting the Chairman's review report for the year ended June 30, 2021.

MACRO ECONOMIC OVERVIEW

The COVID-19 outbreak that began in early 2020 has had a profound impact on the world economy. The pandemic submerged the whole world and ravaged the health care, economy and supply chain structure of many developed nations. Primarily, the supply shock caused by the abrupt closing of businesses across the world transformed into an unprecedented demand shock, which had socio-economic consequences. Pakistan's economy already had volatile growth pattern over the years, with regular boom and bust cycles facing challenges in accomplishing long-term and broad growth. In the backdrop of these challenges, the present government focused on a monetary vision of getting sustainable economic growth through enhancing productivity and increasing investment. Besides, virus containment measures, the government implemented a comprehensive set of measures including the largest ever economic stimulus package of billions for construction, an expansion of the social safety net to protect the vulnerable segments for the society and a supportive monetary policy stance along with targeted financial initiatives. These measures helped the economy in minimizing the negative impact of pandemic. In contrast to other world economies, Pakistan started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity due to the above stated measures.

BUSINESS OVERVIEW

Given the need to manage the business dynamically in the wake of the far-reaching effects of the coronavirus pandemic, your Company took the prudent decision early in the year to focus on volume-led competitive growth as the best means of maximizing value. The results confirm that the objective was met, with a considerable improvement in operating profits and strong cash flows. The volumes also relieved in diluting the massive input cost increase, including high energy tariff, supply chain cost upsurge and irrational tax burdens on the compliant companies. Quarter on quarter the requirements of the market was convened with improved capacity utilization and value for money led pricing strategy. The company registered a historic performance despite the inevitable and widespread disruption in a very challenging circumstance.

PERFORMANCE SCORECARD

Your Company registered a revenue of Rs. 9,904 million for the year which was higher by 53% compared to Rs. 6,474 million of previous year mainly due to increase of construction activity. The Company posted a gross profit of Rs. 3,060 million for the year as compared to gross profit of Rs. 1,097 million during the same period last year. Distribution and selling expenses were 35% higher due to increased sales while administrative expense was 13% higher than last year due to overall impact of inflation. Other expenses were higher than last year due to higher provision for Workers' Profit Participation and Workers' Welfare Funds on the back of higher profit. Overall, the Company registered net profit after tax of Rs. 925 million which translated to earning per share (EPS) of Rs. 3.86 as against loss per share (LPS) of Rs. 1.36 of last year.

TREASURY MANAGEMENT AND OPERATIONS

Stile's treasury management system ensures availability of an effective mechanism for investment of surplus funds on favorably effective rates, which contribute to the investment income, while also ensuring sufficient funds availability for operational requirements. Cash flows from operating activities have witnessed significant increase since last year. The net cash generated from operations stood at Rs. 2,134 million in 2021 against Rs. 1,113 million of 2020. This is mainly on account of changes in working capital cycle in line with business needs. The cash flows utilized in investing activities were Rs. 1,678 million in 2021 as compared to Rs. 182 million utilized last year. Investment in mutual funds for the short-term was the main constituents of cash outflow from investing activities.

The net cash flows from financing activities mainly comprise of lease liabilities expenses and re-payments of long-term financing. Due to loan under SBP's scheme for renewable energy, the cash outflows reduced from Rs. 372 million to Rs. 173 million.

BRAND STRATEGY

STCL has been working in enhancing the brand value of 'STILE'. A number of steps in this direction are helping us in creating demand for our products:

- Quality certification of porcelain tiles from Italy.
- Company run retail outlets, Stile Emporium & Design Studio, which act as branding 'platforms' also.
- Effective digital marketing activities to target market.
- Engagement and advisory services to key opinion leaders.

Stile always place consumers at the heart of the organization. Our emporiums offer unmatched shopping experience to customers with designing and after sales services.

HUMAN CAPITAL

One of the underlying strengths of the Company is the quality of its people. Their commitment to Stile's core values underpins the results achieved this year. We believe that our ability to attract, develop and retain the pool of talent is related to our dedication to foster an environment that is sustainably safe, respectful, fair, and promotes diversity, equity, and inclusion.

At Stile, our people showed an unswerving resilience to the COVID-19 challenge, at the factories, offices and emporiums. We ensured that, where adequate, work from home became the new normal for which necessary technological and other requirements were efficiently and effectively facilitated. To address the health and safety concerns and ensure productivity of our employees deputed at various locations, we devised a two-stage approach that included general awareness programs and establishing stringent set of COVID-19 protocols on the guidelines of Government and available best practice procedures. I would like to thank all our employees and partners for their understanding, cooperation and great efforts to support everyone's well-being during this time.

BOARD EVALUATION

The evaluation of Board's role of oversight and its effectiveness, in compliance with the requirement of the Code of Corporate Governance and the Companies Act, 2017, is continual process, which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company
- Strategy formulation for sustainable operation
- Board's independence and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Annual evaluation questionnaire developed in conformity with the Code of Corporate Governance is circulated to the Directors for performance evaluation. Strict level of confidentiality is exercised by the Company Secretary upon receipt of completed questionnaires. These are then evaluated to identify areas that require improvement and highlight differences of opinion, if any. For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as 'Satisfactory'. It is also important to highlight that during the year Board Committees (Audit Committee and Human Resource and Remuneration Committee) have marked a significant contribution in providing guidance and advise in their respective areas.

BUSINESS RISKS AND CHALLENGES

Pakistan has observed an upturn in its construction industry ever since the construction amnesty scheme was approved by the incumbent government. The continuity of the policies is upmost necessary to bring in stability. Further the following risk and challenges remains for the industry:

- Slowdown in construction activity post expiry of amnesty scheme,
- Rising gas tariff to increase input cost
- Gas curtailment during winters in south region
- Freight cost upsurge due to supply chain disruption in the wake of pandemic
- Irrational tax burden on compliant companies
- Changes in regulatory and duty structures
- Frequent lockdowns

Energy remains one of the utmost issues of apprehension, for which your Company is organizing and at work on alternate sources such as direct KE line and RLNG arrangements, along with already established coal, LPG and diesel substitutes. These relatively expensive alternates, in combination with the supplementary monthly payment for GIDC, will be an added burden on the future cashflows.

Further, it has been highlighted to authorities multiple times that through Finance Act 2019, the newly inserted section 108B, requiring the manufacturer to bear the dealer's margin and pay tax, is completely unreasonable. The tiles manufacturers established in Special Economic Zones are exempt from this clause, and not providing a level playing field to previously formed manufacturing units. The authorities should contemplate that the laws should not act as an unfair obligation on the tax compliant companies, instead aid all industry and economy to cultivate with equal prospects.

FUTURE OUTLOOK

The performance clearly shows that the economy is improving in the post-COVID-19 era. The start of vaccination has raised hopes of a turnaround in the pandemic later this year, however, the third wave with new variants of the virus has posed concerns for the outlook. Nevertheless, the government is vigilant and responding efficiently to restrain the surge of the COVID-19 virus. Social protection systems are also evolving specially to cover all vulnerable segments. The business confidence has returned and economic activity is slowly getting back to normal. It is expected that macroeconomic stabilization measures and structural reforms supported by international development partners will help the economy to move on a higher and sustainable growth trajectory. Your Company has shown resilience and ingenuity in delivering a good set of results in very challenging circumstances and we are committed to progress ahead, with the support of Government policies.

ACKNOWLEDGEMENT

Our thoughts go out to all those who have suffered from the effects of this terrible pandemic. Equally, we remain deeply thankful to all those front-line workers – including in our own business – who have worked tirelessly to help keep others safe and our economies moving forward. On behalf of the Board of Directors, I sincerely acknowledge and am thankful for the continued support of our shareholders, customers, suppliers and employees.



Rafiq M. Habib
Chairman

کاروباری خطرات اور چیلنجز

جب سے موجودہ حکومت نے تعمیراتی ایجنسی اسکیم منظور کی ہے اس وقت سے پاکستان کی تعمیراتی صنعت میں اوپری رجحان کا مشاہدہ کیا گیا ہے۔ استحکام لانے کے لئے پالیسیوں کا تسلسل انتہائی ضروری ہے۔ صنعت کے لئے مزید مندرجہ ذیل خطرات اور چیلنجز موجود ہیں:

- ☆ ایجنسی اسکیم کے اختتام کے بعد تعمیراتی صنعت میں سست روی
- ☆ خام لاگت کے طور پر گیس کے بڑھتے ہوئے نرخ
- ☆ وباء کی وجہ سے سپلائی چین میں رکاوٹ کے نتیجے میں کرایوں کی بڑھتی ہوئی لاگت
- ☆ پاسدار کمپنیوں پر نامعقول ٹیکسوں کا بوجھ
- ☆ انضباطی اور ڈیوٹی کی ساخت میں تبدیلیاں
- ☆ کثرت سے لاک ڈاؤن

توانائی تشویش سے بھرپور ایک مسئلہ ہے، جس کے لئے کمپنی انتظام کر رہی ہے اور کام پر متبادل ذرائع جیسے KE کی بلا واسطہ لائن اور RLNG اہتمامات بمع پہلے سے قائم شدہ کونسلے، LPG اور ڈیزل کے متبادل استعمال ہو رہے ہیں۔ یہ نسبتاً مہنگے متبادل ہیں جس کے ساتھ ساتھ GIDC کی ضمنی ماہانہ ادائیگیاں مستقبل میں نقدی کے بہاؤ پر مزید بوجھ ڈالیں گی۔

مزید یہ کہ کئی مرتبہ مجاز اداروں کے روبرو یہ معاملہ اٹھایا گیا ہے جس میں فنانس ایکٹ 2019 کے تحت ایک نئی دفعہ 108B شامل کی گئی ہے جس کے تحت تیار کنندہ کے لئے ضروری ہے کہ ڈیلر کا مارجن برداشت کرے اور ٹیکس ادا کرے، جو کہ مکمل طور پر نامناسب ہے۔ ٹائلوں کے تیار کنندگان جو خصوصی معاشی زون میں قائم ہیں انہیں اس شق سے استثناء دے دیا گیا ہے اور پہلے سے موجودہ پیداواری یونٹوں کو مقابلے کا ہموار میدان فراہم نہیں کیا جا رہا۔ مجاز اداروں کو سمجھنا چاہئے کہ کوئی بھی قانون ٹیکس پاسدار کمپنیوں کے لئے غیر منصفانہ بوجھ کے طور پر نہ کرے، اس کے بجائے تمام صنعتوں اور معیشت کو برابری کے مواقع فراہم کرنے میں مدد کرنی چاہئے۔


مستقبل کی پیش بینی

کارکردگی سے واضح طور پر پتا چلتا ہے کہ معیشت COVID-19 کے بعد بہتر ہو رہی ہے۔ ویکسین لگانے کے آغاز سے سال کے آخر میں وباء میں بہتری کی امیدیں بڑھ گئی تھیں، تاہم نئی قسم کے وائرس کے ساتھ تیسری لہر نے منظر نامہ پر خدشات کھڑے کر دیئے۔ لیکن حکومت نے COVID-19 وائرس کے اضافہ کو مستعدی اور شناسائی سے قابو کیا۔ سماجی حفاظتی نظام بھی ابھر رہے ہیں خاص طور پر تمام کمزور طبقوں کا احاطہ کرنے کے لئے۔ کاروباری اعتماد بحال ہو گیا ہے اور معاشی سرگرمی آہستہ آہستہ واپس نارمل ہوتی جا رہی ہے۔ توقع ہے کہ معاشی استحکامی اقدامات اور عالمی ترقیاتی شراکت داروں کی ساخت بندی میں تائیدی اصلاحات سے معیشت کو بلند اور پائیدار نمو کی سمت میں گامزن ہونے میں مدد ملے گی۔ آپ کی کمپنی نے دشوار گزر حالات میں بہترین نتائج فراہم کرنے کے لئے دانشمندی اور فراہمیت کا مظاہرہ کیا اور سرکاری پالیسیوں کی مدد سے مستقبل میں بھی ایسی کارکردگی کے لئے پرعزم ہے۔

اعتراف

ہماری نیک خواہشات ان تمام کے لئے ہیں جو کہ اس خوفناک وباء کے اثرات سے متاثر ہوئے۔ اسی طرح ہم اگلے محاذ پر کام کرنے والے کارکنوں بشمول ہمارے اپنے کاروبار کے لوگوں کے انتہائی مشکور ہیں جنہوں نے دوسروں کی حفاظت اور معیشت کو آگے بڑھانے کے لئے انتھک محنت کی۔

بورڈ آف ڈائریکٹرز کی جانب سے میں تمام حصص یافتگان، گاہکوں، سپلائرز اور ملازمین کے مسلسل تعاون کا خلوص سے اعتراف کرتا ہوں اور ان کا انتہائی مشکور ہوں۔



رفیق ایم حبیب
چیرمین

چیئر مین کی جائزہ رپورٹ

معزز حصص یافتگان!

بورڈ کی جانب سے میں چیئر مین کی جائزہ رپورٹ برائے ختمہ مدت 30 جون 2021 پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

وسیع معاشی جائزہ

COVID-19 کی وباء جسکے پھیلاؤ کا آغاز 2020 کی ابتداء میں ہوا تھا اس نے عالمی معیشت پر شدید اثرات مرتب کئے۔ وبا پوری دنیا پر چھا گئی اور کئی ترقی یافتہ قوموں میں طبی نگہداشت، معیشت اور سپلائی چین کی ساخت کو درہم برہم کر دیا۔ بنیادی طور پر دنیا بھر میں کاروباروں کی بلا ربط بندش کی وجہ سے سپلائی کا شکا غیر معمولی طور پر ڈیمانڈ کے شکا میں تبدیل ہو گیا جس سے سماجی و معاشی نتائج کا سامنا کرنا پڑا۔ پاکستان کی معیشت جو پہلے ہی ساہا سال سے نمو کی نازک ساخت کی حامل تھی اور باقاعدگی سے طویل مدت اور وسیع نمو کے حصول میں اوپر اور نیچے آرہی تھی۔ ان چیلنجز کے تناظر میں موجودہ حکومت نے پیداواریت میں بہتری اور سرمایہ کاری میں اضافہ کے ذریعے پائیدار معاشی نمو کے حصول کے لئے مالیاتی نصب العین پر توجہ مرکوز کی۔ اس کے علاوہ وائرس کو قابو کرنے کے اقدامات میں حکومت نے کئی ایک اقدامات متعارف کروائے جن میں تاریخ کا سب سے بڑا اربوں روپے معاشی بحالی پیکیج برائے تعمیرات، معاشرے کے غریب طبقے کے لئے سماجی تحفظ کا پیکیج اور معاون مالیاتی پالیسی بمع ہدنی مالیاتی پشتد میاں شامل ہیں۔ ان اقدامات سے وباء کے منفی اثرات کو کم کرنے میں مدد ملی۔ مندرجہ بالا اقدامات کی وجہ سے FY2021 کی پہلی ششماہی کے دوران دنیا کی دیگر معیشتوں کے برعکس پاکستان میں بحالی کے آغاز کا مشاہدہ کیا گیا۔

کاروباری جائزہ

کورونائرس کے دورس اثرات کے پیش نظر کاروبار کو بہترین انداز میں چلانے کی ضرورت کے تحت آپ کی کمپنی نے مختا فیصلہ کرتے ہوئے سال کی ابتداء میں حجم کی بنیاد پر مسابقتی نمو کو قدر میں اضافہ کے لئے بہترین طریقہ کار کے طور پر اختیار کیا۔ نتائج سے تصدیق ہوئی کہ مقصد حاصل ہوا، یعنی کاروباری منافع میں قابل ذکر بہتری آئی اور نقدی کے بہاؤ میں استحکام آیا۔ حجم نے بڑھتی ہوئی خام مال کی لاگتوں بشمول توانائی کے بلند نرخ، سپلائی چین کی لاگت میں اضافہ اور پاسدار کمپنیوں پر ٹیکس کے نامعقول بوجھ کے اثرات کو کم کیا۔ سہ ماہی بہ سہ ماہی مارکیٹ کی ضروریات کو بہتر پیداواری گنجائش کے استعمال اور رقم کی قدر کی بنیاد پر قیمت کے تعین کی حکمت کے ذریعے پورا کیا گیا۔ ناقابل گریز اور وسیع رکاوٹوں کے انتہائی دشوار گزار حالات کے باوجود کمپنی کی کارکردگی تاریخی رہی۔

کارکردگی کا اسکور کارڈ

سال کے دوران آپ کی کمپنی کی فروخت 9,904 ملین روپے رہی جو کہ گزشتہ سال کی 6,474 ملین روپے کے مقابلے میں 53 فیصد زیادہ ہے جس کی بنیادی وجہ تعمیراتی صنعت میں بہتری تھی۔ کمپنی کا مجموعی منافع 3,060 ملین روپے رہا جو کہ گزشتہ سال اسی مدت میں 1,098 ملین روپے تھا۔ بلند فروخت کی وجہ سے تقسیم اور فروخت کے اخراجات 35 فیصد زیادہ رہے جبکہ انتظامی اخراجات گزشتہ سال کی بہ نسبت 13 فیصد زیادہ رہے جس کی وجہ افراط زر کے مجموعی اثرات تھے۔ دیگر اخراجات بھی گزشتہ سال کی بہ نسبت بلند رہے جس کی بنیادی وجہ بلند منافع کی وجہ سے ورکرز پرافٹ پارٹسیشن فنڈ اور ورکرز ویلفیئر فنڈ میں بلند اختصاص تھا۔ مجموعی طور پر کمپنی کا خالص منافع بعد از ٹیکس 925 ملین روپے رہا جس کی عکاسی 3.86 روپے فی حصص آمدن (EPS) سے ہوتی ہے جو کہ گزشتہ سال 1.36 روپے فی حصص خسارہ (LPS) تھا۔

سرمائے کا انتظام اور کاروباری افعا

اسٹائل کے سرمائے کے انتظام کے تحت فاضل رقومات سے سازگار موثر نرخوں پر سرمایہ کاری کے ایک نظام کی دستیابی کو یقینی بناتا ہے جس سے سرمایہ کاری آمدن میں معاونت ہوتی ہے جبکہ کاروباری ضروریات کے لئے کافی سرمایہ دستیاب رہتا ہے۔ گزشتہ سال کی بہ نسبت کاروباری سرگرمیوں سے نقدی کے بہاؤ میں قابل ذکر اضافہ کا مشاہدہ کیا گیا۔ کاروبار سے پیدا شدہ خالص نقد 2021 میں 2,134 ملین روپے رہا جو کہ گزشتہ سال 2020 میں 1,113 ملین روپے تھا۔ اس کی بنیادی وجہ کاروباری ضروریات کے مطابق رواں سرمائے کے چکر میں تبدیلیاں تھیں۔ نقدی کے بہاؤ کو سرمایہ کاری سرگرمیوں میں استعمال کیا گیا جو کہ 2021 میں 1,678 ملین روپے تھا جبکہ گزشتہ سال 182 ملین روپے استعمال کیا گیا تھا۔ قبل مدت کے لئے میوچل فنڈز میں سرمایہ کاری نقدی کے بہاؤ سے سرمایہ کاری سرگرمیوں کا بنیادی جزو تھا۔

نقدی کے بیرونی بہاؤ میں قرضہ جاتی سرگرمیاں بنیادی طور پر لیز کے واجبات کے اخراجات اور طویل مدتی قرضوں کی واپسی پر مشتمل تھیں۔ قابل تجدید توانائی کے لئے SBP کی اسکیم کے تحت قرضہ کی وجہ سے نقدی کا بیرونی بہاؤ 372 ملین روپے سے کم ہو کر 173 ملین روپے رہ گیا۔

برانڈ کی حکمت عملی

STCL اپنے برانڈ "STILE" کی قدر میں اضافہ کے لئے کام کر رہی ہے۔ اس سمت میں کئی ایک اقدامات سے ہماری مصنوعات کی طلب پیدا کرنے میں مدد مل رہی ہے:

- ☆ اٹلی سے پورسلین ٹائلز کے معیار کا تصدیق نامہ
- ☆ کمپنی کے اپنے خوردہ فروشی کے آؤٹ لیٹس، سٹائل ایپو ریم اور ڈیزائن اسٹوڈیو جو ہماری مصنوعات کی تشہیر کی جگہ ہیں۔
- ☆ موثر ڈیجیٹل مارکیٹنگ سرگرمیوں کے ذریعے مارکیٹ کو ہدف بنانا
- ☆ اہم رائے رکھنے والے قائدین کے ساتھ مشغولیت اور ان کو مشاورتی خدمات کی فراہمی

Stile ہمیشہ صارفین کو ادارے میں مرکزی حیثیت دیتا ہے۔ ہمارے ایپو ریم مختلف ڈیزائننگ اور بعد از فروخت خدمات کے ساتھ خریداری کا بہترین تجربہ فراہم کرتے ہیں۔

انسانی سرمایہ

کمپنی کی ایک اہم بنیادی طاقت اس کے لوگوں کا معیار ہے۔ اسٹائل کی بنیادی اقدار کے لئے ان کے عزم کی عکاسی سال کے حاصل کردہ نتائج سے ہوتی ہے۔ ہمیں یقین کہ قابل افراد کو کشش کرنے، ترقی دینے اور برقرار رکھنے کی صلاحیت کا تعلق ایسے ماحول کو پیدا کرنے کے عزم سے ہے جو کہ پائیدار محفوظ، نکریم سے بھرپور، شفاف ہو اور تنوع، مساوت اور شمولیت کو پروان چڑھائے۔

COVID-19 کے دوران Stile میں ہمارے لوگوں نے فیکٹریوں، دفاتر اور ایپو ریم میں غیر معمولی شائستگی کا مظاہرہ کیا۔ ہم نے یقینی بنایا کہ جہاں مناسب ہو گھر سے کام کروایا جائے جو کہ ایک نیا معمول بن گیا جس کے لئے ضروری تکنیکی اور دیگر ضروریات کو مستعدی اور موثر انداز میں فراہم کیا گیا۔ صحت اور تحفظ کے خدشات کے ازالے اور مختلف جگہوں پر تعینات ہمارے ملازمین کی کام کی صلاحیت کو یقینی بنانے کے لئے ہم نے ایک دوسرے کی احتیاری کی جس میں پروگراموں سے متعلق عمومی آگاہی اور COVID-19 کے ضابطوں کو سرکاری رہنما اصولوں اور دستیاب، بہترین طور طریقوں کو مد نظر رکھ کر تیار کیا گیا۔ میں تمام ملازمین اور شراکت داروں کی سمجھ بوجھ، تعاون اور ان اوقات میں ہر شخص کی بہبود کے لئے مدد کرنے پر ان کا مشکور ہوں۔

بورڈ کی تشخص

بورڈ کی نگرانی کے کردار اور اس کی اثر پذیری کی تشخص ادارتی نظم و ضبط کے ضابطے اوکینیزا ایکٹ 2017 کے تقاضوں کے تحت کی جاتی ہے جو کہ ایک مسلسل عمل ہے جس کی تشخص بورڈ از خود کرتا ہے۔ بنیادی شعبے جن پر توجہ مرکوز کی جاتی ہے وہ درج ذیل ہیں:

- ☆ ادارتی مقاصد اور اہداف کی کمپنی کے نصب العین اور مشن کے ساتھ مطابقت
- ☆ پائیدار کاروباری افعال کے لئے حکمت عملی کی تشکیل
- ☆ بورڈ کی خود مختاری اور
- ☆ بورڈ کی کمیٹیوں کی طے شدہ ذمہ داریوں سے عہدہ برآں ہونے کی کارکردگی کی تشخص

سالانہ تشخص سوالنامہ جو کہ ادارتی نظم و ضبط کے ضابطے کے تقاضوں کے مطابق تیار کیا گیا ہے اسے ڈائریکٹران میں کارکردگی کی تشخص کے لئے تقسیم کیا گیا ہے۔ موصول ہونے والے مکمل شدہ سوالناموں پر کمپنی سیکریٹری اعلیٰ سطح کی رازداری برقرار رکھتا ہے۔ پھر ان کا جائزہ لیتے ہوئے ان شعبوں کی نشاندہی کی جاتی ہے جہاں پر بہتری کی ضرورت ہوتی ہے اور اگر کوئی اختلاف رائے ہوتا ہے تو اسے اجاگر کیا جاتا ہے۔ مالیاتی سال ختمہ 30 جون 2021 میں بورڈ کی مجموعی کارکردگی اور اثر پذیری کی تشخص ”تسلی بخش“ پائی گئی۔ اس بات کو اجاگر کرنا بھی اہم ہے کہ سال کے دوران بورڈ کی کمیٹیوں (آؤٹ کمیٹی اور انسانی وسائل و معاوضہ کمیٹی) نے رہنمائی فراہم کرنے میں قابل ذکر معاونت کی اور اپنے متعلقہ شعبوں میں مشاورت فراہم کی۔



**STILE EMPORIUM & DESIGN STUDIO
LAHORE**

DIRECTORS' REPORT

The Directors have the pleasure in presenting to you the audited financial results of your Company for the year ended 30 June 2021.

CHAIRMAN'S REVIEW REPORT:

The Chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company, explanation of significant deviations from last year, future prospects and uncertainties.

BUSINESS ENVIRONMENT:

The FY2021 began in the midst of the most severe global health crisis experienced in modern history. Pakistan's economy, like rest of the world, though struggled to combat the economic consequences, but with a comprehensive set of measures including a construction package and supportive monetary policy stance along with targeted financial initiatives taken by the Federal Government resulted timely resumption of economic activities and helped the economy in lessening the negative impact of the pandemic. In contrast to other world economies, Pakistan started witnessing recovery during the first half of FY2021 on the back of continued domestic economic activity due to the above stated measures along with a smart lockdown policy.

Pakistan's GDP has always been largely dependent on the growth of construction sector which contributes ~19.3% to the country's GDP. As a result of special emphasis by the Federal Government on this sector, associated industries also witnessed an uptick in demand. Your Company turned out to be a major beneficiary as demand for building materials including tiles have shown a positive trend during the year.

FINANCIAL RESULTS:

A comparison of the operating results of the Company for the financial year ended June 30, 2021 against the same period last year is shown hereunder:

	2021	2020
	Rs. in '000	
Turnover – net	9,904,498	6,474,469
Gross profit	3,060,227	1,096,746
Earnings before interest, taxes and depreciation (EBITDA)	2,267,720	512,598
Depreciation	710,534	706,337
Finance cost	107,444	87,078
Profit / (loss) before taxation	1,449,742	(280,817)
Profit / (loss) after taxation	924,888	(325,774)
Earnings / (loss) per share (Rs.)	3.86	(1.36)

The FY-2021 started under the clouds of uncertainty as the two months long Covid-19 lockdown started to release. Post lockdown, the economy started a gradual recovery which restored confidence and the construction industry witnessed surge in its demand. Hence, your Company registered an unprecedented 53% growth in revenue. Further, being a high fixed costs based industry, with an increase in the utilization levels of production, better absorption of fixed costs resulted in economies of scale and the gross margins achieved at 31% as against 17%. The Company closed the financial year with profit before tax of Rs 1,449.742 million and net profit after tax of Rs. 924.888 million, being the highest ever in the history of this Company.

CAPITAL STRUCTURE AND FINANCIAL POSITION:

Your company's self-generated liquidity is its biggest strength. This provides your management with flexibility to capitalize on further cost-saving ventures and gives the company's stakeholders and vendors confidence. However, with the judgement of Honorable Supreme Court of Pakistan in relation to Gas Infrastructure Cess (GIDC) have resulted in cash outflow pressures on the Company. It is very pleasing to report that the debt equity ratio of the Company has dropped to 7% as against 25% of last year.

While the Company remained equity financed, it took advantage of the SBP Renewable Energy Scheme wherein loan was obtained at subsidized markup rates as to have alternative energy solutions.

CONTRIBUTION TO NATIONAL EXCHEQUER:

Your company approximately contributed Rs. 2,587 million (2020: Rs. ~1,500 million) into the Government Treasury on account of income taxes, sales tax, custom duties and other government levies.

CORPORATE AND SOCIAL RESPONSIBILITY:

The Company believes in supporting the community and has a policy to contribute at least 1% of its profit before tax. Over the years our Company has contributed significantly towards the welfare of the society through various social activities. Under the CSR policy, the Company mainly emphasis on healthcare, education and society.

HEALTH, SAFETY & ENVIRONMENT:

The Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable HSE performance. The HSE team regularly conducts training and awareness sessions on behavior based safety to create a sustainable and safe working environment for our people and contractors.

Your Company was quick to implement appropriate measures and strict compliance was ensured throughout the pandemic. Measures such as face mask, social distancing, sanitizer gates, thermal check and work from home facility helped the Company in ensuring the safety of employees and business continuity. We are proud to state that all the employees, workers and contractors are vaccinated against COVID-19.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Fluctuations in gas pressures / lower quality of gas / curtailment of gas;
- Slow down in construction industry post expiry of construction amnesty scheme;
- Non absorption of fixed costs in case of lock-down due to COVID-19 pandemic;
- Highly price sensitive market due to increased local competition;
- Continued increase in input costs, specifically energy costs.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The company adheres to maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

The Board has outsourced internal audit function who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Board has also appointed Head of Internal Audit who is a qualified person reporting functionally to the Audit Committee.

AUDITORS:

The present auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 30 June 2022, for approval of the shareholders in the forthcoming Annual General Meeting.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017 provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Board's commitment to high standards of Corporate Governance and continuous improvement:

- 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. 32.
- 8) There has been no material departure from the best practices of Corporate Governance, as detailed in the Regulations of Rule Book of Pakistan Stock Exchange.
- 9) The Company operates a contributory provident fund scheme for all permanent employees. The value of Provident Fund Investments as per the unaudited accounts of STCL Provident Fund Trust for the year ended June 30, 2021 was Rs. 244.716 million (2020: Rs. 225.575 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 & ITS COMMITTEES:**The Board:**

The Board comprises of two independent Directors (including one female director), four non-executive Directors and one executive Director.

During the year, six meetings of Board of Directors (BOD) were held. All the meetings were held in Pakistan. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Designation	No. of meetings attended
Mr. Rafiq M. Habib	Chairman	6
Syed Masood Abbas Jaffery	Executive Director & CEO	6
Mr. Feroze Jehangir Cawasji	Independent Director	5
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	6
Mrs. Farhana Mowjee Khan	Independent Director	5
Mr. Muhammad Salman Burney	Non-Executive Director	6
Mr. Imran Ali Habib	Non-Executive Director	6

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

Board Audit Committee:

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors 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 Committee comprises of one non-executive director and two independent directors (including one female director) and the Chairman of the committee is an independent director.

During the year, four meetings of Board Audit Committee were held. The attendance and the composition of the Board of Directors are as follows:

Name of Director	Designation	No. of meetings attended
Mr. Feroze Jehangir Cawasji	Independent Director	4
Mr. Abdul Hai M. Bhaimia	Non-Executive Director	4
Mrs. Farhana Mowjee Khan	Independent Director	4

Human Resource And Remuneration Committee:

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration. The CEO of the Company and the Head of HR of the Company attended the Human Resource and Remuneration Committee meeting. The Committee met twice during 2020-21 attended by all the members. The composition of the Committee is as follows:

Name of Director	Designation
Mr. Feroze Jehangir Cawasji	Independent Director
Mr. Salman Burney	Non-Executive Director
Syed Masood Abbas Jaffery	Executive Director

DIVIDEND:

The Board of Directors following the policy of fair distribution of profits amongst the shareholders, strengthening the balance sheet and future capital needs, have recommended a dividend of Rs. 1.25 (25%) per share for the year ended June 30, 2021.

PATTERN OF SHAREHOLDING:

Statements showing the pattern of shareholding as at June 30, 2021 required under Section 227 (2) (f) of the Companies Act, 2017 and the Code of Corporate Governance, is annexed to this report.

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.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report, except as disclosed in the financial statements.

RELATED PARTY TRANSACTIONS:

All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. The Company has fully complied with the best practices on transfer pricing as contained Act and Code. The details of all related party transactions were placed before the Audit Committee and upon its recommendation the same were approved by the Board of Directors.

BUSINESS CONTINUITY PLANS:

The Company recognizes the importance of a comprehensive Business Continuity Planning Programme that allows it to plan for and manage major business disruptions. All significant risks, possibilities for control and reduction are identified. The plan is regularly tested to ensure that it can be implemented in emergency situations and that the management and identified employees are aware of their respective roles. The range of events considered includes natural disasters, failure of equipment, government/political/legal actions, and changes in the financial and business climate. In addition to that, the remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES:

The Board of the Company annually undertakes a formal process of self-evaluation of performance of the Board as a whole and its committees. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

The evaluation of Board's role of oversight and its effectiveness is continual process. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company;
- Strategy formulation for sustainable operation;
- Board's independence; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Review of CEO's Performance

The performance of the CEO is formally appraised through the evaluation system which includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

DIRECTORS' REMUNERATION:

The company has a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The company does not pay remuneration to its non-executive directors including independent directors except fee for attending the meetings of the Board and its committees. The Directors fee for attending the meetings paid to the Directors is disclosed on Note 41.3 to the financial statements.

ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company. The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who served the Company with enthusiasm, and hope that the same spirit of devotion shall remain intact in the future ahead to the Company.

On behalf of the Board

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

Karachi: September 9, 2021

FEROZE JEHANGIR CAWASJI
Director

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی کارکردگی کی تشخیص

لٹیکمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کے تحت کمپنی کا بورڈ سالانہ بنیاد پر باضابطہ طریقہ کار کے مطابق مجموعی طور پر اپنی اور اپنی کمیٹیوں کی کارکردگی کی از خود تشخیص کرتا ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور اثر پذیری اور کمپنی کے طے کردہ مقاصد کے تناظر میں بیچ مارک کے عوض توقعات کی پیمائش کرنا ہے۔

بورڈ کے نگرانی کے کردار اور اس کی اثر پذیری کی تشخیص ایک مسلسل عمل ہے۔ جن بنیادی شعبوں پر توجہ دی جاتی ہے وہ درج ذیل ہیں:

- ☆ اداراتی مقاصد اور کمپنی کے مشن و نصب العین سے مطابقت
- ☆ پائیدار آپریشن کے لئے حکمت عملی کی تشکیل
- ☆ بورڈ کی خود مختاری، اور
- ☆ بورڈ کی کمیٹیوں کی طے کردہ ذمہ داریوں کے مطابق ان کی اپنی ذمہ داریوں سے عہدہ براں ہونے کی کارکردگی کا جائزہ

CEO کی کارکردگی کا جائزہ

CEO کی کارکردگی کا جائزہ ایک تشخیصی نظام کے تحت کیا جاتا ہے جس میں کاروباری کارکردگی،، منافع کے حوالے سے مقاصد کا حصول، ادارے کی تعمیر اور جانشینی منصوبہ بندی اور ادارتی کامیابی شامل ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی کے پاس ڈائریکٹرز کے معاوضہ کے لئے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ کمپنیز ایکٹ 2017 اور لٹیکمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کے مطابق ہے۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی سوائے بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں حاضری کی فیس کے۔ اجلاس میں حاضری کے لئے ڈائریکٹرز کو ادا کی گئی فیس کی تفصیل مالیاتی گوشواروں کے نوٹ نمبر 41.3 میں منکشف کی گئی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز تمام متعلقین کے مسلسل تعاون کا اعتراف کرتے ہیں اور ان کے مشکور ہیں اور بورڈ اپنے پروفیشنل اور انجینئرز کی ٹیم جنہوں نے بھرپور محنت اور حوصلہ افزائی کے ساتھ اپنی ذمہ داریاں ادا کیں، ان کو سراہتا ہے اور امید کرتا ہے کہ وہ آئندہ بھی اسی جذبے کے ساتھ کام کریں گے۔

برائے دُعا

فیروز جہانگیر کاوہجی

ڈائریکٹر

سید مسعود عباس جعفری

چیف ایگزیکٹو آفیسر

کراچی

مورخہ: 9 ستمبر 2021

ادارائی نظم و ضبط کے ضابطہ کی پاسداری

کمپنی مکمل طور پر کمپنیز ایکٹ 2017 کی شقوں اور سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔ مندرجہ ذیل مندرجات بورڈ کی کارپوریٹ گورننس کے اعلیٰ معیارات اور مسلسل بہتری کا اعتراف کرتے ہیں:

- (۱) کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- (۲) کمپنی میں حسابات کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔
- (۳) درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- (۴) مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- (۵) اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی گرفت کی نگرانی کا یہ عمل اس مقصد سے ساتھ جاری رکھا جائے گا تاکہ گرفت کو مزید مستحکم اور نظام کو بہتر بنایا جاسکے۔
- (۶) کمپنی کی بڑھتی ہوئی کاروباری صلاحیت کے تسلسل میں کوئی قابل ذکر ریسک وشبہ نہیں ہے۔
- (۷) کمپنی کے پچھلے چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار کا خلاصہ اس رپورٹ کے صفحہ نمبر 32 پر موجود ہے۔
- (۸) پاکستان اسٹاک ایکسچینج کی رول بک (قواعد کی کتاب) میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل گرفت انحراف نہیں کیا گیا ہے۔
- (۹) کمپنی اپنے ملازمین کے لئے پروویڈنٹ فنڈ چلا رہی ہے اور STCL کے پروویڈنٹ فنڈ کے غیر آڈٹ شدہ کھاتوں کے مطابق سال ختمہ 30 جون 2021 میں پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 244.716 ملین روپے ہے (جو کہ 2020 میں 225.575 ملین روپے تھی)۔
- (۱۰) ٹیکسوں اور دیگر محصولات کی مد میں کمپنی پر کوئی آئینی واجبات نہیں ہیں سوائے ان کے جنہیں مالیاتی گوشواروں میں منکشف کیا گیا ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں

بورڈ دو آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر)، چار نان ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ تمام اجلاس پاکستان میں منعقد ہوئے۔ بورڈ آف ڈائریکٹرز کی تشکیل بندی اور حاضری درج ذیل ہے:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب رفیق ایم حبیب	چیئر مین	6
سید مسعود عباس جعفری	ایگزیکٹو ڈائریکٹر اور CEO	6
جناب فیروز جہانگیر کاؤبھی	آزاد ڈائریکٹر	5
جناب عبداللہ ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	6
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	5
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر	6
جناب عمران علی حبیب	نان ایگزیکٹو ڈائریکٹر	6

جوڈائریکٹرز بورڈ کے اجلاسوں میں حاضر نہ ہو سکے ان کی غیر حاضری کی رخصت منظور کر لی گئی۔

بورڈ کی آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی، بورڈ کی ذمہ داریوں کی ادائیگی، ابتدائی مالیاتی امور کی رپورٹ کے جائزے، غیر مالیاتی معلومات کی شیئر ہولڈرز کو فراہمی، اندرونی گرفت کے نظام، ماحقہ خطرات کے انتظام اور آڈٹ جیسے معاملات میں مدد فراہم کرتی ہے۔ یہ ایک خود کار طریقہ کار ہے جس میں انتظامیہ سے معلومات حاصل کی جاتی ہیں اور معاملات کی مناسبت سے بیرونی آڈیٹرز یا ایڈووزر سے براہ راست مشاورت کی جاتی ہے۔ چیف فنانشل آفیسر باقاعدگی سے بورڈ کی آڈٹ کمیٹی کے اجلاس میں شریک ہوتا ہے جسے کھاتوں کو پیش کرنے کے لئے مدعو کیا جاتا ہے۔ ہر میٹنگ کے بعد کمیٹی کا چیئر مین بورڈ کو رپورٹ کرتا ہے۔ آڈٹ کمیٹی ایک نان ایگزیکٹو ڈائریکٹر اور دو آزاد ڈائریکٹرز پر مشتمل ہے اور کمیٹی کا چیئر مین ایک آزاد ڈائریکٹر ہے۔

جائزہ سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ بورڈ آف ڈائریکٹرز کی تشکیل بندی درج ذیل رہی:

ڈائریکٹر کا نام	عہدہ	حاضر اجلاسوں کی تعداد
جناب فیروز جہانگیر کاؤبھی	آزاد ڈائریکٹر	4
جناب عبداللہ ایم بھائی میاں	نان ایگزیکٹو ڈائریکٹر	4
محترمہ فرحانہ ماؤجی خان	آزاد ڈائریکٹر	4

انسانی وسائل اور معاوضہ کمیٹی

یہ کمیٹی اعلیٰ انتظامیہ کے ملازمین سے متعلق معاوضہ، نظم و ضبط اور ترقی کی پالیسیوں کے تمام عناصر کی سفارش کرتی ہے اور ان کا جائزہ لیتی ہے۔ کمپنی کا CEO اور کمپنی کے HR کا سربراہ انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کرتے ہیں۔ 2020-21 کے دوران کمیٹی کے دو اجلاس ہوئے جس میں تمام ممبران نے شرکت کی۔ کمیٹی ان افراد پر مشتمل ہے:

ڈائریکٹر کا نام	عہدہ
جناب فیروز جہانگیر کاؤبھی	آزاد ڈائریکٹر
جناب محمد سلمان برنی	نان ایگزیکٹو ڈائریکٹر
جناب مسعود جعفری	چیف ایگزیکٹو آفیسر

منافع منقسمہ

بورڈ آف ڈائریکٹرز حصص یافتگان کے مابین منافع جات کی شفاف تقسیم، میزائے کا پائیدار اور مستقبل کی سرمایہ جاتی ضروریات کو پورا کرنے کی پالیسی پر گامزن ہے، جس کے تحت اس نے سال ختمہ 30 جون 2021 کے لئے 1.25 روپے فی حصص (25 فیصد) کے حساب سے منافع منقسمہ کی سفارش کی ہے۔

حصص داری کی ساخت

کمپنیز ایکٹ 2017 کی دفعہ (f)(2) اور ادارتی نظم و ضبط کے تحت سال ختمہ 30 جون 2021 کی حصص داری کی ساخت پر مشتمل گوشوارے اس رپورٹ کے ساتھ منسلک ہیں۔ ڈائریکٹرز، CEO، CFO، کمپنی سیکریٹری، ہیڈ آف انٹرل آڈٹ اور ان کے شریک حیات یا چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

بعد ازاں واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ تک کوئی اہم تبدیلیاں یا وعدے روفا نہیں ہوئے جن سے کمپنی کی مالیاتی پوزیشن متاثر ہو۔ سوائے اس کے کہ جو مالیاتی گوشواروں میں بیان کئے گئے ہیں۔

ماحقہ فریقین کے سودے

ماحقہ فریقین کے ساتھ سودے باہم طے کیے گئے طریقہ کار کے مطابق انجام پائے جن کی منظوری بورڈ آف ڈائریکٹرز نے دی۔ کمپنی مکمل طور پر ایکٹ اور کوڈ میں بیان کئے گئے قیمتوں کے تبادلے سے ہم آہنگ ہے اور ماحقہ فریقین کے ساتھ کئے گئے تمام سودوں کو آڈٹ کمیٹی کے روبرو پیش کیا گیا اور اس کی سفارش پر بورڈ نے انہیں منظور کیا۔

کاروباری تسلسل کے منصوبے

کمپنی جامع بزنس کنٹینٹی پلاننگ پروگرام کی اہمیت کو تسلیم کرتی ہے جس سے اسے بڑی کاروباری رکاوٹوں کے انتظام اور منصوبہ بندی میں مدد ملتی ہے۔ تمام قابل ذکر خطرات، گرفت کے امکانات اور کمی کی نشاندہی کی جاتی ہے۔ اس منصوبے کی باقاعدگی سے آزمائش کی جاتی ہے کہ اسے ہنگامی صورتحال میں نافذ کیا جاسکے اور یہ کہ انتظامیہ اور شناخت شدہ ملازمین اپنی متعلقہ ذمہ داریوں سے آگاہ ہو سکیں۔ جن عوامل کو زیر غور رکھا گیا ہے ان میں قدرتی آفات، آلات کی چلنے میں ناکامی، سرکاری/سیاسی/قانونی افعال اور مالیاتی اور کاروباری فضا میں تبدیلیاں شامل ہیں۔ اس کے علاوہ ڈیزازسز کیوری سائنس کو مناسب انداز میں قائم کیا گیا ہے تاکہ اگر ہمارے بنیادی سرور میں کوئی مسائل پیدا ہوا نہیں تو بیک اپ سرور اور ڈیٹا کو برقرار رکھا جاسکے۔

ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز کمپنی کے مالیاتی گوشوارے برائے مختتمہ سال 30 جون 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

چیئرمین کی جائزہ رپورٹ

چیئرمین کا جائزہ جو کہ سالانہ رپورٹ کا حصہ ہے، وہ دیگر کے ساتھ ساتھ کاروباری نوعیت، کمپنی کی کارکردگی، گزشتہ سال سے قابل ذکر انحرافات کی وضاحت، مستقبل کے امکانات اور غیر یقینی کیفیات پر مشتمل ہے۔

کاروباری ماحول:

FY2021 کا آغاز جدید تاریخ کے انتہائی شدید عالمی طبی بحران کے دوران ہوا۔ پاکستان کی معیشت کو اگرچہ کہ باقی دنیا کی طرح معاشی اثرات کا مقابلہ کرنے کے لئے جدوجہد کرنا پڑی، لیکن جامع اقدامات بشمول تعمیراتی پیکیج اور معاون مالیاتی پالیسی کے ساتھ ساتھ وفاقی حکومت کی مدنی مالیاتی پیشقدمیوں کے نتیجے میں معاشی سرگرمیاں بروقت دوبارہ شروع ہو گئیں اور جس سے وباء کے منفی اثرات کو کم کرنے میں مدد ملی۔ دنیا کی دیگر معیشتوں کے برعکس پاکستان میں مقامی معاشی سرگرمی کو تسلسل سے جاری رکھنے کے مذکورہ بالا اقدامات کے ساتھ ساتھ اسمارٹ لاک ڈاؤن کی پالیسی کی وجہ سے FY2021 کی پہلی ششماہی میں بحالی دیکھی گئی۔

پاکستان کی GDP کا بڑا انحصار تعمیراتی شعبہ کی ترقی پر ہے جو کہ ملکی GDP میں کم و بیش 19.3 فیصد معاونت کرتا ہے۔ وفاقی حکومت کی جانب سے اس شعبہ پر خصوصی توجہ دینے کے نتیجے میں ماحولہ صنعتوں کی طلب میں بھی اوپری رجحان دیکھا گیا۔ سال کے دوران تعمیراتی سامان بشمول ٹائلوں کی طلب میں مثبت رجحان کی وجہ سے آپ کی کمپنی بھی اس صورتحال سے بہت زیادہ مستفید ہوئی۔

مالیاتی نتائج

مالیاتی سال مختتمہ 30 جون 2021 میں کمپنی کے کاروباری نتائج کا گزشتہ سال کے ساتھ مقابلہ جائزہ درج ذیل ہے:

	2021	2020
روپے ”ہزاروں“ میں		
خالص فروخت	9,904,498	6,474,469
مجموعی منافع	3,060,227	1,096,746
آمدن قبل از سود، ٹیکس اور فرسودگی (EBITDA)	2,267,720	512,598
فرسودگی	710,534	706,337
مالیاتی لاگت	107,444	87,078
منافع/(خسارہ) قبل از ٹیکس	1,449,742	(280,817)
منافع/(خسارہ) بعد از ٹیکس	924,888	(325,774)
فی حصص منافع/(خسارہ)(روپے)	3.86	(1.36)

FY2021 کا آغاز غیر یقینی صورتحال سے ہوا تھا کیونکہ Covid-19 کا دو ماہ کا لاک ڈاؤن ختم ہونا شروع ہوا تھا۔ لاک ڈاؤن کے بعد معیشت میں بتدریج بحالی آئی شروع ہوئی جس سے اعتماد بحال ہوا اور تعمیراتی صنعت کی طلب میں اضافہ دیکھا گیا۔ لہذا کمپنی کی فروخت میں 53 فیصد کا غیر معمولی اضافہ ہوا۔ مزید یہ کہ بلند مقررہ لاگتوں کی حامل صنعت ہونے کی حیثیت سے پیداواری گنجائش کی سطح میں اضافے کی وجہ سے، مقررہ لاگتوں کو بہتر طریقے سے ضم کرنے کے نتیجے میں وسیع پیداواری لاگت کے فوائد حاصل ہوئے اور مجموعی منافع میں 17 فیصد کے مقابلے میں 31 فیصد کا حصول ہوا۔ کمپنی کے سال کے اختتام پر منافع قبل از ٹیکس 1,449.742 ملین روپے رہا اور منافع بعد از ٹیکس 924.888 ملین روپے رہا جو کہ کمپنی کی تاریخ میں بلند ترین ہے۔

سرمایہ جاتی ساخت اور مالی حالت:

کمپنی کی از خود پیدا کردہ روانیت اصل مضبوطی ہے۔ اس استحکام سے آپ کی کمپنی پیک پذیری کے ساتھ لاگت کی بجٹ کے منصوبوں پر سرمایہ کاری کرے گی اور کمپنی کے متعلقین اور وینڈرز کے اعتماد میں اضافہ ہوگا۔ تاہم معزز عدالت عظمیٰ پاکستان کے گیس انفراسٹرکچر سیس (GIDC) کی بابت فیصلے کے نتیجے میں کمپنی کے نقدی کے بیرونی بہاؤ کے دباؤ میں اضافہ ہوگا۔ یہ بات انتہائی قابل مسرت ہے کہ کمپنی کی قرضہ بمقابلہ حصص شرح کم ہو کر 7 فیصد رہ گئی ہے جو کہ گزشتہ سال 25 فیصد تھی۔

جبکہ کمپنی کی سرمایہ کاری حصصی ہے لیکن اس نے SBP کی قابل تجدید توانائی اسکیم سے فائدہ اٹھاتے ہوئے قرض حاصل کیا جس میں متبادل توانائی کے ذرائع کے لئے شرح سود کم رکھی گئی ہے۔

قومی خزانے میں معاونت

آپ کی کمپنی نے اس سال سرکاری خزانے میں انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹی اور دیگر حکومت محصولات کی مد میں 2,587 ملین روپے جمع کروائے (جبکہ 2020 میں 1,500 ملین روپے جمع کروائے تھے)۔

ادارائی سماجی ذمہ داری

کمپنی معاشرے کی بہبود پر یقین رکھتی ہے اور قبل از ٹیکس منافع کا کم از کم 1 فیصد بطور معاونت کی پالیسی رکھتی ہے۔ ساہا سال سے کمپنی نے معاشرے کی فلاح و بہبود کے لئے مختلف سماجی سرگرمیوں کی شکل میں قابل ذکر معاونت کی ہے۔ CSR کی پالیسی کمپنی نے طبی نگہداشت، تعلیم اور معاشرے، بہود پر مرکوز کیا ہوا ہے۔

صحت، تحفظ اور ماحول

کمپنی پائیدار HSE کارکردگی کے حصول کے لئے صحت، تحفظ اور ماحولیات (HSE) کے اعلیٰ معیارات کو بہتر بنانے پر یقین رکھتی ہے اور اس سلسلے میں مکمل طور پر پرعزم ہے۔ HSE ٹیم اپنے لوگوں اور ٹھیکیداروں میں کام کے لئے پائیدار اور محفوظ پیدا کرنے کے لئے باقاعدگی سے رویہ کی بنیاد پر تربیتی اور آگاہی نشستیں منعقد کرتی ہے۔

آپ کی کمپنی نے وباء کی مکمل مدت کے دوران فوری طور پر مناسب اقدامات نافذ کئے اور ان کی سختی سے پاسداری کو یقینی بنایا۔ چہرے پر ماسک، سماجی فاصلہ، سینیٹائزر کے گیسٹ، تھرمل چیکنگ اور گھر سے کام کرنے کی سہولت جیسے اقدامات کی مدد سے کمپنی نے ملازمین کے تحفظ اور کاروباری تسلسل کو یقینی بنایا۔ ہم یہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ ہمارے تمام ملازمین، مزدوروں اور ٹھیکیداروں کو COVID-19 کے خلاف ویکسین لگ چکی ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ مخصوص موردی خطرات اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم ہم درج ذیل کو اہم خطرات سمجھتے ہیں:

- ☆ گیس کے دباؤ میں اتار چڑھاؤ/ غیر معیاری گیس/ گیس کی فراہمی میں کی
- ☆ تعمیراتی اسکیم کے خاتمہ کے بعد تعمیراتی صنعت میں سست روی
- ☆ کورونا وبا کے پھیلاؤ کے نتیجے میں لاک ڈاؤن کی وجہ سے مقررہ لاگتوں کا جذب نہ ہونا
- ☆ بڑھتی ہوئی مقامی مسابقت کی وجہ سے قیمت کے لحاظ سے انتہائی حساس مارکیٹ
- ☆ خام لاگتوں میں مسلسل اضافہ خاص طور پر توانائی کی لاگتوں میں

اندرونی گرفت کے نظام کی موزونیت

کمپنی کا وینٹنگ ریکارڈ موزوں انداز میں مرتب رکھنے کے لئے ایکٹ کی شقوں کی پاسداری کرتی ہے تاکہ کمپنی کے اثاثوں کا تحفظ کیا جاسکے اور دھوکہ دہی اور دیگر بے ضابطگیوں کی نشاندہی ہو سکے اور ان سے بچا جاسکے، مناسب اکاؤنٹنگ پالیسیوں کو لاگو اور منتخب کیا جاسکے، ایسے فیصلے اور تخمینے تیار کئے جائیں جن کی بنیاد چھٹا اور موزوں انداز پر ہو، اندرونی مالیاتی گرفتوں کو تیار، نافذ اور برقرار رکھا جاسکے جن سے موثر انداز میں درستی اور جامعیت کو اکاؤنٹنگ ریکارڈ میں یقینی بنایا جاسکے، مالیاتی گوشواروں کی تیاری اور پیش کرنے سے متعلق بالکل صحیح اور شفاف نقطہ نظر فراہم کیا جاسکے جو کہ تمام غلط بیانیوں سے پاک ہوں چاہیں وہ فراڈ کی بنیاد پر ہوں یا غلطی کی بنیاد پر۔

بورڈ نے اندرونی گرفت کا نظام کمپنی سے باہر ایک ادارے کو سپرد کیا ہے جو کہ اس مقصد کے لئے تعلیم یافتہ اور تجربہ کار ہے اور کمپنی کی پالیسیوں اور طریقہ کار سے آگاہ ہے۔ بورڈ نے انٹرنل آڈٹ کے سربراہ کے عہدے پر بھی ایک تعلیم یافتہ فرد کی تقرری کی ہے جو فرائض منصبی کے لحاظ سے آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس سکبدش ہو چکے ہیں اور اہلیت کے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ نے سکبدش ہونے والے آڈیٹرز کی سال 30 جون 2022 کے لئے دوبارہ تقرری کی سفارش کی ہے تاکہ آئے والے سالانہ اجلاس عام میں ان کی تقرری کی منظوری لی جاسکے۔

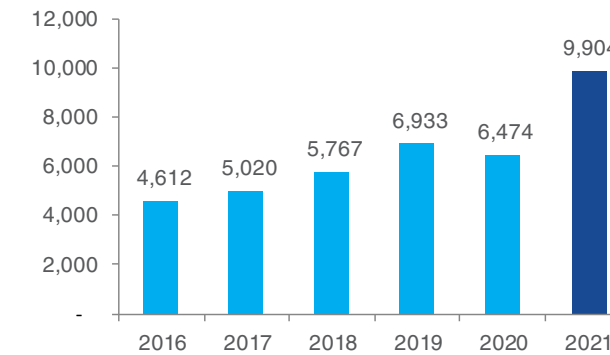
PERFORMANCE OF LAST SIX YEARS

FINANCIAL SUMMARY	30TH JUNE 2021	30TH JUNE 2020	30TH JUNE 2019	30TH JUNE 2018	30TH JUNE 2017	30TH JUNE 2016
	(Rupees in '000)					
For the year						
Turnover - net	9,904,498	6,474,469	6,933,077	5,767,082	5,020,008	4,611,670
% of Growth	52.98%	-6.61%	20.22%	14.88%	8.85%	12.52%
Gross profit	3,060,227	1,096,746	1,611,867	1,257,217	534,901	532,345
Gross profit (%)	30.90%	16.94%	23.25%	21.80%	10.66%	11.54%
Selling and distribution Costs	1,394,662	1,036,180	927,447	748,488	514,307	488,260
% of Turnover -net	14.08%	16.00%	13.38%	12.98%	10.25%	10.59%
Administrative Expenses	289,144	255,767	250,660	157,764	110,868	97,874
% of Turnover -net	2.92%	3.95%	3.62%	2.74%	2.21%	2.12%
(Reversal) / Allowance for expected credit loss	(18,731)	37,093	7,259	20,364	44,625	27,901
% of Turnover -net	-0.19%	0.57%	0.10%	0.35%	0.89%	0.61%
Finance Cost	107,444	87,078	86,946	98,121	93,426	82,888
% of Turnover -net	1.08%	1.34%	1.25%	1.70%	1.86%	1.80%
Profit / (loss) before taxation	1,449,742	(280,817)	372,504	247,183	(189,770)	(116,087)
% of Turnover -net	14.64%	-4.34%	5.37%	4.29%	-3.78%	-2.52%
Profit / (loss) after taxation	924,888	(325,774)	234,341	194,406	(151,484)	(116,632)
% of Turnover -net	9.34%	-5.03%	3.38%	3.37%	-3.02%	-2.53%
EBITDA	2,267,720	512,598	1,053,005	740,314	209,135	235,284
% of Turnover -net	22.90%	7.92%	15.19%	12.84%	4.17%	5.10%
Cash dividend	299,150	-	59,830	119,660	-	-
Cash dividend (%)	25.00%		5.00%	10.00%	-	-
Ratio Analysis						
Break-up value of Rs. 5/= share	11.05	7.18	8.79	8.32	7.50	8.14
Earnings / (loss) per share (Rs.)	3.86	(1.36)	0.98	0.81	(0.63)	(0.49)
Receivables no. of days	12	20	13	20	65	66
Current ratio	1.20	0.77	0.86	0.85	0.80	0.97
Number of employees (Permanent)	742	766	869	888	939	927

FINANCIAL HIGHLIGHTS

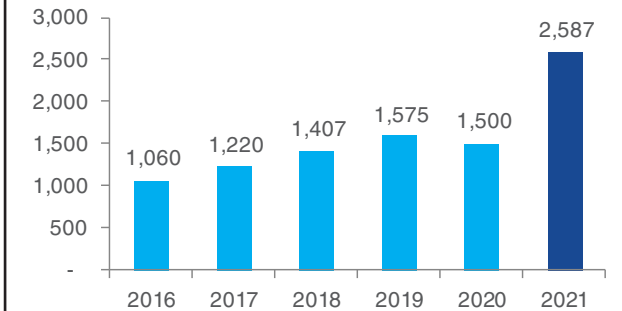
Turnover -Net

Rs. in Million



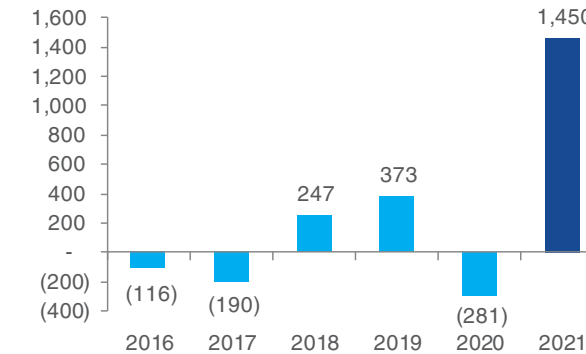
Contribution to National Exchequer

Rs. in Million



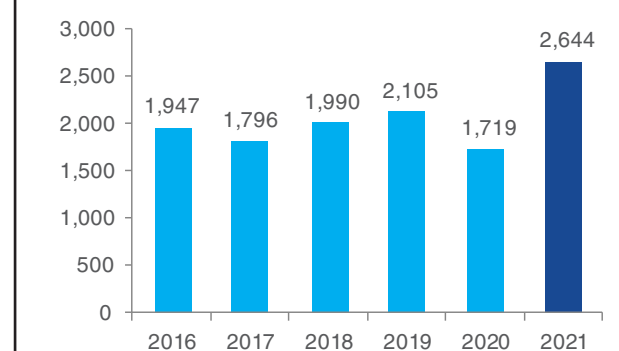
Profit / (Loss) before tax

Rs. in Million



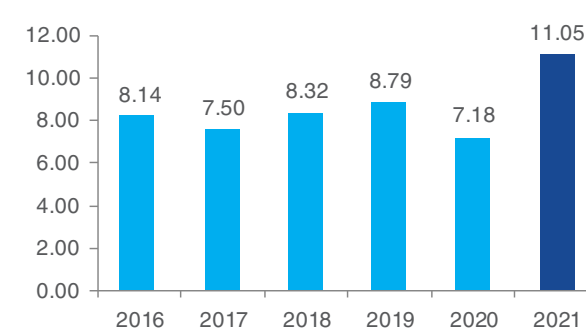
Shareholder's Equity

Rs. in Million



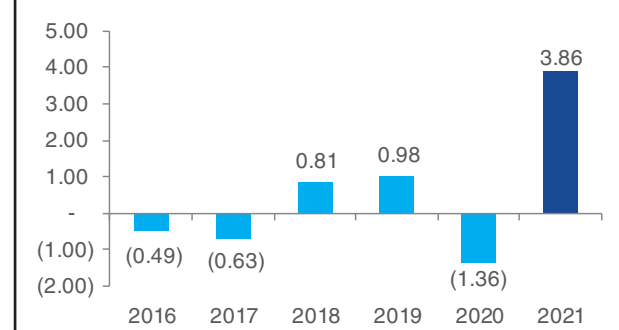
Breakup value per share

Rs.



Earnings / (Loss) per share

Rs.



VERTICAL ANALYSIS

Rupees in '000												
STATEMENT OF FINANCIAL POSTION	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Property , plant & Equipment	2,696,148	38.4	2,672,266	49.6	3,116,316	55.8	3,375,273	61.6	2,840,968	53.8	2,748,115	59.0
Right of use assets	240,668	3.4	267,718	5.0	-	-	-	-	-	-	-	-
Investment properties	7,035	0.1	8,277	0.2	9,519	0.2	10,761	0.2	12,003	0.2	6,750	0.145
Long-term loans, advances & deposits	27,375	0.4	23,070	0.4	20,312	0.4	14,242	0.3	7,386	0.1	7,591	0.2
Current assets	4,052,399	57.7	2,417,550	44.9	2,440,767	43.7	2,076,768	37.9	2,419,175	45.8	1,898,162	40.7
Total Assets	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0	5,279,532	100.0	4,660,618	100.0
Share Capital	1,196,600	17.0	1,196,600	22.2	1,196,600	21.4	1,196,601	21.8	1,196,601	22.7	1,196,601	25.7
Share Premium	449,215	6.4	449,215	8.3	449,215	8.0	449,215	8.2	449,215	8.5	449,215	9.6
Reserves	998,121	14.2	73,233	1.4	458,837	8.2	344,156	6.3	149,750	2.8	301,234	6.5
Shareholders' equity	2,643,936	37.6	1,719,048	31.9	2,104,652	37.7	1,989,972	36.3	1,795,566	34.0	1,947,050	41.8
Long Term Financing - Secured	159,190	2.3	209,300	3.9	449,100	8.0	905,219	16.5	375,000	7.1	625,000	13.4
Lease liabilities	173,289	2.5	198,284	3.7	-	-	-	-	-	-	-	-
Deferred tax liability - net	54,157	0.8	132,511	2.5	200,013	3.6	138,287	2.5	85,510	1.6	135,783	2.9
Other long term liability	608,130	8.6	-	-	-	-	-	-	-	-	-	-
Current liabilities	3,384,923	48.2	3,129,738	58.0	2,833,149	50.7	2,443,566	44.6	3,023,456	57.3	1,952,785	41.9
Total Equities and Liabilities	7,023,625	100.0	5,388,881	100.0	5,586,914	100.0	5,477,044	100.0	5,279,532	100.0	4,660,618	100.0
PROFIT AND LOSS ACCOUNT												
Turnover - net	9,904,498	100.0	6,474,469	100.0	6,933,077	100.0	5,767,082	100.0	5,020,008	100.0	4,611,670	100.0
Cost of Sales	(6,844,271)	(69.1)	(5,377,723)	(83.1)	(5,321,210)	(76.8)	(4,509,865)	(78.2)	(4,485,107)	(89.3)	(4,079,325)	(88.5)
Gross profit	3,060,227	30.9	1,096,746	16.9	1,611,867	23.2	1,257,217	21.8	534,901	10.7	532,345	11.5
Selling and distribution Costs	(1,394,662)	(14.1)	(1,036,180)	(16.0)	(927,447)	(13.4)	(748,488)	(13.0)	(514,307)	(10.2)	(488,260)	(10.6)
Administrative Expenses	(289,144)	(2.9)	(255,767)	(4.0)	(250,660)	(3.6)	(157,764)	(2.7)	(110,868)	(2.2)	(97,874)	(2.1)
Reversal / (Allowance) for expected credit loss	18,731	0.2	(37,093)	(0.6)	(7,259)	(0.1)	(20,364)	(0.4)	(44,625)	(0.9)	(27,901)	(0.6)
Other Income	299,663	3.0	43,899	0.7	66,017	1.0	35,603	0.6	38,555	0.8	48,491	1.1
Operating Profit / (Loss)	1,694,815	17.1	(188,395)	(2.9)	492,518	7.1	366,204	6.3	(96,344)	(1.9)	(33,199)	(0.7)
Finance costs	(107,444)	(1.1)	(87,078)	(1.3)	(86,946)	(1.3)	(98,121)	(1.7)	(93,426)	(1.9)	(82,888)	(1.8)
Other expenses	(137,629)	(1.4)	(5,344)	(0.1)	(33,068)	(0.5)	(20,900)	(0.4)	-	-	-	-
Profit / (Loss) before taxation	1,449,742	14.6	(280,817)	(4.3)	372,504	5.4	247,183	4.3	(189,770)	(3.8)	(116,087)	(2.5)
Taxation	(524,854)	(5.3)	(44,957)	(0.7)	(138,163)	(2.0)	(52,777)	(0.9)	38,286	0.8	(545)	(0.0)
Profit / (Loss) after taxation	924,888	9.3	(325,774)	(5.0)	234,341	3.4	194,406	3.4	(151,484)	(3.0)	(116,632)	(2.5)

HORIZONTAL ANALYSIS

Rupees in '000												
STATEMENT OF FINANCIAL POSTION	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Property , plant & Equipment	2,696,148	0.9	2,672,266	(14.2)	3,116,316	(7.7)	3,375,273	18.8	2,840,968	3.4	2,748,115	(0.3)
Right of use assets	240,668	(10.1)	267,718	-	-	-	-	-	-	-	-	-
Investment properties	7,035	(15.0)	8,277	(13.0)	9,519	(11.5)	10,761	(10.3)	12,003	77.8	6,750	(9.4)
Long-term loans, advances & depositsa	27,375	18.7	23,070	13.6	20,312	42.6	14,242	92.8	7,386	(2.7)	7,591	(20.6)
Current assets	4,052,399	67.6	2,417,550	(1.0)	2,440,767	17.5	2,076,768	(14.2)	2,419,175	27.4	1,898,162	(8.6)
Total Assets	7,023,625	30.3	5,388,881	(3.5)	5,586,914	2.0	5,477,044	3.7	5,279,532	13.3	4,660,618	(3.9)
Share Capital	1,196,600	-	1,196,600	-	1,196,600	-	1,196,601	-	1,196,601	-	1,196,601	-
Share Premium	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-	449,215	-
Reserves	998,121	1,262.9	73,233	(84.0)	458,837	33.3	344,156	129.8	149,750	(50.3)	301,234	(27.9)
Shareholders' equity	2,643,936	53.8	1,719,048	(18.3)	2,104,652	5.8	1,989,972	10.8	1,795,566	(7.8)	1,947,050	(5.7)
Long Term Financing - Secured	159,190	(23.9)	209,300	(53.4)	449,100	(50.4)	905,219	141.4	375,000	(40.0)	625,000	(16.7)
Lease liabilities	173,289	(12.6)	198,284	-	-	-	-	-	-	-	-	-
Deferred tax liability - net	54,157	(59.1)	132,511	(33.7)	200,013	44.6	138,287	61.7	85,510	(37.0)	135,783	(21.0)
Other long term liability	608,130	-	-	-	-	-	-	-	-	-	-	-
Current liabilities	3,384,923	8.2	3,129,738	10.5	2,833,149	15.9	2,443,566	(19.2)	3,023,456	54.8	1,952,785	4.7
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PROFIT AND LOSS ACCOUNT												
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Cost of Sales	(6,844,271)	27.3	(5,377,723)	1.1	(5,321,210)	18.0	(4,509,865)	0.6	(4,485,107)	9.9	(4,079,325)	20.1
Gross profit	3,060,227	179.0	1,096,746	(32.0)	1,611,867	28.2	1,257,217	135.0	534,901	0.5	532,345	(24.1)
Selling and distribution Costs	(1,394,662)	34.6	(1,036,180)	11.7	(927,447)	23.9	(748,488)	45.5	(514,307)	5.3	(488,260)	13.6
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Reversal / (Allowance) for expected credit loss	18,731	(150.5)	(37,093)	411.0	(7,259)	(64.4)	(20,364)	(54.4)	(44,625)	59.9	(27,901)	63.1
Other Income	299,663	582.6	43,899	(33.5)	66,017	85.4	35,603	(7.7)	38,555	(20.5)	48,491	240.8
Operating Profit / (Loss)	1,694,815	999.6	(188,395)	(138.3)	492,518	34.5	366,204	480.1	(96,344)	190.2	(33,199)	(116.7)
Finance costs	(107,444)	23.4	(87,078)	0.2	(86,946)	(11.4)	(98,121)	5.0	(93,426)	12.7	(82,888)	(63.4)
Other expenses	(137,629)	2,475.4	(5,344)	(83.8)	(33,068)	58.2	(20,900)	-	-	-	-	(100.0)
Profit / (Loss) before taxation	1,449,742	616.3	(280,817)	(175.4)	372,504	50.7	247,183	230.3	(189,770)	63.5	(116,087)	314.9
Taxation	(524,854)	1,067.5	(44,957)	(67.5)	(138,163)	161.8	(52,777)	237.8	38,286	(7,125.0)	(545)	(96.8)
Profit / (Loss) after taxation	924,888	383.9	(325,774)	(239.0)	234,341	20.5	194,406	228.3	(151,484)	29.9	(116,632)	159.0



**STILE EMPORIUM & DESIGN STUDIO
HYDERABAD**

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



EY Ford Rhodes
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shabbir Tiles and Ceramics Limited (the Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of **Directors of Shabbir Tiles and Ceramics Limited** for the year ended **30 June 2021** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended **30 June 2021**.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 20 September 2021

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

SHABBIR TILES AND CERAMICS LIMITED

Year Ended June 30, 2021

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
 - a. Male - 06
 - b. Female - 01
2. The composition of Board is as follows:
 - a) Independent Directors* (including a female director)
 - Mr. Feroze Jehangir Cawasji
 - Mrs. Farhana Mowjee Khan
 - b) Other Non-executive Directors
 - Mr. Rafiq M. Habib
 - Mr. Muhammad Salman Burney
 - Mr. Abdul Hai M. Bhaimia
 - Mr. Imran Ali Habib
 - c) Executive Director
 - Syed Masood Abbas Jaffery

*In a board comprising of 7 members, one third works out to be 2.33 in which fraction is below half (i.e. 0.5). The fraction contained in such one-third is not rounded up to one. Company has qualified and experienced independent directors on the board who perform and carry out their responsibility diligently.
3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. 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;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. All the directors on the board have either acquired Directors' training program or are exempt from the requirement;
10. The board has approved the change in remuneration of chief financial officer, company secretary and head of internal audit. However, no new appointment or change in terms and conditions of chief financial officer, company secretary and head of internal audit took place during the year.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

-	Mr. Feroze Jehangir Cawasji	Chairman
-	Mr. Abdul Hai M. Bhaimia	Member
-	Mrs. Farhana Mowjee Khan	Member

b) HR and Remuneration Committee

-	Mr. Feroze Jehangir Cawasji	Chairman
-	Mr. Muhammad Salman Burney	Member
-	Mr. Masood Abbas Jaffery	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee - Four quarterly meetings
 - b) HR and Remuneration Committee - Two meetings
15. 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;
16. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and



SYED MASOOD ABBAS JAFFAERY
Chief Executive Officer



RAFIQ M. HABIB
Chairman



FINANCIAL STATEMENTS



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INDEPENDENT AUDITOR’S REPORT

To the members of Shabbir Tiles and Ceramics Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shabbir Tiles and Ceramics Limited** (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

[Signature]



Following are the key audit matters:

S.No.	Key audit matter	How our audit addressed the key audit matter
1.	Capital expenditure and long-term financing	
	<p>As disclosed in note 7.1, 7.6 and 20 to the accompanying financial statements, the Company incurred significant amount of capital expenditure during the year amounting to Rs. 647.01 million including Rs. 200.32 million for installation of solar power plant through financing arrangement of Rs. 500 million under SBP financing scheme for renewable energy.</p> <p>We focused on capital expenditure incurred during the year as this represents a significant transaction for the year and involves management’s evaluation of components of cost to be capitalised including borrowing costs in accordance with applicable financial reporting framework.</p> <p>Further, the aforementioned financing obtained represents significant transaction and requires management’s assumptions in recognition of liability in accordance with applicable financial reporting framework.</p> <p>Therefore, we have identified capital expenditure and long-term financing as a key audit matter.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none">• Obtained an understanding of the Company’s process with respect to capital expenditure and tested design and operating effectiveness of controls relevant to such process.• Reviewed whether the components of cost capitalized, including borrowing costs, meet the recognition criteria of an asset, in accordance with the applicable financial reporting standards.• Performed substantive audit procedures including physical verification, on a sample basis, of fixed assets acquired, assessment of nature of costs capitalised through testing of amounts and review of related third-party invoices, contracts and supporting documents.• Reviewed management’s estimates about the useful life of assets so capitalized and consequent depreciation rates used by the Company.• Reviewed all the significant terms and conditions contained in the bank’s facility letter and financing agreement executed during the year and also reviewed Company’s compliance to related debt covenants.• Considered the appropriateness and reasonableness of the management’s judgments used in recognition and measurement of liability in accordance with applicable financial reporting framework.• Obtained confirmation from bank for outstanding loan balance at reporting date and also reviewed the maturity analysis of the financing to ascertain the classification of loan as per its remaining maturity.• Assessed the adequacy and appropriateness of related financial statement disclosures in accordance with the applicable financial reporting framework.

[Signature]



S.No.	Key audit matter	How our audit addressed the key audit matter
2.	Existence and valuation of stock-in-trade	
	<p>As at the reporting date, the stock-in-trade balance amounting to Rs. 1,465.86 million constitutes approximately 20% of total assets of the Company. This comprises raw and packing material, work-in-process (WIP), finished goods and stock-in-transit.</p> <p>As disclosed in note 6.7 to the accompanying financial statements, the cost of finished goods is determined on weighted average cost of direct material and labour including a proportion of production overheads.</p> <p>The NRV of stock-in-trade is determined mainly keeping in view the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>We have considered this area to be a key audit matter due to its materiality and judgments involved in estimating the NRV of underlying stock-in-trade as well as the management's judgment involved in determining an appropriate costing basis and assessing its valuation.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to purchase and consumption of raw and packing material. Also tested design and operating effectiveness of controls relevant to such process. • Observed stock counts at year end to ascertain the existence and condition of stock-in-trade. • Reviewed management's procedures for evaluating the NRV of stock-in-trade, performed testing on sample basis to assess the NRV and evaluated the adequacy of write down of stock-in-trade to NRV by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products. • Evaluated the appropriateness and accuracy of provision for slow moving stock-in-trade assessed by the management, on a sample basis. • Assessed the appropriateness of management's basis for the allocation of cost and production overheads and recalculated per unit cost of finished goods, on a sample basis. • Assessed the adequacy and appropriateness of related financial statement disclosures in accordance with the applicable financial reporting framework.

ELU



S.No.	Key audit matter	How our audit addressed the key audit matter
3.	Revenue recognition	
	<p>As disclosed in note 28 to the accompanying financial statements, the Company witnessed significant increase in its revenue during the year by approximately 53%.</p> <p>Accordingly, we identified revenue recognition as a key audit matter primarily due to increase in revenue and volume of transactions during the year requiring additional audit efforts / focus in relation to this area.</p>	<p>Our key audit procedures among others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process. • Engaged IT team to perform testing over IT application controls, IT dependent manual controls and IT general controls wherever applicable for revenue recognition process. • Assessed the appropriateness of revenue recognition policies and practices followed by the Company. • Performed substantive audit procedures including analytical procedures and test of details over revenue transactions alongwith review of related supporting documents, on a sample basis. • Analyzed various trends and benchmarks including growth in construction industry and logical basis of the increase in revenue. • Performed cut-off procedures to ensure that the revenue is recognized in the correct accounting period. • Assessed the adequacy and appropriateness of related financial statement disclosures in accordance with the applicable financial reporting framework.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

Chartered Accountants

Place: Karachi

Date: 20 September 2021

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	Note	June 30, 2021 ------(Rupees in '000)-----	June 30, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,696,148	2,672,266
Right-of-use assets	8	240,668	267,718
Investment properties	9	7,035	8,277
Long-term loans	10	350	184
Long-term security deposits	11	27,025	22,886
		2,971,226	2,971,331
CURRENT ASSETS			
Stores and spare parts	12	440,609	337,125
Stock-in-trade	13	1,465,862	1,219,046
Trade debts	14	234,251	256,951
Loans and advances	15	37,901	31,686
Deposits, prepayments and other receivables	16	15,395	11,118
Short-term investments	17	1,679,595	200,000
Taxation - net		-	66,032
Cash and bank balances	18	178,786	295,592
		4,052,399	2,417,550
		7,023,625	5,388,881
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
240,000,000 (2020: 240,000,000) ordinary shares of Rs.5/- each		1,200,000	1,200,000
Issued, subscribed and paid-up capital	19	1,196,600	1,196,600
Reserves		1,447,336	522,448
		2,643,936	1,719,048
NON-CURRENT LIABILITIES			
Long-term financing - secured	20	159,190	209,300
Deferred Income	20	41,765	-
Lease liabilities	21	173,289	198,284
Gas Infrastructure Development Cess (GIDC) payable	22	566,365	-
Deferred tax liability - net	23	54,157	132,511
		994,766	540,095
CURRENT LIABILITIES			
Trade and other payables	24	2,203,255	1,459,160
Unclaimed dividends	25	3,281	2,812
Unpaid dividend	25	1,130	1,644
Accrued mark-up		-	3,247
Current maturity of long-term financing	20	-	59,800
Current maturity of lease liabilities	21	108,156	91,397
Current maturity of GIDC payable	22	231,200	1,124,079
Taxation - net		422,641	-
Sales tax payable	26	415,260	387,599
		3,384,923	3,129,738
CONTINGENCIES AND COMMITMENTS			
	27		
		7,023,625	5,388,881

The annexed notes from 1 to 49 form an integral part of these financial statements.

WAQAS AHMED
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ------(Rupees in '000)-----	June 30, 2020
Turnover - net	28	9,904,498	6,474,469
Cost of sales	29	(6,844,271)	(5,377,723)
Gross profit		3,060,227	1,096,746
Selling and distribution costs	30	(1,394,662)	(1,036,180)
Administrative expenses	31	(289,144)	(255,767)
Reversal / allowance for expected credit loss	14.3	18,731	(37,093)
		(1,665,075)	(1,329,040)
Other income	32	299,663	43,899
Operating profit / (loss)		1,694,815	(188,395)
Finance costs	33	(107,444)	(87,078)
Other expenses	34	(137,629)	(5,344)
		(245,073)	(92,422)
Profit / (loss) before taxation		1,449,742	(280,817)
Taxation	35	(524,854)	(44,957)
Profit / (loss) after taxation		924,888	(325,774)
-----Rupees-----			
Earnings / (loss) per share - basic and diluted	36	3.86	(1.36)

The annexed notes from 1 to 49 form an integral part of these financial statements.

WAQAS AHMED
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	<u>————(Rupees in '000)————</u>	
Profit / (loss) after taxation	924,888	(325,774)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	924,888	(325,774)

The annexed notes from 1 to 49 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Reserves					
	Issued,	Capital	Revenue reserves			
	subscribed	Share	General	(Accumulate	Total	Total
	and paid-up	premium	reserve	d losses) / Un-	reserves	equity
	capital			appropriated		
				profit		
	<u>————(Rupees in '000)————</u>					
Balance as at June 30, 2019	1,196,600	449,215	478,000	(19,163)	908,052	2,104,652
Final dividend @ 5% for the year ended June 30, 2019	-	-	-	(59,830)	(59,830)	(59,830)
Loss after taxation	-	-	-	(325,774)	(325,774)	(325,774)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(325,774)	(325,774)	(325,774)
Balance as at June 30, 2020	1,196,600	449,215	478,000	(404,767)	522,448	1,719,048
Profit after taxation	-	-	-	924,888	924,888	924,888
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	924,888	924,888	924,888
Balance as at June 30, 2021	1,196,600	449,215	478,000	520,121	1,447,336	2,643,936

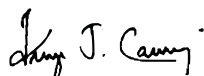
The annexed notes from 1 to 49 form an integral part of these financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



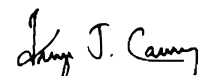
FEROZE JEHANGIR CAWASJI
Director



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ------(Rupees in '000)-----	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		1,449,742	(280,817)
Adjustments for non-cash and other			
Depreciation on			
operating fixed assets	7.3	620,984	626,677
right-of-use assets	8	88,308	78,418
investment properties	9	1,242	1,242
Finance costs	33	107,444	87,078
Dividend income on mutual funds		(34,763)	-
(Reversal) / allowance for expected credit loss	14.3	(18,731)	37,093
(Reversal) / provision for slow moving stores and spare parts	12.1	(11,920)	31,185
(Reversal) / provision for slow moving stock-in-trade	13.2	(21,486)	11,400
Unrealized gain on short-term investments - mutual fund units	32	(482)	-
Gain on remeasurement of GIDC payable	32	(161,749)	-
Gain on disposal of operating fixed assets	32	(10,565)	(1,054)
		<u>558,282</u>	<u>872,039</u>
Operating profit before working capital changes		2,008,024	591,222
(Increase) / decrease in current assets			
Stores and spare parts		(91,564)	(45,615)
Stock-in-trade		(225,330)	263,854
Trade debts		41,431	(145,793)
Loans and advances		(6,215)	(21,135)
Deposits, prepayments and other receivables		(4,277)	(217)
		<u>(285,955)</u>	<u>51,094</u>
Increase in current liabilities			
Trade and other payables		758,860	113,778
Sales tax payable		27,661	280,314
		<u>786,521</u>	<u>394,092</u>
Cash generated from operations		2,508,590	1,036,408
Income tax (paid) / refund received - net		(114,535)	138,334
Finance costs paid		(18,065)	(58,434)
Long-term loans - net		(166)	(164)
Long-term security deposits - net		(4,139)	(2,594)
GIDC paid		(237,260)	-
Net cash generated from operating activities		2,134,425	1,113,550
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(647,012)	(192,038)
Proceeds from disposal of operating fixed assets	7.5	13,345	10,465
Short-term investments made during the year - mutual fund units		(3,007,067)	-
Short-term investments made during the year - term deposit receipts		(56,000)	-
Short-term investments redeemed during the year - mutual fund units		1,983,954	-
Dividend on mutual funds received		34,763	-
Net cash used in investing activities		(1,678,017)	(181,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained during the year		200,321	-
Repayment of long-term financing		(269,100)	(229,900)
Repayment of lease liabilities	21.1	(104,390)	(81,595)
Dividend paid		(45)	(60,636)
Net cash used in financing activities		(173,214)	(372,131)
Net increase in cash and cash equivalents		283,194	559,846
Cash and cash equivalents at the beginning of the year		495,592	(64,254)
Cash and cash equivalents at the end of the year	37	778,786	495,592

The annexed notes from 1 to 49 form an integral part of these financial statements.

WAQUAS AHMED
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company, under the repealed Companies Act 1913 (now the Companies Act, 2017) on November 7, 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.

1.2 Geographical location and addresses of all the business units other than those stated in note 1.3 are as under:

Business Unit	Address	Production Facility
Registered office & production plant (Unit 1):	15th Milestone, National Highway, Landhi, Karachi.	Tiles & building material products
Production plant (Unit 2):	Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karachi.	Tiles
Production plant (Islamabad):	Plot No. 1711/1, Khewat No. 531, Hummak, Rawalpindi.	Building material products
Production plant (Lahore):	Godown 21- KM Ferozpur Road, Opp. Ahmed CNG Pump Lahore.	Building material products

1.3 The Company also make sales through various sales outlets located across the country. Considering the quantum, the geographical locations and addresses of all the locations are not presented in these financial statements.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs and IFAS, the provisions of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

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

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

4. NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

4.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) and the framework for financial reporting which became effective for the current year:

Amendment and Conceptual Framework

IFRS 3 - Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IAS 1 / IAS 8 - Definition of Material (Amendments)
Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the conceptual framework for financial reporting did not have any material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

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

Amendment or Improvement	Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2021
IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)	01 April 2021
IFRS 3 Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use	01 January 2022
IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1 Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8 Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12 Deferred tax related to Assets and Liabilities arising from a single	01 January 2023
IFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint / IAS 28 Venture (Amendment)	Not yet finalised

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16 Leases: Lease incentives	01 January 2022

The above amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17 Insurance Contracts	01 January 2023

5. SIGNIFICANT ACCOUNTING JUDGEMENTS 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, right-of-use assets and investment property	6.1.1, 6.2, 6.3, 7.1, 7.4 & 8
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)	6.6, 6.7, 12 & 13
c) determining the allowance for expected credit loss on trade debts	6.8 & 14
d) recognition of current and deferred taxation	6.15, 23 & 35
e) leases	6.14 & 21

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

6.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land, 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 to statement of profit or loss on straight line basis, other than freehold land which is determined to have an indefinite life, at the rates specified in note 7.1 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.

Residual values and useful lives are reviewed at each statement of financial position date, and adjusted if expectations differ significantly from previous estimates which is applied prospectively in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors).

Repairs and maintenance are charged to the statement of profit or loss 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 recognised in the statement of profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

6.1.2 Capital work-in-progress

These are stated at cost less any impairment in value. 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 operating fixed assets as and when these assets are available for use.

6.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment. The depreciation rates used are stated in note 8 to the financial statements.

6.3 Investment properties

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

Depreciation is charged to the statement of profit or loss applying the straight line method at the rate specified in note 9 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 the statement of profit or loss 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 the statement of profit or loss for the year.

6.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which 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 statement of profit or loss in the period in which they are incurred.

6.5 Research and development costs

Research and development costs are charged to the statement of profit or loss 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".

6.6 Stores and spare parts

These are stated at cost less provision for slow moving and obsolete items. The cost is determined by the weighted moving average cost method except for those in transit or at bonded warehouse which are valued at actual cost.

6.7 Stock-in-trade

Stock-in-trade, except stock in transit 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.

Stock in transit are valued at invoice price plus other charges paid thereon.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Stock-in-trade is regularly reviewed by the management and slow moving items, if any, are brought down to their NRV. NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

6.8 Trade debts, loans, deposits, long term loans, long term security deposits

Trade debts and other financial assets are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other financial assets. Bad debts, if any, are written off when considered irrecoverable.

6.9 Ljarah rentals

Ljarah payments for assets under Ljarah arrangements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ljarah term.

6.10 Cash and cash equivalents

These are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and term deposit receipts with maturity up to three months recognised under short-term investments net of short-term running finance, if any.

6.11 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.

6.12 Provisions

Provisions are recognized in the statement of financial position 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 statement of financial position date and adjusted to reflect current best estimate.

6.13 Deferred income

The benefit of a long-term finance at a below-market rate of interest is treated as a deferred income, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The deferred income is held on the statement of financial position as a deferred credit and realised to the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

6.14 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

6.14.1 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on such leases are recognised as expense on a straight-line basis over the lease term.

6.14.2 Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6.15 Taxation

6.15.1 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 statement of profit or loss except to the extent it relates to items recognised directly in other comprehensive income in which case it is recognised in the statement of comprehensive income.

6.15.2 Deferred

Deferred taxation is provided, proportionate to local sales, on all temporary differences at the statement of financial position 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 statement of financial position date.

6.16 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 statement of profit or loss for the year.

6.17 Employees' leave encashment

Accrual for leave encashment is made to the extent of value of encashable accrued leaves of the employees at the statement of financial position date as per Company's policy.

6.18 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 statement of financial position date. Exchange differences on foreign currency translations are taken to the statement of profit or loss in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

6.19 Financial Instruments

6.19.1 Financial assets

The financial assets of the company mainly include trade debts, loans, deposits, long-term loans, long-term security deposits, short-term investment, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVTOCI) – debt investment; FVTOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Short-term investments in mutual fund units are measured at fair value through profit or loss and trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

6.19.2 Financial Liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category applies to long-term financing of the Company as disclosed in note 20 to the financial statements.

6.19.3 Impairment of financial assets

Expected Credit Loss (ECL) is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each statement of financial position date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6.19.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6.20 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at each statement of financial position 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 statement of profit or loss. 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.

6.21 Revenue

Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. In most of the cases, payments against the goods are realized in the month of delivery, without any variable considerations, financing components and guarantees.

The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customer.

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

Return on short-term investments and other income if any is recognised on accrual basis.

6.22 Dividend and appropriation to reserves

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

6.23 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.

		June 30, 2021	June 30, 2020
7. PROPERTY, PLANT AND EQUIPMENT	Note	— (Rupees in '000) —	
Operating fixed assets	7.1	2,237,914	2,619,310
Capital work-in-progress	7.6	458,234	52,956
		<u>2,696,148</u>	<u>2,672,266</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2020	Additions / transfers*	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year (note 7.3)	On Disposals	As at June 30, 2021	As at June 30, 2021	Depre- ciation rate %
					(Rupees in '000)					
2021										
Freehold land (note 7.2)	266,135	-	-	266,135	-	-	-	-	266,135	-
Building on freehold land (note 7.2)	933,007	68,460 *	-	1,001,467	517,958	71,244	-	589,202	412,265	5 - 33
Plant and machinery	5,490,815	18,912 101,441 *	(80,627)	5,530,541	3,579,890	536,740	(78,775)	4,037,855	1,492,686	5 - 33
Furniture and fixture	24,310	-	-	24,310	24,061	-	-	24,061	249	20
Office equipment	47,608	14,889	(3,003)	59,494	32,260	7,221	(2,973)	36,508	22,986	20 - 33
Computers and accessories	18,711	3,263	(3,002)	18,972	15,051	2,919	(2,972)	14,998	3,974	33 - 50
Vehicles (note 7.7)	21,543	35,403	(4,435)	52,511	13,599	2,860	(3,567)	12,892	39,619	20
	6,802,129	72,467	(91,067)	6,953,430	4,182,819	620,984	(88,287)	4,715,516	2,237,914	
		169,901 *								
							</			

* Represents transfers from capital work-in-progress during the year.

7.2 Particulars of immovable fixed assets:	Freehold land		Building on freehold land	
	Total area	Cost as at June 30, 2021 (Rupees in '000)	Total area	Cost as at June 30, 2021 (Rupees in '000)
Location				
15th Milestone, National Highway, Landhi, Karachi.	12 acre 19 ghunta	553	201,339 sq. ft.	271,057
Deh Khanto Tappo, Landhi, District Malir, Bin Qasim Town Karach	28 acre 14 ghunta	265,582	403,617 sq. ft.	730,410
Total		<u>266,135</u>		<u>1,001,467</u>
7.3 Depreciation charge for the year has been allocated as follows:			June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
Cost of sales - manufacturing	29.1		614,128	621,160
Selling and distribution costs	30		3,736	2,990
Administrative expenses	31		3,120	2,527
			<u>620,984</u>	<u>626,677</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

7.4 Useful life and residual values of operating fixed assets

The management of the Company has assessed the useful lives and residual values of certain components of property, plant and equipment and accordingly revised the useful lives and residual values of the following assets. The previous and revised remaining useful lives and residual values are as under:

Categories	Useful life		Residual value	
	Revised ----- Months -----	Previous	Revised ---- (Rupees in '000) ----	Previous
Plant and machinery				
Squaring Machine	144	180	-	1,768
Roller Printing Machine	144	180	-	2,414
Filtration plant - Polishing	150	180	-	3,790
Kiln regeneration	29	60	-	-
			-	7,972

The effect of these changes in useful life and residual value on depreciation charge in the current and future periods are as follows:

	Depreciation charge			
	2021	2022	2023	From July 01, 2023 and onwards
		(Rupees in '000)		
Increase / (decrease) in depreciation charge	21,522	(8,219)	(8,219)	(5,082)
Residual value charged as depreciation	7,972			
	29,494	(8,219)	(8,219)	(5,082)

7.5 Particulars of disposal of each operating fixed asset having book value of five hundred thousand rupees or more, where aggregate book value of that class of assets exceeds five million rupees are as follows:

For the year ended June 30, 2021								
Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sales Value	Gain / (loss)	Relationship with buyers	Particulars of buyers
(Rupees in '000)								
Plant and machinery								
Generator 1360 KVA	Insurance Claim	10,330	9,814	516	8,115	7,599	Insurer	Habib Insurance - a related party
		10,330	9,814	516	8,115	7,599		
Operating fixed assets having WDV less than Rs. 0.5 million		80,737	78,473	2,264	5,230	2,966	Various	Various
2021		91,067	88,287	2,780	13,345	10,565		
2020		39,009	29,598	9,411	10,465	1,054		

7.6 Capital work-in-progress:

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
Plant and machinery		320,462	50,530
Civil works		58,813	2,426
Office Equipment		676	-
Advance against vehicles	7.6.1	77,649	-
Borrowing cost capitalized during the year	7.6.2	634	-
		458,234	52,956

7.6.1 Includes advance of Rs. 40.318 million (2020: Nil) paid to Indus Motor Company limited, a related party.

7.6.2 Movement in capital work-in-progress is as follows:

Balance at beginning of the year	52,956	37,832
Additions during the year	574,545	118,871
Transferred to operating fixed assets	(169,901)	(103,747)
Borrowing cost capitalized during the year	634	-
Balance at end of the year	458,234	52,956

7.7 Include vehicles of Rs. 33.406 million (2020: Nil) purchased from Indus Motor Company limited, a related party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

8. RIGHT-OF-USE ASSETS

COST

Balance at beginning of the year
Impact of initial application of IFRS 16
Additions during the year
Remeasurement of lease liabilities
Balance at end of the year

Note	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
	346,136	-
	-	275,211
	70,725	70,925
	(9,467)	-
	407,394	346,136

ACCUMULATED DEPRECIATION

Balance at beginning of the year
Charge for the year
Balance at end of the year

8.1	78,418	-
	88,308	78,418
	166,726	78,418

NET BOOK VALUE

As at June 30

	240,668	267,718
--	---------	---------

Depreciation rate %

	11-67%	11-67%
--	--------	--------

8.1 Depreciation charge for the year has been allocated as follows:

Cost of sales - manufacturing	29.1	24,211	19,870
Selling and distribution costs	30	64,097	58,548
		88,308	78,418

9. INVESTMENT PROPERTIES

	COST		ACCUMULATED DEPRECIATION			NET BOOK VALUE	Depreciation rate %
	As at July 01, 2020	As at June 30, 2021	As at July 01, 2020	Charge for the year (note 30)	As at June 30, 2021	As at June 30, 2021	
	Rupees in '000						
Freehold land	3	-	3	-	-	3	-
Building on freehold land	1,083	-	1,083	-	1,083	-	10
Showroom	7,800	-	7,800	702	4,563	3,237	10
Apartments	6,000	-	6,000	540	2,205	3,795	10
2021	14,886	-	14,886	6,609	1,242	7,851	7,035
2020	14,886	-	14,886	5,367	1,242	6,609	8,277

9.1 The forced sales values and fair values of investment properties based on the latest valuation carried out by an independent valuer on June 30, 2021, as at the statement of financial position date, are as under:

	Forced sales values		Fair values	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----			
Freehold land	5,843	5,445	7,304	6,806
Building on freehold land	2,152	2,152	2,690	2,690
Showroom	4,992	5,616	6,240	7,020
Apartments	5,280	5,280	6,600	6,600
	18,267	18,493	22,834	23,116

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

9.2 Particulars of immovable investment properties:

Particulars	Location	Total area / covered area
Freehold land	15th Milestone, National Highway, Landhi, Karachi.	332 sq. yards
Building on freehold land	15th Milestone, National Highway, Landhi, Karachi.	2,989 sq. ft.
Showroom	Shop No. 11, Mezzanine Floor, Pace N Pace Mall, Bosan Road, Multan.	260 sq. ft.
Apartments	Flat No. 17 & 20, Fifth Floor, Bismillah Heights, Tando Wali Muhammad, Ward A, Hyderabad.	770 sq. ft. & 860 sq. ft.
		June 30, 2021 June 30, 2020
	Note	--- (Rupees in '000) ---

10. LONG-TERM LOANS

Secured			
Employees	10.1	2,653	1,825
Executives	10.1	450	1,048
		3,103	2,873
Current maturity of long-term loans	15	(2,753)	(2,689)
		350	184

10.1 Represent loans given for the purchase of household equipment which are repayable within two years of disbursement. These carry no mark-up and are secured against staff retirement benefits. These are not discounted to the present value using market rate as the impact is not material to the financial statements.

		June 30, 2021	June 30, 2020
	Note	--- (Rupees in '000) ---	
11. LONG-TERM SECURITY DEPOSITS			
Rent		23,121	19,609
Utilities		2,943	2,943
Others		961	334
	11.1	27,025	22,886

11.1 Represents refundable deposits paid to landlords, utility and other service providers. As the period of deposit varies on contract to contract basis, the deposits are recorded at historical cost and not discounted to the present value as the impact is not material to the financial statements.

		June 30, 2021	June 30, 2020
	Note	--- (Rupees in '000) ---	
12. STORES AND SPARE PARTS			
Stores		190,975	123,616
Spare parts			
- in hand		324,408	325,534
- in transit		27,737	2,406
		352,145	327,940
		543,120	451,556
Provision for slow moving stores and spare parts	12.1	(102,511)	(114,431)
		440,609	337,125

12.1 Movement of provision for slow moving stores and spare parts:

Balance at beginning of the year		114,431	83,246
(Reversal) / charge for the year	29.1	(11,920)	31,185
Balance at end of the year		102,511	114,431

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

12.2 Provision for slow moving stores and spare parts:

The management of the Company has assessed the provisioning estimates for stores and spare parts and accordingly revised the provision for slow moving stores and spare parts. The impact of change in accounting estimate on provision for the year is shown below whereas impact of change in accounting estimate on future periods is not disclosed due to impracticability.

	Revised ----- (Rupees in '000) -----	Previous ----- (Rupees in '000) -----	Difference ----- (Rupees in '000) -----
Provision for slow moving stores and spare parts	(11,920)	(6,372)	(5,548)

13. STOCK-IN-TRADE

Raw and packing material		June 30, 2021	June 30, 2020
- in hand		627,920	636,868
- in transit		190,566	24,308
	29.1	818,486	661,176
Work-in-process	29.1	42,108	28,711
Finished goods			
- manufacturing	29.1	613,959	554,648
- trading	29.2	16,035	20,723
	13.1	629,994	575,371
		1,490,588	1,265,258
Provision for slow moving stock-in-trade	13.2	(24,726)	(46,212)
		1,465,862	1,219,046

13.1 Includes stock-in-trade costing Rs. 229.558 million (2020: Rs. 117.769 million) which has been written down to its net realizable value (NRV) amounting to Rs. 73.363 million (2020: Rs. 63.020 million).

		June 30, 2021	June 30, 2020
	Note	--- (Rupees in '000) ---	
13.2 Movement of provision for slow moving stock-in-trade:			
Balance at beginning of the year		46,212	34,812
(Reversal) / charge for the year	29.1	(21,486)	11,400
Balance at end of the year		24,726	46,212

13.3 Provision for slow moving stock-in-trade:

The management of the Company has assessed the provisioning estimates for slow moving raw materials and accordingly revised the provision for stock-in-trade. The impact of change in accounting estimate on provision for the year is shown below whereas impact of change in accounting estimate on future periods is not disclosed due to impracticability.

	Revised ----- (Rupees in '000) -----	Previous ----- (Rupees in '000) -----	Difference ----- (Rupees in '000) -----
Provision for slow moving stock-in-trade	(10,123)	(11,389)	1,266

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
14. TRADE DEBTS			
Unsecured			
- Considered good	14.1 & 14.2	234,251	256,951
- Considered doubtful		158,236	177,964
		392,487	434,915
Allowance for expected credit loss	14.3	(158,236)	(177,964)
		234,251	256,951
14.1 Include receivables from the following related parties that are neither past due nor impaired and are aged within 90 days:			
Indus Motor Company Limited		882	-
Agriauto Industries Limited		288	-
Thal Limited		30	1,714
14.2 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 4.599 million (2020: Rs. 8.135 million).			
		June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
14.3 Movement in allowance for expected credit loss:			
Balance at beginning of the year		177,964	140,871
(Reversal) / allowance for expected credit loss during the year		(18,731)	37,093
Written-off during the year		(997)	-
Balance at end of the year		158,236	177,964
14.4 The analysis of unimpaired trade debts is as follows:			
Neither past due nor impaired		107,016	138,197
Past due but not impaired			
31 to 90 days		93,751	44,447
91 to 180 days		29,421	71,522
over 180 days		4,063	2,785
		127,235	118,754
		234,251	256,951
15. LOANS AND ADVANCES	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
Considered good			
Loans			
Current maturity of long-term loans	10	2,753	2,689
Advances			
Employees		62	378
Suppliers and contractors		15,282	24,433
Collector of customs		19,804	4,186
		35,148	28,997
		37,901	31,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits - interest free		-	100
Prepayments			
Insurance		3,744	2,737
Letter of gurantantee margin		1,324	2,524
Others		7,841	5,586
		12,909	10,847
Other receivables		2,486	171
		15,395	11,118
17. SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts (TDRs)			
- up to three months		600,000	200,000
- more than three months		56,000	-
	17.1	656,000	200,000
At fair value through profit or loss			
Mutual fund units	17.2	1,023,595	-
		1,679,595	200,000
17.1 Represents term deposit receipts (TDRs) ranging from 15 days to 1 year term with various commercial banks under conventional banking relationship carrying profit at the rate of 7% to 9% (2020: 7.15%) per annum, having latest maturity up to June 07, 2022.			
17.2 MCB Arif Habib Cash Management Optimizer (1,488,827 Units at NAV of Rs. 100.959)		150,311	-
AI Meezan Rozana Amdani Fund (4,031,039 Units at NAV of Rs. 50)		201,552	-
Faysal Islamic Cash Fund (1,231,212 Units at NAV of Rs. 100)		123,121	-
MCB Arif Habib Al Hamra Islamic Money Market Fund (1,012,172 Units at NAV of Rs. 99.51)		100,721	-
UBL Liquidity Plus Funds (1,519,988 Units at NAV of Rs. 101.021)		153,551	-
HBL Asset Management Ltd - HBL Cash Fund (1,012,018 Units at NAV of Rs. 101.202)		102,418	-
Alfalah GHP Money Market Fund (1,028,150 Units at NAV of Rs. 98.239)		101,004	-
Alfalah Islamic Rozana Amdani Fund (8,424 Units at NAV of Rs. 100)		842	-
Lakson Investment Money Market Fund (595,959 Units at NAV of Rs. 100.804)		60,075	-
UBL Al Ameen Islamic Cash Plan - 1 (300,000 Units at NAV of Rs. 100)		30,000	-
		1,023,595	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
18. CASH AND BANK BALANCES			
Cash in hand		3,261	6,563
Cash at banks:			
Current accounts with;			
- conventional banks	18.1	<u>85,122</u>	49,584
- islamic banks		<u>32,552</u>	22,289
		117,674	71,873
Saving accounts	18.2	<u>57,851</u>	217,156
		178,786	295,592

18.1 Includes balance of Rs. 14.013 million (2020: Rs. 9.656 million) maintained with Bank Al Habib Limited, a related party.

18.2 These carry profit rates ranging from 5.5% to 7.5% per annum (2020: 5% to 10% per annum). These balances are held in accounts maintained under conventional banking.

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021 (Number of shares in '000)	2020		Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
199,627	199,627	Ordinary shares of Rs. 5/- each		998,135	998,135
1,150	1,150	Fully paid-up in cash		5,750	5,750
38,543	38,543	Issued for consideration other than cash		192,715	192,715
239,320	239,320	Issued as bonus shares		1,196,600	1,196,600

20. LONG-TERM FINANCING - SECURED

Islamic bank			
Diminishing musharaka facility		-	269,100
Conventional bank			
SBP refinance scheme for renewable energy	20.1	159,190	-
Current maturity of long-term financing		<u>-</u>	<u>(59,800)</u>
		159,190	209,300

20.1 This represents long term financing facility obtained from a conventional bank under State Bank of Pakistan (SBP) refinance scheme for renewable energy, recognised initially at fair value. The total facility amounts to Rs. 500 million and carries mark-up at the rate of 3% plus 0.45% (2020: Nil) per annum payable quarterly. The facility is repayable in ten years with two years grace period from the date of disbursement. The facility is secured against first specific hypothecation charge over present and future plant and machinery related to the solar power project for the disbursed amount in addition to margin of 10% covered through lien over Term Deposit Receipt (TDR). The incremental borrowing rate for the purposes of discounting adjustment for recognition at fair value is taken at 7.95% (2020: Nil) per annum.

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FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
20.2 Movement of long-term financing:			
Balance at beginning of the year		269,100	499,000
Financing received during the year		200,321	-
Repayment made during the year		(269,100)	(229,900)
Recognised as deferred income	20.3	(41,765)	-
Unwinding of finance cost		634	-
Balance at end of the year		159,190	269,100

20.3 This represents deferred income recognised in respect of the benefit of below-market interest rate on long term finances. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The Company has used the prevailing market rate of mark-up for similar instruments to calculate fair values of respective loans. The discount rate used is 7.95% per annum.

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
21. LEASE LIABILITIES			
Lease liabilities	21.1	281,445	289,681
Current maturity of lease liabilities		(108,156)	(91,397)
		173,289	198,284

21.1 Movement of lease liabilities:

Balance at beginning of the year	289,681	-
Impact of initial application of IFRS 16	-	265,094
Additions during the year	70,725	70,925
Remeasurement of lease liabilities	(9,467)	-
Unwinding of finance cost during the year	34,896	35,257
Payments made during the year	(104,390)	(81,595)
Balance at end of the year	281,445	289,681

21.2 The maturity analysis of lease liabilities as at the statement of financial position date is as follows:

	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020
Up to one year	108,156	91,397
After one year	173,289	198,284
Total lease liabilities	281,445	289,681

22. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at beginning of the year	1,124,079	975,676
Accrual during the year	14,764	148,403
Derecognition of existing liability	(1,138,843)	-
	-	1,124,079
Recognition of new liability	977,095	-
Unwinding of finance cost	57,730	-
Payments made during the year	(237,260)	-
	797,565	1,124,079
Current maturity of GIDC payable	(231,200)	(1,124,079)
Balance at end of the year	566,365	-

22.1 Pursuant to the decision of the Honorable Supreme Court of Pakistan in August 2020 in respect of GIDC, and its subsequent judgement on the review petitions in November 2020, the management of the Company, during the year, has derecognised the existing liability for GIDC and recognised new liability for GIDC at the present value of future cashflows resulting in remeasurement gain amounting to Rs. 161.749 million recorded in other income in the statement of profit or loss. Corresponding liability of GIDC was classified as current liability up till June 30, 2020 until the decision of the Honorable Supreme Court of Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out. The Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company until the matter is finalised. The matter is currently pending in the Sindh High Court. However, the Company is making payments under protest to the SSGC to avoid default surcharge penalty.

		June 30, 2021	June 30, 2020
		---- (Rupees in '000) ----	
23. DEFERRED TAX LIABILITY - net			
Deferred tax liabilities on taxable temporary differences:			
- accelerated tax depreciation		171,062	277,172
Deferred tax asset on deductible temporary differences:			
- provisions		(105,080)	(111,924)
- lease liabilities		(11,825)	(6,369)
- minimum tax		-	(26,368)
		(116,905)	(144,661)
		54,157	132,511
	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000) ----	
24. TRADE AND OTHER PAYABLES			
Creditors	24.1	639,657	306,804
Accrued liabilities and levies	24.2	1,229,271	936,200
Advance from customers	24.3	147,725	77,307
Book over-draft	24.4	115,171	125,255
Payable to provident fund	24.5	4,323	3,896
Security deposits	24.6	3,352	375
Withholding tax payable		5,091	3,461
Workers' Profit Participation Fund		8,614	-
Workers' Welfare Fund		50,051	5,862
		2,203,255	1,459,160
24.1	Includes payable due to the following related parties:		
	Thal Limited	11,105	15,210
	Razaque Steels (Private) Limited	1,723	-
	Habib Metro Pakistan (Private) Limited	190	1,157
24.2	Includes accrual for leave encashment of Rs. 15.184 million (2020: Rs. 59.839 million) and bonus of Rs. 106.980 million (2020: Rs. 54.044 million).		
24.3	Includes advance of Nil (2020: Rs. 0.665 million) from Agriauto Industries Limited, a related party.		
24.4	Represents book overdraft balance against the un-presented cheques as at the statement of financial position date.		
24.5	Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.		
24.6	These represent interest free deposits received from employees against company provided vehicles.		
25. UNPAID DIVIDEND / UNCLAIMED DIVIDEND			
	The Company has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

26. SALES TAX PAYABLE

Includes an amount of Rs. 7.601 million (2020: 0.041 million), 59.910 million (2020: 35.133 million) and 352.429 million (2020: 352.429 million) in respect of withholding provincial sales tax, sales tax payable (federal) and further tax (not charged to the customers) respectively as at the statement of financial position date.

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

There are no material contingencies to report as at the statement of financial position date.

27.2 Commitments

- Commitments in respect of outstanding letters of credit against raw materials and spares amounting to Rs. 236.770 million (2020: Rs. 116.224 million), issued by commercial banks.
- Commitments in respect of capital expenditure amounted to Rs. 132.950 million (2020: Rs. Nil) for the import of machinery, issued by commercial banks.
- Commitment in respect of bank guarantees issued by a commercial bank in favour of:

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Sui Southern Gas Company Limited	368,775	353,754
Nazir of Sindh High Court	281,842	244,239
Pakistan State Oil	40,000	40,000
Excise and Taxation Department	73,381	66,381
	763,998	704,374

28. TURNOVER - net

Local

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Manufacturing	11,982,814	7,797,598
Trading	29,382	47,730
	12,012,196	7,845,328
Trade discount	(131,786)	(27,812)

Sales tax

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Manufacturing	(1,971,643)	(1,336,112)
Trading	(4,269)	(6,935)
	(1,975,912)	(1,343,047)
28.1	9,904,498	6,474,469

- 28.1** Revenue recognised from amounts included in advance from customers at beginning of the year amounted to Rs. 61.486 million (2020: Rs. 64.582 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020 ---- (Rupees in '000) ----
29 COST OF SALES			
Manufacturing	29.1	6,825,666	5,350,447
Trading	29.2	18,605	27,276
		<u>6,844,271</u>	<u>5,377,723</u>
29.1 Cost of sales - manufacturing			
Raw and packing materials consumed			
Opening stock		661,176	709,868
Purchases		3,058,513	1,805,209
Closing stock	13	(818,486)	(661,176)
		<u>2,901,203</u>	<u>1,853,901</u>
Manufacturing expenses			
Salaries, wages and other benefits	29.1.1	867,173	753,350
Fuel and power		1,856,650	1,443,907
Stores and spare parts consumed		531,624	289,113
(Reversal) / provision for slow moving stores and spare parts	12.1	(11,920)	31,185
(Reversal) / provision for slow moving stock-in-trade	13.2	(21,486)	11,400
Depreciation on			
- operating fixed assets	7.3	614,128	621,160
- right-of-use assets	8.1	24,211	19,870
Repairs and maintenance		75,261	46,179
Insurance		15,165	17,291
Vehicle running expenses		22,896	30,184
Travelling and conveyance		4,011	4,853
Printing and stationery		6,840	4,499
Communication		3,880	3,832
Rates and taxes		945	2,234
Research costs		2,624	2,086
Legal and professional charges		3,406	2,155
Ijarah rentals		-	568
Others		1,763	604
		<u>3,997,171</u>	<u>3,284,470</u>
Work-in-process			
Opening stock		28,711	31,203
Closing stock	13	(42,108)	(28,711)
		<u>6,884,977</u>	<u>5,140,863</u>
Cost of goods manufactured			
Finished goods			
Opening stock		554,648	764,232
Closing stock	13	(613,959)	(554,648)
		<u>6,825,666</u>	<u>5,350,447</u>

29.1.1 Includes Rs. 13.109 million (2020: Rs. 13.250 million) in respect of staff retirement benefits.

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020 ---- (Rupees in '000) ----
29.2 Cost of sales - trading			
Opening stock		20,723	23,809
Purchases		13,917	24,190
Closing stock	13	(16,035)	(20,723)
		<u>18,605</u>	<u>27,276</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020 ---- (Rupees in '000) ----
30. SELLING AND DISTRIBUTION COSTS			
Salaries, wages and other benefits	30.1	227,724	169,437
Freight		880,724	623,036
Advertisement and sales promotion		78,304	59,132
Travelling and conveyance		16,336	19,730
Rates and taxes		8,696	4,675
Communication		6,536	7,555
Insurance		7,570	5,257
Depreciation on			
- operating fixed assets	7.3	3,736	2,990
- right-of-use assets	8.1	64,097	58,548
- investment properties	9	1,242	1,242
Vehicle running expenses		13,218	11,680
Repairs and maintenance		53,463	47,847
Utilities		20,283	14,392
Printing and stationery		8,613	7,161
Entertainment		1,577	1,982
Legal and professional charges		2,265	1,076
Others		278	440
		<u>1,394,662</u>	<u>1,036,180</u>

30.1 Includes Rs. 5.679 million (2020: Rs. 4.781 million) in respect of staff retirement benefits.

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020 ---- (Rupees in '000) ----
31. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	31.1	232,385	207,128
Travelling and conveyance		4,251	7,435
Printing and stationery		16,670	10,802
Legal and professional charges		3,076	3,690
Depreciation	7.3	3,120	2,527
Vehicle running expenses		10,656	10,200
Communication		1,949	1,750
Repair and maintenance		10,368	6,051
Auditors' remuneration	31.2	2,871	2,178
Subscriptions		305	240
Insurance		887	662
Others		2,606	3,104
		<u>289,144</u>	<u>255,767</u>

31.1 Includes Rs. 5.938 million (2020: Rs. 6.037 million) in respect of staff retirement benefits.

	Note	June 30, 2021 ---- (Rupees in '000) ----	June 30, 2020 ---- (Rupees in '000) ----
31.2 Auditors' remuneration			
Audit fee		1,150	1,023
Half-yearly review fee		318	259
Taxation services		68	68
Other certifications and reviews		1,080	551
Out of pocket expenses		255	277
		<u>2,871</u>	<u>2,178</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
32. OTHER INCOME			
Income from financial assets			
Profit on bank deposits / saving accounts	32.1	9,479	9,815
Interest income on TDRs		37,603	-
Dividend income on mutual fund units		34,763	-
		<u>81,845</u>	<u>9,815</u>
Income from non-financial assets			
Rental income from investment property	7.5	792	828
Gain on disposal of operating fixed assets		10,565	1,054
Income from scrap sales		40,715	23,561
Reversal of Workers' Welfare Fund		-	5,045
Gain on remeasurement of GIDC payable		161,749	-
Unrealised gain on short-term investments - mutual fund units		482	-
Others		3,515	3,596
		<u>217,818</u>	<u>34,084</u>
		<u>299,663</u>	<u>43,899</u>
32.1	Represents mark-up on bank accounts under conventional banking relationship.		
33. FINANCE COSTS	Note	June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
Mark-up on long-term financing		4,291	40,534
Unwinding of finance cost of lease liabilities		34,896	35,257
Unwinding of finance cost of GIDC		57,730	-
Mark-up on short-term running finance		9	4,595
		<u>96,926</u>	<u>80,386</u>
Bank charges and commission		10,518	6,692
		<u>107,444</u>	<u>87,078</u>
34. OTHER EXPENSES			
Workers' Profit Participation Fund		78,612	-
Workers' Welfare Fund		44,191	4,680
Donations	34.1	14,440	-
Exchange loss - net		386	664
Others		-	-
		<u>137,629</u>	<u>5,344</u>
34.1	Donation to following parties exceeds the higher of 10% of the Company's total donations or Rs. 1 million:		
		June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
Habib Education Trust		4,000	-
Patients' Aid Foundation		2,000	-
34.2	None of the directors or their spouses had any interest in the donees.		

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		June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
35. TAXATION			
Current		603,949	99,206
Prior		(741)	13,253
Deferred		<u>(78,354)</u>	<u>(67,502)</u>
		<u>524,854</u>	<u>44,957</u>
35.1	Following is the reconciliation between tax expense and accounting profit for the year. Comparative figures are not presented as the provision for taxation was based on minimum tax.		
			June 30, 2021 (Rupees in '000)
Profit before tax			1,449,742
Tax at the applicable rate of 29%			420,425
Tax effects of:			
amounts not deductible for tax purposes			195,644
permanent difference			139,365
amounts deductible for tax purposes but not taken to statement of profit or loss			(116,235)
deferred tax			(78,354)
adjustment of brought forward minimum tax			(28,412)
income subject to reduced tax / minimum tax			(4,866)
tax rebate on donations			(1,972)
prior year			(741)
			<u>524,854</u>
35.2	The income tax assessment of the Company has been assessed up to and for the year 2019 corresponding to the financial year ended June 30, 2019.		
36. EARNINGS / (LOSS) PER SHARE - basic and diluted		June 30, 2021	June 30, 2020
Profit / (loss) for the year (Rupees in '000)		<u>924,888</u>	<u>(325,774)</u>
Weighted average number of ordinary shares outstanding during the year (shares in '000)		<u>239,320</u>	<u>239,320</u>
Earnings / (loss) per share (Rupees) - basic and diluted	36.1	<u>3.86</u>	<u>(1.36)</u>
36.1	There is no dilutive effect of basic earnings per share of the Company.		
37. CASH AND CASH EQUIVALENTS	Note	June 30, 2021 --- (Rupees in '000) ---	June 30, 2020
Short-term investments - TDRs	17	600,000	200,000
Cash and bank balances	18	<u>178,786</u>	<u>295,592</u>
		<u>778,786</u>	<u>495,592</u>

NOTES TO THE FINANCIAL STATEMENTS

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38. 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 have overall responsibility for the establishment and oversight of the 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 2021 which are summarized below:

38.1 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 of 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 saving accounts, long-term financing and short-term running finance. 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 factors remaining constant, would increase the Company's profit before tax by Rs. 14.786 million and a 1% decrease would result in the decrease in the Company's profit 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 statement of financial position date:

	June 30, 2021	June 30, 2020
	Rupees	
Trade payables - US Dollar	588,080	91,680
Trade payables - Euro	246,825	13,312
Trade payables - AED	-	5,250

The following significant exchange rates have been applied at statement of financial position date:

	June 30, 2021	June 30, 2020
	Rupees	
Exchange rate – US Dollar	157.54	168.05
Exchange rate – Euro	187.27	188.61
Exchange rate – AED	-	45.75

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, Euro and AED exchange rates, with all other variables held constant:

	Change in USD / Euro / AED rates (%)	Effect on profit / (loss) before tax ---- (Rupees in '000) ----	Effect on equity
June 30, 2021	±10	13,887	13,887
June 30, 2020	±10	1,816	1,816

(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 statement of financial position date.

38.2 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 arises 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 security deposits, trade debts, loans and advances 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.

The maximum exposure to credit risk at statement of financial position date is as follows:

	Note	June 30, 2021	June 30, 2020
		---- (Rupees in '000) ----	
Long-term loans	10	350	184
Long-term security deposits	11	27,025	22,886
Trade debts	14	234,251	256,951
Current portion of long-term loans	15	2,753	2,689
Deposits and other receivables	16	2,486	271
Short-term investments	17	1,679,595	200,000
Bank balances	18	175,525	289,029
		<u>2,121,985</u>	<u>772,010</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Quality of financial assets

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk.

The credit quality of financial assets that are neither past nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates as follows:

	June 30, 2021	June 30, 2020
	--- (Rupees in '000) ---	
Customers with no defaults in the past one year		
Trade debts	<u>234,251</u>	<u>256,951</u>

Set out below is the information about the credit risk on the Company's trade debts:

	June 30, 2021				
	Days Past Due				
	Current	31-90 days	91-180 days	Over 180	Total
	----- (Rupees in '000) -----				
	2%	5%	18%	97%	
Expected credit loss rate	2%	5%	18%	97%	
Estimated total gross carrying amount at default	<u>108,784</u>	<u>99,098</u>	<u>36,081</u>	<u>148,524</u>	<u>392,487</u>
Expected credit loss	<u>(1,768)</u>	<u>(5,347)</u>	<u>(6,660)</u>	<u>(144,461)</u>	<u>(158,236)</u>
Amounts past due but not impaired	<u>107,016</u>	<u>93,751</u>	<u>29,421</u>	<u>4,063</u>	<u>234,251</u>

	June 30, 2020				
	Days Past Due				
	Current	31-90 days	91-180 days	Over 180	Total
	----- (Rupees in '000) -----				
	2%	4%	19%	98%	
Expected credit loss rate	2%	4%	19%	98%	
Estimated total gross carrying amount at default	<u>140,377</u>	<u>46,238</u>	<u>88,146</u>	<u>160,154</u>	<u>434,915</u>
Expected credit loss	<u>(2,180)</u>	<u>(1,791)</u>	<u>(16,624)</u>	<u>(157,369)</u>	<u>(177,964)</u>
Amounts past due but not impaired	<u>138,197</u>	<u>44,447</u>	<u>71,522</u>	<u>2,785</u>	<u>256,951</u>

The credit quality of balances with banks can be assessed with reference to external credit rating as follows:

	June 30, 2021	June 30, 2020
	--- (Rupees in '000) ---	
Ratings		
A-1+	<u>175,525</u>	<u>289,029</u>
	<u>175,525</u>	<u>289,029</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

38.3 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 statement of financial position dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	----- (Rupees in '000) -----					
2021						
Long-term financing	-	-	-	68,832	131,489	200,321
Lease liabilities	-	30,318	77,838	159,948	13,340	281,444
Trade and other payables	1,197,281	-	-	-	-	1,197,281
Unclaimed / unpaid dividends	4,411	-	-	-	-	4,411
GIDC payable	-	71,178	213,534	616,876	-	901,588
	<u>1,201,692</u>	<u>101,496</u>	<u>291,372</u>	<u>845,656</u>	<u>144,829</u>	<u>2,585,045</u>
2020						
Long-term financing	-	29,900	29,900	209,300	-	269,100
Lease liabilities	-	27,121	64,350	180,554	17,656	289,681
Trade and other payables	741,849	-	-	-	-	741,849
Unclaimed / unpaid dividends	4,456	-	-	-	-	4,456
Accrued mark-up	-	3,247	-	-	-	3,247
	<u>746,305</u>	<u>60,268</u>	<u>94,250</u>	<u>389,854</u>	<u>17,656</u>	<u>1,308,333</u>

38.4 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	2021 --- (Rupees in '000) ---	2020
The gearing ratios as at June 30 were as follows:			
Long-term financing (including deferred income)	20	200,955	209,300
Current maturity of long-term financing	20	-	59,800
Total interest bearing debt		<u>200,955</u>	<u>269,100</u>
Total equity		<u>2,643,936</u>	<u>1,719,048</u>
Total capital		<u>2,844,891</u>	<u>1,988,148</u>
Gearing ratio		<u>7.06%</u>	<u>24.70%</u>

38.5 Unavailed Credit Facilities

38.5.1 The facility for short-term running finance, opening letters of credit and letters of guarantees amounted to Rs. 2,250 million (2020: Rs. 2,250 million), Rs. 1,800 million (2020: Rs. 1,300 million) and Rs. 1,400 million (2020: Rs. 1,210 million) respectively, of which Rs. 2,250 million (2020: Rs. 2,125 million), Rs. 1,331 million (2020: Rs. 1,184 million) and Rs. 636 million (2020: Rs. 506 million) respectively, remained unutilized as at the statement of financial position date.

38.5.2 Mark-up rates on running finance facilities range from three month KIBOR + 0.5% to six months KIBOR + 1% (2020: one month KIBOR + 0.75% to six months KIBOR + 1%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

39. CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:

	2021		
	Unclaimed/ unpaid dividend	Lease liabilities	Long-term financing
	---- (Rupees in '000) ----		
Balance at beginning of the year	4,456	289,681	269,100
Changes from financing cash flows			
Dividend paid during the year	(45)	-	-
Financing obtained during the year	-	-	200,321
Payments made during the year	-	(104,390)	(269,100)
	(45)	(104,390)	(68,779)
Other changes			
Dividend declared during the year	-	-	-
Remeasurement of lease liabilities	-	(9,467)	-
Unwinding of finance cost during the year	-	34,896	-
Additions during the year	-	70,725	-
Deferred income	-	-	(41,765)
	-	96,154	(41,765)
Balance at end of the year	4,411	281,445	158,556
	2020		
	Unclaimed/ unpaid dividend	Lease liabilities	Long-term financing
	---- (Rupees in '000) ----		
Balance at beginning of the year	5,262	-	499,000
Changes from financing cash flows			
Dividend paid during the year	(60,636)	-	-
Payments made during the year	-	(81,595)	(270,434)
	(60,636)	(81,595)	(270,434)
Other changes			
Dividend declared during the year	59,830	-	-
Impact of initial application of IFRS 16	-	265,094	-
Unwinding of finance cost during the year	-	35,257	40,534
Additions during the year	-	70,925	-
	59,830	371,276	40,534
Balance at end of the year	4,456	289,681	269,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

40. TRANSACTIONS WITH RELATED PARTIES

40.1 Related parties of the Company comprise of associated companies, staff retirement benefits, 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:

Associated companies / other related parties

	June 30, 2021	June 30, 2020
	---- (Rupees in '000) ----	
Sales	16,139	37,856
Purchases of goods, material and services	126,111	67,535
Insurance premium	27,140	25,448
Insurance claims received	21,198	1,014
Rent and service charges paid	15,796	11,659
Rent income	-	594
Mark-up earned	-	6,253
Mark-up expense	-	1,125
Commission on letter of guarantee	-	1,880
Donation paid	-	2,483

Key management personnel

Remuneration and other benefits of Chief Financial Officer and Company Secretary	19,156	17,047
--	--------	--------

Staff retirement benefits

Contribution to provident fund	24,725	24,069
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40.2 Following are the details of related parties and associated companies with whom the Company had entered into transactions or has arrangement / agreement in place.

Company Name	Basis of relationship	Aggregate % of shareholding in the Company
Habib Insurance Company	Common Directorship	0.35
Indus Motor Company Limited	Common Directorship	N/A
Agriauto Industries Limited	Common Directorship	N/A
Thal Limited	Common Directorship	1.3
Habib Metro Pakistan (Private) Limited	Common Directorship	N/A
Razaque Steels (Private) Limited	Common Directorship	N/A
Provident Fund	Staff retirement benefits	N/A

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2021		2020	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	16,145	56,372	15,673	51,604
Housing and utilities	12,863	51,263	11,299	43,619
Leave fare assistance, leave encashment and bonus	25,989	18,748	17,695	18,895
Reimbursement of medical	1,614	5,050	1,567	4,666
Retirement benefits	1,506	4,295	1,463	4,792
	58,117	135,728	47,697	123,576
Number of persons	1	23	1	19

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

41.3 Fee amounting to Rs. 0.675 million (2020: Rs. 0.180 million) was paid to the directors of the Company for attending meetings of the Board of Directors and its committee during the year.

42. 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 statement of financial position date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3 except units of mutual funds which is categorized as Level 1 financial assets.

43. PRODUCTION CAPACITY

During the year, the tile production capacity attained was 12.37 million sq. meters (2020: 8.11 million sq. meters) against annual manufacturing capacity of 14.04 million sq. meters (2020: 14.04 million sq. meters).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

44. COVID-19 OUTBREAK AND ITS IMPACT ON FINANCIAL STATEMENTS

During the year, Company had to operate in the unprecedented context created by the COVID-19 pandemic, the resulting economic and social conditions including Government directives to prevent the spread of COVID-19. This situation posed a range of business and financial challenges across various sectors of the economy in Pakistan. However, construction sector has boomed due to new construction policy introduced by the Government of Pakistan. With the implementation of Standard Operating Procedures (SOPs), the Company has resumed its operations at normal levels. The management has assessed the accounting implications of these developments on these financial statements, including but not limited to the impairment of assets under IAS 36, 'Impairment of non-financial assets' and the net realisable value of inventory under IAS 2, 'Inventories' used for the preparation of these financial statements.

Accordingly, there is no significant financial and accounting implication arising out of the effects of Covid-19 on these financial statements.

45. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors in its meeting held on September 09, 2021 proposed final cash dividend of Rs.1.25/- per share (2020: Nil) for the year ended 30 June 2021 amounting to Rs. 299.150 million (2020: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 21, 2021.

46. NUMBER OF EMPLOYEES

Total number of employees as at year end

June 30, 2021	June 30, 2020
742	914

Average number of employees during the year

June 30, 2021	June 30, 2020
750	996

47. GENERAL

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

48. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for better presentation, however, there is no material reclassification to report except as disclosed in note 22.1 to the financial statements and an amount of Rs. 125.255 million reclassified from short-term running finance to book over-draft under trade and other payables.

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 09, 2021 by the Board of Directors of the Company.

WAQAS AHMED
Chief Financial Officer

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHANGIR CAWASJI
Director

PATTERN OF SHAREHOLDING

As of June 30, 2021

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
Rafiq Habib	1	4,162,522	1.74
Syed Masood Abbas Jaffery	1	43,000	0.02
Muhammad Salman Burney	1	1,000	0.00
Abdul Hai Mehmood Bhai Mian	1	663,594	0.28
Feroze Jahangir Cawasji	1	1,000	0.00
Farhana Mowjee Khan	1	1,000	0.00
Imran Ali Habib	1	1,000	0.00
Jamila Rafiq	1	1,377,752	0.58
Rukhsana Bibi	1	781,774	0.33
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
Thal Limited	1	3,121,549	1.30
PUBLIC SECTOR COMPANIES AND CORPORATIONS	6	1,066,093	0.45
INSURANCE COMPANIES	2	170,100	0.07
MODARABAS AND MUTUAL FUNDS	55	48,763,559	20.38
GENERAL PUBLIC			
a. Local	3238	42,705,604	17.84
b. Foreign	18	88,298	0.04
FOREIGN COMPANIES	21	131,167,292	54.81
OTHERS	55	5,205,338	2.18
Totals	3405	239,320,475	100.00
Share holders holding 5% or more		SHARES HELD	PERCENTAGE
Asad Limited		12,840,786	5.37
Mustafa Limited		12,418,386	5.19
Aylesbury International Limited		16,009,983	6.69
Robert Finance Corporation AG		72,102,223	30.13

PATTERN OF SHAREHOLDING

As of June 30, 2021

No. Of Shareholders	Shareholdings'Slab			Total Shares Held
910	1	to	100	23,908
736	101	to	500	218,176
425	501	to	1000	346,914
735	1001	to	5000	1,867,006
186	5001	to	10000	1,394,896
85	10001	to	15000	1,056,814
52	15001	to	20000	949,315
38	20001	to	25000	863,256
17	25001	to	30000	471,687
12	30001	to	35000	395,285
10	35001	to	40000	382,824
5	40001	to	45000	209,938
15	45001	to	50000	735,710
10	50001	to	55000	532,805
6	55001	to	60000	349,038
3	60001	to	65000	190,500
5	65001	to	70000	340,777
3	70001	to	75000	222,500
5	75001	to	80000	385,941
4	80001	to	85000	332,619
1	85001	to	90000	89,000
4	90001	to	95000	371,271
15	95001	to	100000	1,495,040
4	100001	to	105000	405,346
4	105001	to	110000	434,700
3	115001	to	120000	354,016
1	125001	to	130000	130,000
2	130001	to	135000	266,500
1	135001	to	140000	137,932
1	140001	to	145000	143,500
1	145001	to	150000	145,500
2	160001	to	165000	322,316
1	165001	to	170000	166,712
1	170001	to	175000	173,000
3	175001	to	180000	532,742
4	180001	to	185000	725,528
1	185001	to	190000	186,250
2	195001	to	200000	400,000
1	205001	to	210000	210,000
2	215001	to	220000	438,985
1	220001	to	225000	222,000
1	230001	to	235000	230,500
1	235001	to	240000	240,000
1	240001	to	245000	243,216
1	250001	to	255000	251,447
1	260001	to	265000	263,500
1	265001	to	270000	265,900
1	275001	to	280000	280,000
1	285001	to	290000	287,239
3	295001	to	300000	900,000
1	315001	to	320000	319,000

PATTERN OF SHAREHOLDING

As of June 30, 2021

No. Of Shareholders	Shareholdings'Slab			Total Shares Held
2	320001	to	325000	645,763
3	325001	to	330000	987,137
1	335001	to	340000	339,433
1	365001	to	370000	370,000
1	370001	to	375000	375,000
1	395001	to	400000	400,000
1	415001	to	420000	417,500
1	420001	to	425000	420,500
1	440001	to	445000	441,558
1	445001	to	450000	449,500
1	450001	to	455000	455,000
1	485001	to	490000	486,500
1	495001	to	500000	500,000
1	530001	to	535000	535,000
2	540001	to	545000	1,084,500
1	580001	to	585000	582,000
2	645001	to	650000	1,297,000
2	655001	to	660000	1,316,660
1	660001	to	665000	663,594
1	670001	to	675000	675,000
1	720001	to	725000	722,000
1	730001	to	735000	734,500
2	745001	to	750000	1,497,000
1	780001	to	785000	781,774
1	810001	to	815000	814,500
1	845001	to	850000	848,500
2	850001	to	855000	1,707,000
1	1030001	to	1035000	1,033,489
1	1095001	to	1100000	1,100,000
1	1120001	to	1125000	1,122,631
1	1130001	to	1135000	1,131,407
1	1155001	to	1160000	1,157,000
1	1305001	to	1310000	1,308,000
2	1375001	to	1380000	2,757,252
1	1675001	to	1680000	1,675,695
1	1760001	to	1765000	1,764,000
1	2310001	to	2315000	2,311,168
1	2380001	to	2385000	2,382,500
1	2390001	to	2395000	2,395,000
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
1	2880001	to	2885000	2,882,118
4	2985001	to	2990000	11,953,331
1	3075001	to	3080000	3,079,468
1	3120001	to	3125000	3,121,549
3	3450001	to	3455000	10,364,667
1	3460001	to	3465000	3,460,497
1	3500001	to	3505000	3,500,382
1	3565001	to	3570000	3,569,471

PATTERN OF SHAREHOLDING

As of June 30, 2021

No. Of Shareholders	Shareholdings'Slab			Total Shares Held
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	5975001	to	5980000	5,975,500
1	6205001	to	6210000	6,207,788
1	7030001	to	7035000	7,030,157
1	9260001	to	9265000	9,261,500
1	16005001	to	16010000	16,009,983
1	60895001	to	60900000	60,897,425
3405				239,320,475



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 Thursday, 21st day of October, 2021 and at any
adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2021
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.



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.