



Ref. No.: Fin/345/2014

December 16, 2014

The General Manager
Karachi Stock Exchange Limited, Karachi

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The General Manager
Lahore Stock Exchange Limited, Lahore

Fax: (042) 3636 8485

The General Manager
Islamabad Stock Exchange Limited, Islamabad

Fax: (051) 111 473 329

Securities and Exchange Commission of Pakistan

Fax: (051) 9218592/9204915

DECLARATION OF 58% RIGHT SHARES AT FACE VALUE OF RS. 5/- EACH

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting held on Tuesday, December 16, 2014 at 3:00 p.m. at House of Habib Building, 2nd Floor, Siddiqsons Tower, Shahrah-e-Faisal, Karachi, recommended/approved the following:

- (i) Cash Dividend NIL
(ii) Bonus Shares NIL

(iii) **RIGHT SHARES**

The Board has approved 58% Right Shares in proportion of 58 shares for every 100 shares held at face value of Rs. 5/- each per share. Statement setting out the purpose of the Right Issue, benefits to the company, use of funds and financial projection is also enclosed.

- (iv) Any other entitlement/Corporate Action (i) 5 years projection approved.
(ii) Long term financing of Rs. 1.0 billion from Habib Bank Limited to swap existing debts approved.

- (v) Any other price-sensitive information NIL

BOOK CLOSURE

The share transfer of book of the company will remain closed from January 22, 2015 to January 28, 2015 (both days inclusive) to determine entitlement of right shares.

Thanking you.

Yours faithfully,

Ahmed
(AZIZ AHMED)
Company Secretary

Encl.: As above

**SHABBAR TILES &
CERAMICS LTD.**

15th Milestone, National Highway,
Landhi, Karachi - 75120, Pakistan.
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SHABBIR TILES & CERAMICS LTD.

INFORMATION UNDER CLAUSE 5(ii) OF THE COMPANIES (ISSUE OF CAPITAL) RULES, 1996

ISSUANCE OF RIGHT SHARES BY SHABBIR TILES AND CERAMICS LIMITED

The Board of Directors of Shabbir Tiles and Ceramics Limited (the Company) in its meeting held on December 16, 2014 has decided to issue 58% right shares on the existing paid up capital of the Company in the ratio of fifty eight (58) shares for every hundred (100) shares held. The right shares will be offered at an issue price of Rs. 5 per share with no premium. These right shares shall rank pari passu with the existing shares in all respects.

PURPOSE OF THE RIGHTS ISSUE:

The Company Brand "STILE" enjoys leading position in the tiles industry in Pakistan, as our products are of international quality standards and we believe in constant product development. The Company is listed at Karachi, Lahore and Islamabad Stock Exchanges and is also member of Karachi Chamber of Commerce & Industry, Pakistan Ceramics Manufacturers Association, and Landhi Association of Trade & Industry. The annual production capacity of the Company is 12.760 million square meters. The Company has successfully diversified into allied building material products and has achieved considerable success in marketing DIY (DO IT YOURSELF) products.

The market of the tile industry has shown a great potential over the last few years. For the fiscal years 2011-12, 2012-13 and 2013-14, the market has grown by 20%, 5% and 18% respectively. However, the performance of the local tile industry in Pakistan has deteriorated for the last three years by virtue of entrance of cheap imported Chinese and smuggled Iranian tiles. The Company is however, operating at 67% capacity utilization on the strength of its brand and the loyalty of its customers due to the large range and quality products offered to the customers.

To grasp additional market share and to nullify the challenge created by imported tiles, some financial space is needed to mitigate the current downfall in the market demand. The management is quite confident of getting the desired results once the financial crunch is controlled.

The company is continuously taking counter measures to arrest the decline in sales, approaching government to levy enhanced ITP on imported tiles, take relevant steps to curb smuggling. Internally the company has invested into newer product technology (ink jet, nano polish) on alternate energy for gas shortages, new products to enhance volumes, reposition its product range for the customers to increase volumes.

Keeping in view the above factors, the Company has decided to issue 58% right shares. The purpose of the issue is to use the proceeds to repay part of the short term loan to improve the current ratio and create financial space to enable the Company to achieve growth in the years to come.



SHABBIR TILES & CERAMICS LTD.

BENEFITS TO THE COMPANY:

The rights issue is expected to benefit the Company due to the following reasons:

- 1) The Company intends to use the proceeds from the rights issue to reduce the level of bank borrowings and strengthen the cash flows and working capital. The savings in financial charges is estimated to be Rs. 46 million.
- 2) The Directors consider that it is in the best interest of the Company and its shareholders as a whole to raise further capital pursuant to the rights issue as it offers all the qualifying shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enable them to maintain their proportionate interests in the Company.

FINANCIAL PROJECTIONS:

The financial projections from July 2014 to June 2019 are given as under:

Particulars	July 2014 to June 2015	July 2015 to June 2016	July 2016 to June 2017	July 2017 to June 2018
Revenue	5,070	5,589	5,877	6,187
Profit after taxation	20	75	92	177

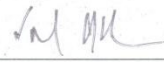
Note: The information given above reflects bonafide current business perceptions of the Directors as to costs and future performance of the Company's business, market conditions, Government rules, regulations and policies. Neither the Company nor the Directors accept any responsibility for conclusions drawn or investment decisions made by any member or any other person based on the above information.



RAFIQ M. HABIB

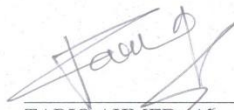
Leave of absence.
ALI S. HABIB


RAZA ANSARI


ABDUL HAI M. BHAIMIA


SALIM AZHAR


MUHAMMAD FAISAL


TARIQ AHMED (Alternate Director)